

CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

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HOUSE OF COMMONS

Thursday, January 26, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL DEFENCE

NORAD—SUGGESTION COMMUNICATIONS BETWEEN CANADA AND UNITED STATES BE IMPROVED—MOTION UNDER S.O. 43

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, I rise under the provisions of Standing Order 43 regarding a matter of urgent and pressing necessity. In view of the fact that the United States and, presumably, the joint Canada-U.S. NORAD command centre knew in early December that there was a nuclear-powered cell aboard a malfunctioning Soviet satellite, and in view of the fact that the Prime Minister has been unable to explain why the Minister of National Defence did not receive this information until last week, and this information was withheld from the Prime Minister in spite of the fact that he skied into NORAD headquarters for his supposedly more than comprehensive briefing, I move, seconded by the hon. member for Victoria (Mr. McKinnon):

That this government take measures to improve communications between the Canadian command and the Prime Minister before another crisis occurs.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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OLD AGE SECURITY ACT

SUGGESTED AMENDMENT RESPECTING SPOUSE'S ALLOWANCE—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the urgency of this matter increases month to month, so I am going to try again.

I therefore move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House urges the government to introduce without delay an amendment to the Old Age Security Act to provide for the spouse's allowance to be replaced by an equivalent allowance to be paid to all persons between the ages of 60 and 65, including widows, spinsters, widowers and bachelors as well as spouses, provided they are out of the labour market.

Mr. Speaker: Such a motion can be presented, pursuant to the Standing Order, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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OFFICIAL LANGUAGES

CONDEMNATION OF GOVERNMENT'S PROGRAM—MOTION UNDER S.O. 43

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I move a motion under Standing Order 43, seconded by the hon. member for Esquimalt-Saanich (Mr. Munro). In view of the statement of the Commissioner of Official Languages that the bilingual bonus program of the government is a comedy of errors, is not one of the government's best moves and has been inevitably unsuccessful, and since it has caused ill-will, jealousy and a sense of discrimination in the public service, I move:

That the government be condemned for its shortsightedness in respect of this costly program and that it be terminated forthwith.

Mr. Speaker: Such a motion can be presented for discussion, pursuant to the Standing Order, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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GRAIN

REQUEST INITIATIVES BE TAKEN TO IMPROVE WEST COAST HANDLING FACILITIES—MOTION UNDER S. O. 43

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, now that grain movements from west coast ports have reached crisis proportions, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the Minister of Agriculture immediately announce new initiatives for the Prince Rupert elevator in order that it may quickly reach its potential of 50 million to 60 million bushels, thereby alleviating congestion at Vancouver and helping prairie farm income.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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POST OFFICE

HOME DELIVERY OF MAIL—ALLEGED CONTRADICTION BETWEEN MINISTER'S STATEMENT AND DEPARTMENTAL REPORTS—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to move a motion under Standing Order 43 regarding a pressing and urgent matter. In view of the fact that the Postmaster General stated in this House on Monday that "there was no intention of doing anything which would have a negative impact on the letter carriers or, indeed, on home delivery," and in view of the report prepared for senior Post Office officials, including the alternate day delivery proposal, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the minister make a statement on motions explaining the apparent contradiction between his assurances in the House on home delivery of mail and the reports now being prepared within his department.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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NATIONAL DEFENCE

PROTECTION OF CANADA'S NORTH—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the terms of Standing Order 43. In view of the fact that Canada's resources were not sufficient to warn the Prime Minister of a potentially dangerous Soviet satellite landing in Canada's north, and that the warning came first from the President of the United States, I move, seconded by the hon. member for Fraser Valley West (Mr. Wenman):

That this government take initiatives to safeguard Canada's north, and scrap plans to remove from Churchill, Manitoba, the only active winter warfare training unit in Canada capable of handling such an event; and furthermore, in order to ensure the protection of Canada's citizens and sovereignty, that this government retain and reinforce the existing 35-family armed forces base in Churchill, Manitoba.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

[Mr. Schellenberger.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

GRAIN

REQUEST GOVERNMENT IMPROVE HANDLING FACILITIES ON WEST COAST—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I rise under the provisions of Standing Order 43, hoping to receive unanimous consent, with regard to the recurring problem of lack of co-ordination in the movement of grain through the west coast ports. I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the ministers of agriculture and transport avail themselves at the earliest opportunity in the House to make statements on motions with regard to the chronic problem of the movement of grain through the west coast ports, those of Vancouver and Prince Rupert, offering a solution which would see the co-ordination of rail and port traffic and better utilization of the grain handling facilities on the west coast.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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INDUSTRY

NORTHERN PIPELINE—LEGISLATION THAT CANADIAN STEEL BE USED FOR PIPE—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise on a matter of urgent and pressing necessity to present a motion under the provisions of Standing Order 43. In view of the Deputy Prime Minister's earlier assurance that Canadian steel producers would receive the overwhelming majority of contracts to supply steel for the Alcan pipeline, and in view of doubts cast on this assurance by other cabinet ministers and American officials, I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

That this House instruct the government to guarantee in its bill on the pipeline that Canadian steel will fill the majority of pipeline contracts.

Mr. Speaker: Such a motion can only be presented with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

AGRICULTURE

CRITICISM OF MINISTER'S ACTIONS VIS-À-VIS GATT NEGOTIATIONS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I would like to make a motion under Standing Order 43. In view of the fact that trade in agricultural products is not mentioned in Canada's original presentation at GATT, I move, seconded by the hon. member for Elgin (Mr. Wise):

That the Minister of Agriculture be severely reprimanded for being so callous toward trading relations in agricultural products.

Mr. Speaker: Such a motion can be presented only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

MANPOWER

REQUEST FOR EXPANSION OF ADULT TRAINING COURSES—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an important and urgent matter.

As there is an everincreasing number of unemployed, and as there is good reason to hope that the situation is only temporary, for I am very optimistic seeing Canada will be needing more and more trained workers to fill the needs of its industrial development, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That this House urge the Minister of Employment and Immigration (Mr. Cullen) to negotiate with the provincial governments, and more particularly with that of Quebec, that more people be allowed to benefit from the adult training programs, more specifically in the field of heavy equipment, with a view to soon being able to meet the needs more adequately in that field.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

NUMBER OF UNEMPLOYED WHO COLLECTED WELFARE AFTER EXPIRY OF UNEMPLOYMENT INSURANCE BENEFITS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Minister of Employment and Immigration. I wonder if the minister can confirm to the House of Commons the accuracy of figures from the Unemployment Insurance Commission which indicate that in the month of December alone in excess of 42,000 Canadians who were on unemployment insurance had their benefits expire and went onto the welfare rolls of the provinces or municipalities, many of whom were not in a position to bear the financial burden of this failure in federal policy. Can the minister confirm that the expiry rate of people on unemployment insurance benefits was more than 42,000 in the month of December alone?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, once again we have the official opposition trotting out all of the figures from StatsCan and always emphasizing the negative, never the positive—

Some hon. Members: Oh, oh!

● (1417)

Mr. Cullen: —never the fact that some $117 million, for example, was spent in the Atlantic provinces to help with employment, never the fact that we introduced the job experience training program in co-operation with private enterprise. Never anything positive, always the negative.

Mr. Clark: Mr. Speaker, as the unemployed of Canada know, there is a great deal of negative to emphasize in the record of this government. I presume the minister's evasion can be taken as confirmation that, indeed, in one month alone 42,000 or more Canadians went off unemployment insurance and onto the welfare rolls of provinces and municipalities, which cannot afford that burden.

Is the minister monitoring that situation now? Given the fact that in the month of December, 37 per cent of those who were unemployed had been unemployed for longer than three months, can the minister tell us what will be the number of people who will be coming off unemployment insurance, because of the failure of this government, and becoming a charge on local municipalities and provinces which cannot afford that burden?

Mr. Cullen: Mr. Speaker, here, again, the Leader of the Opposition does not, in fact, indicate that half of the cost of that particular operation is borne by the federal government. He also neglects to point out the facilities that are available in all of the regions for training, for the replacement of these individuals, and for mobility grants where they are necessary. It is not as though there is no help available. The fact is that

many items are in place to cope with this particular need. The Leader of the Opposition, of course, chooses to ignore that.

* * *

FINANCE

FINANCIAL BURDEN ON PROVINCES BECAUSE OF HIGH UNEMPLOYMENT—GOVERNMENT POSITION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the minister will soon recognize that the problems caused by the failure of the economic policy of this government simply will not go away because he ignores them. I direct my supplementary question to the Minister of State for Federal-Provincial Relations, in the absence of the Minister of Finance. Is the minister monitoring the situation to which I have referred, in order to determine the weight of the burden being imposed upon provincial governments, particularly those of the less wealthy provinces, and upon the municipalities, to see if there must be any changes in the financial arrangements relating to those governments because of the failure of this government to follow an economic policy which creates jobs for Canadians?

[*Translation*]

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, a conference of finance ministers is currently looking into the economic situation and outlook. I am sure that if the finance ministers of some provinces are particularly concerned with this question, they will discuss it with their federal counterpart.

As far as the role of the government is concerned, as my colleague has indicated earlier, we pay 50 per cent of expenses related to assistance to the needy and the provinces and municipalities pay the rest. We will continue to provide these funds. Referring to my own experience as Minister of National Health and Welfare, I can say that the provinces have not made any representations or requests that the federal government should increase its contribution. I must also point out to the hon. member that each year under the equalization program the federal government pays several billion dollars to the provinces whose revenues are below the national average.

[*English*]

Mr. Clark: Mr. Speaker, the minister demonstrates that the government can avoid answering questions in both official languages. I should now like to direct a question to the Prime Minister. Given the fact that there was an increase of 40,000 in the number of unemployed last month, that more than 42,000 people who were on unemployment insurance went off that and on to the welfare rolls of provinces and municipalities, and the number of shut-downs by business, creating joblessness across the country, will the Prime Minister, putting the country's interests ahead of those of his party, now give us an undertaking that the government of Canada will immediately bring in a new budget designed to create jobs through a substantial tax cut that will stimulate consumption and demand in the country?

[Mr. Cullen.]

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, at any time in the life of a nation, at any time in the life of an economic cycle—even when the economic cycle is on the upturn—there are unemployed. Their plight is of concern to this government. There are unemployed who are not eligible for unemployment insurance and who are on welfare. As both my colleagues have stated, the government pays 50 per cent of that program.

• (1422)

The question is: Is the government's present economic posture the proper one to create hope and growth for the future? On this aspect we have evidence from the very authors quoted by the opposition, the OECD, that the government's posture is, in fact, creating growth at a rate faster than any other nation except Japan and possibly, marginally, the United States. At the same time, on a per capita basis more people are coming onto the labour market in Canada than in any other nation. This is the situation which creates unemployment and it is one which causes us great concern. As I say, the question we have to ask ourselves is this: Should our short-term and medium-range economic posture be changed?

Some hon. Members: Order.

* * *

LABOUR CONDITIONS

REQUEST GOVERNMENT INSTITUTE NEW PROGRAMS TO CREATE JOBS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. I would say, first, to the Prime Minister that what needs to be changed is the government.

We are approaching the stage at which practically half of the one million unemployed are not eligible for unemployment insurance, as illustrated by the fact that 37 per cent have been unemployed for three months or more. Since 35 per cent of these long-term unemployed are men aged 24 or over—which means they are breadwinners and heads of families—it is obvious that existing job-creation programs are not keeping up with the need. Given the scope of this problem in terms of the additional burden imposed upon the poorer provinces especially, and in terms of the human suffering behind every one of these statistics, I ask the minister what additional advice he is giving to his colleagues in government with respect to additional programs to alleviate this situation.

Hon. Bud Cullen (Minister of Employment and Immigration): This is not just a concern of mine during the question period, Mr. Speaker; it is one which concerns me on a daily basis. This is why we were able to get in excess of half a billion dollars from Treasury Board for direct job-creation programs. That is why I considered it appropriate that better use should be made of unemployment insurance funds, so we turned to

developmental measures for training, work-sharing and job creation. That is why the Minister of Finance has introduced an employment tax credit program.

In excess of $700 million is being spent in this particular field. It might be argued that we should be spending even more, but I would point out that the money comes from people who are in fact working, people who say, "Do not overspend. Do not create more inflation which would be counterproductive and, in the final analysis, create more unemployment." The amount of money to be used and the direction to be taken are matters of judgment.

Some hon. Members: Hear, hear!

Mr. McGrath: My concern and, I believe, the concern of most of us in this House, is for Canadians who are not working. I will put the question this way: Last year job creation lagged behind the growth in the labour force by 129,000. That is straightforward and surely the minister can understand it. It is obvious that government programs are not even keeping up with the growth in the labour force. In these circumstances, does the minister intend to sit back and depend on programs which have demonstrated their inability to keep up with the growth in the work force, or the growth in unemployment, or is he recommending to his cabinet colleagues new programs, for example, public works programs, so as to make an impact upon this problem now?

An hon. Member: Same question.

Mr. Cullen: It is because of the government's concern over this question that a whole series of new programs has been put in place. What the hon. member is doing is robbing the individuals concerned of any hope that things will get better. I believe the economic growth component of the Canada Works program is a positive step forward. I believe my meetings with the western ministers could be very productive. A whole series of measures is in place, designed to help people for whom my concern is just as great as that of the hon. member.

* * *

● (1427)

POST OFFICE

HOME MAIL DELIVERY—ALLEGED CONTRADICTION BETWEEN MINISTER'S STATEMENT AND DEPARTMENTAL PROPOSALS

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to address a question to the Postmaster General. On Monday he said in the House that he had no intention of doing anything which would have a negative effect on home deliveries or on the letter carriers. Can the minister confirm that departmental officials at the most senior level, including the Deputy Postmaster General, are presently considering proposals which would restrict delivery of mail to existing and new homes and, if such proposals are being considered, how does he explain the contradiction with what he said on Monday?

Hon. J.-J. Blais (Postmaster General): As the hon. gentleman knows—and I thank him for his question—there are a number of points that need clarification. As he knows, there has been a freeze, in terms of employment and man-years, by government institutions. The Post Office is a government institution and therefore we have been subjected to that freeze. This has meant that in new subdivisions there has been no extension of the letter carrier service.

The first part of the hon. member's question does not address itself specifically to that question but, rather, to the report that has received a great deal of publicity. That report dates back to August of last year. I reiterate that there is no intention at this time to restrict in any way the employment of letter carriers or, indeed, to cut back on the employment of letter carriers in accordance with programs that we have in place.

Mr. Orlikow: How does the minister equate what he has just said with one of the objectives of this advisory council, which states:

> The project team was asked to produce a mail delivery proposal which offered an alternative to both the current door-to-door delivery system and the alternate day delivery proposal.

It goes on to talk about the possible cutback of 3,000 letter carriers.

Mr. Blais: The hon. member understands that in an organization such as the Post Office, which is dynamic and which considers at all times various operations and various methods of providing service to the Canadian public, reports are formulated for the purpose of preparing ourselves for decision-making. That report was done for that purpose. Decisions were taken as of the middle of August last year. I reiterate the statement I made in Toronto last Saturday, that there is no intention of cutting back the letter carriers' service. I repeat what I said then, that no measure will be taken by the Post Office which would have a negative impact on the letter carriers or on any of the work force without full, prior consultation with the employees.

Mr. Orlikow: I ask the Postmaster General, since he has indicated there will be no cut in the service which exists at present, when, if ever, the tens of thousands of homes in the new urban areas of Canada which have not had door-to-door mail service because of the freeze can expect to get the same kind of service which other people in the cities of Canada now get?

[*Translation*]

Mr. Blais: Mr. Speaker, we would like to be able to offer door-to-door service in the near future to all the people who live in these new subdivisions. Unfortunately, as the hon. member knows very well, we have a deficit of more than $550 million for the current year and, furthermore, we have to deal with the freeze in government expenses, which makes it very difficult for us to beef up the staff in the Post Office.

Mr. Speaker, I ask all members to be a little bit more patient in this regard so that we might indeed boost our

revenues, improve the economic situation of the Post Office and finally provide all the services to all those who are entitled to them and have a right to demand them.

* * *

INDUSTRY

HEAVY WATER—INQUIRY WHETHER MINISTER HAS HAD DISCUSSIONS WITH QUEBEC COUNTERPART

Mr. Eudore Allard (Rimouski): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources.

In light of the decision made by the cabinet members of the province of Quebec last November concerning a two and a half year moratorium on the nuclear industry program in Quebec, and given the fact that the government of Quebec categorically refuses to sign any contracts involving the heavy water industry, could the minister tell the House if he has met his Quebec counterpart recently to talk about this question?

● (1432)

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I received word this morning that the government of Quebec and Hydro Quebec had signed contracts with AECL with respect to a very substantial purchase of heavy water to be used in the province of Quebec. That word has just come through to me. I expect the closing of this very significant transaction will take place early next week.

[*Translation*]

Mr. Allard: Mr. Speaker, should the Quebec government not sign all the agreements, would the federal government, which owns Atomic Energy of Canada Limited, be in a position to carry out its threat to close the Gentilly heavy water plant if the Quebec government does not call off its nuclear moratorium?

[*English*]

Mr. Gillespie: Mr. Speaker, I cannot speak for the moratorium to which the hon. member refers. I imagine the government of Quebec will be publishing a white paper in due course as to its particular plans for electrical energy generation, including nuclear, in the years to come. It is quite clear the government of Quebec is interested in nuclear energy. As the hon. member may know, at the present time Gentilly I is under demonstration, Gentilly II is being built, Gentilly III has been committed, and sufficient heavy water has been committed for two further reactors with a 600 megawatt capacity.

[Mr. Blais.]

NATIONAL DEFENCE

NORAD—BRIEFING OF PRIME MINISTER ON SOVIET SATELLITE—INFORMATION PROVIDED DEFENCE MINISTER

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is directed to the Prime Minister. When the Prime Minister visited NORAD headquarters, apparently he was not briefed about the particular dangers associated with the Cosmos satellite. I would like to know why. One might not want to burden a holidaying Prime Minister with the weight of too many technical details.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, yes, I was briefed. Yesterday I told the House that I was briefed on the very large number of man-made objects which were satelliting around the earth. I believe they said they had approximately 4,000 in their sights and on their records which were being monitored all the time. As I said yesterday, some of them have gone out of control in the past and have re-entered the atmosphere. I was shown certain objects indicating what had been done with these re-entries when there had been recovery. I was told there were other satellites which would probably re-enter in the future, some would not re-enter for a very long time and some would probably re-enter the atmosphere within a shorter period of time.

Mr. MacDonald (Egmont): What goes up must come down.

Mr. Trudeau: Not necessarily, because if it is synchronized with the turning of the earth, it can stay up there forever.

Mr. McKinnon: Mr. Speaker, the Prime Minister seems obsessed with passing on the garbage he received in NORAD. My question is directed to the Minister of National Defence. Seeing that the Prime Minister claims he was fully briefed about satellites, with one minor exception that he has not yet answered as to whether he knew that the Comos satellite had a nuclear package aboard, can the Minister of National Defence explain why the Prime Minister did not see fit to enlighten him after the profound and detailed briefing that he had? Yesterday the Minister of National Defence indicated that he found out about the nuclear package last Friday.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, there is a lot of nuclear garbage up there, and certainly a lot of it across the way.

Some hon. Members: Hear, hear!

Mr. Danson: Within the last hour I reviewed all the procedures of consultation and information which have been gone through. I am perfectly satisfied that the Prime Minister, myself and our staffs were kept fully informed at each stage of the operation when anything effectively could be done or it was in our best interests to know. Co-operation has been complete with the Americans.

Mr. Clark: Who decides our best interests?

Mr. Danson: The Americans have been open with us. At each stage we knew what was happening so that we could determine what was in our best interests and how to respond. We have responded, the Americans have co-operated, and everything that needs to be done is being done. We had all the information we needed except some technical information which was not forthcoming initially from the owners of the satellite. Progress is being made on the search. Some deposits have been found which indicate that there has been some re-entry in the Northwest Territories, and every action possible is being taken.

Mr. McKinnon: Mr. Speaker, it is extraordinarily difficult to receive an answer from the Prime Minister and the Minister of National Defence. My question was simple: When did these two gentlemen find out that there was, in fact, a nuclear package aboard the Cosmos satellite? The Prime Minister claims he was fully briefed, but he has never said he knew that. The Minister of National Defence said he found out last Friday and claims he knew everything there was to know, despite the fact the Americans claim they had full knowledge of this problem on December 19. How can the minister say he was fully briefed, when the Americans knew about it on December 19 and he found out about it last Friday?

Mr. Danson: Mr. Speaker, our officials were notified on the nineteenth there was danger of destabilization in orbit and that the satellite might return to earth at an earlier period than originally predicted. The information was transferred to our headquarters when the possibility was that it would fall on North American territory on the nineteenth. The date was isolated on the twenty-third although the location was not. The Prime Minister and myself were advised on January 20 of this possibility—indeed, the likelihood that it might come down.

At that time there was no indicated likelihood that it would fall on Canadian soil. We were fully informed and fully on alert at that time. We have done everything necessary to proceed. We had all the information we needed in order to proceed. At the briefing at NORAD that information is readily given, but they cannot predict with accuracy what will happen two or three months in advance.

* * *

TRANSPORT

GRAIN—CONGESTION AND DELAYS AT VANCOUVER

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Transport. It arises out of the continuing congestion and delays in the movement of grain out of the port of Vancouver where there have been as many as 40 ships waiting in the harbour. The situation is being aggravated by the enforcement of what have been referred to in the grain trade as unreasonable regulations of the federal Department of Labour. That has resulted in the closing of some terminals and the threat of further closure, all of which will have very grave implications on Canada's ability to meet its grain commitments, not to mention the impact of the Canadian grain economy.

Has the minister discussed this very serious problem with the Minister of Labour? Can he assure us that every possible effort is being made to ensure that these regulations have been complied with? One must bear in mind that the regulations are indeed important, but compliance with them and their enforcement must be carried out in a manner which will minimize disruption in further grain movements.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, of course the Minister of Labour is concerned and wants to be sure that appropriate measures are taken to ensure the safety of persons working in our terminal elevators. As a result, he has had to enforce the regulations. Obviously, he will look at the question of the balance between the safety which is required and the need to use the terminals effectively for the amount of grain going to the west coast. However, I should say that this particular temporary closure of a terminal is a very small part of the entire question of the amount of grain which can, or will, move through Vancouver during the course of this winter.

Indeed, there is a backlog of ships waiting. There were problems in December which delayed ships arriving. The good part of this is that part of the congestion will continue and the sales level of the Canadian Wheat Board and others is likely to reach record proportions. Already we are running 50 million bushels ahead of last year's volume. The movement of grain will continue very rapidly indeed. This means that, notwithstanding all the things we have done to improve grain handling on the west coast, when you try to put the absolute maximum through, particularly in winter time, you will obviously run into temporary periods of difficulty.

● (1442)

Mr. Mazankowski: Mr. Speaker, I trust the minister will meet with management and the enforcement agencies of the Department of Labour to ensure that this matter is closely monitored. Much of the problem in grain movement is the result of lack of proper co-ordination, and under utilization of the Prince Rupert port—it has been reported that the terminal at Prince Rupert port is bursting at the seams with grain—that hundreds of boxcars are to be unloaded, and that there are no ships available at the port.

Has the minister examined that situation? Can he explain the reason for this lack of co-ordination, and can he offer some hope to the prairie grain economy that we will see the end of these disruptions? For your information, Mr. Speaker, we are behind 22 million to 25 million bushels from our movement of grain last year.

Mr. Lang: Mr. Speaker, in my previous answer I reassured the Canadian farmer about the movement of grain. We are almost certain this year to set an all-time record in the export of wheat as well as the total export of grains.

Some hon. Members: Hear, hear!

Mr. Lang: The reason for the temporary congestion at Prince Rupert is that arrivals of ships are notoriously unpredictable; there is no way to predict absolutely when a ship will arrive. Our problem in Prince Rupert is in part the fact that it is a small terminal. Therefore, the late arrival of even a single ship can make a tremendous difference to operating capabilities at Prince Rupert. As a result of that, the Minister of Agriculture and myself have been looking very zealously at the question of how we can improve and expand the capacity of Prince Rupert to handle grain. I am confident that before very long we will have a solution to that problem and expand the capacity there. The future for grain shipments through the west coast is, clearly, very good.

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[*Translation*]

OFFICIAL LANGUAGES

PROTECTION OF LINGUISTIC RIGHTS OF MINORITIES—GOVERNMENT POSITION

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is to the Prime Minister. In light of the ruling by the Quebec Superior Court as to the constitutionality of some sections of Bill 101, and in light also of the impact of the Forest case in Manitoba, which puts into question English unilingualism in that province, does the Prime Minister intend to emphasize his representations to all provincial premiers in order to urge them to formally support the rights of language minorities?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker. The hon. member will recall that in September I indeed asked all premiers not only to protect the rights of minorities in the education system but also to include this protection in the constitution by means of a constitutional amendment. This debate is still in progress. Several premiers have already forwarded their reply. However, I do not anticipate discussing this matter with them at next month's economic conference, but this certainly is our aim and we hope that the provinces will act accordingly.

* * *

[*English*]

INDIAN AFFAIRS

NORTHWESTERN ONTARIO—SUGGESTED CLOSING OF RIVER SYSTEM DUE TO MERCURY POISONING OF FISH

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. It concerns the ongoing problem of mercury pollution in the English-Wabigoon river basin in northwestern Ontario. In view of extensive testing done by Dr. Pritchard for the Department of National Health and Welfare, and his report of December 15, 1977, to government officials that his examination of a resident of Grassy Narrows showed more precisely than ever before symptoms of methyl mercury poisoning, is the minister, for the sake of the health and safety of the residents of the area, prepared to recommend to cabinet that the river system be closed to all fishing, as the native people have been demanding for several years?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I will review that matter. My impression was that my predecessor had recommended that as a course of action, and there was disagreement on that course of action with the province of Ontario. However, I will review the matter and report back to the hon. member.

Mr. Symes: Mr. Speaker, in view of the minister's answer and the testimony given by Mr. Carton, director of legal services of the Department of Fisheries, to the standing committee on June 16, 1977, that under the Fisheries Act the federal government could unilaterally close the English-Wabigoon river system without Ontario's approval, and since the Ontario government has stalled for years on cleaning up this mess, will the minister now do the decent and humane thing, close the river and begin remedial action before it is too late?

Mr. Faulkner: I will look into that question, Mr. Speaker.

* * *

ENERGY

FUNDY TIDAL POWER DEVELOPMENT—GOVERNMENT POSITION

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. Now that the maritime premiers agree with the government on the important principle of a maritime energy corporation, will the minister advise the House whether the $5 million equity payment of the government will be spread over a ten-year term, or paid now; and is payment subject to a favourable report on Fundy tidal power development?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the three premiers and I reached agreement not only in principle but also on the next steps leading to the incorporation of a maritime energy corporation. We have reconfirmed the objectives and priorities of the corporation. We agreed on share participation and equity participation by the federal government and by the provinces, roughly a 50-50 dimension. We also agreed that it would be necessary, as the first step after incorporation, to set aside a sum of money—not a large sum of money—for working capital purposes. That is the figure to which the hon. member referred. I expect that $10 million is nothing more than a very small proportion of what will be needed over the years to undertake the massive projects which the people of the maritimes are going to need.

Mr. Howie: Is Ottawa committed to supporting Fundy tidal power development at the recommended sites, and to underwriting at least half the capital cost of these projects?

Mr. Gillespie: That is a matter for further discussion. It was agreed that if the report presently being prepared is favourable, and if the three premiers and the Government of Canada agree with it, phase two of the Fundy tidal development project would be the first one undertaken and funded by the proposed maritime energy corporation. Subject to those provisos, it is anticipated that the cost of phase two might be tens of millions of dollars. The exact proportion has yet to be determined by the parties.

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NATIONAL DEFENCE

CUBA'S SUPPORT OF COMMUNIST GROUPS IN OTHER COUNTRIES—GOVERNMENT POSITION

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I direct a question to the Minister of National Defence. It has to do with a very serious situation which has caused a great deal of concern in the United States, namely, the degree to which Castro and Cuba are endeavouring to support communist groups in Africa and elsewhere to undermine existing governments. Yesterday I endeavoured to have the matter discussed in the House, but general disapprobation came from government benches: "no" was the answer. I should like to find out from the minister whether this government was in agreement with the Prime Minister when he sang the hallelujah chorus in Cuba, "Viva Castro".

Mr. Trudeau: That is not Spanish.

Mr. Diefenbaker: Is that the reason the strong opinions of Americans have caused considerable discussion in Washington, asking why Canada does not take some stand in respect of a country to which the Prime Minister has given his support in such vocal and musical terms?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I am not the secretary of state for external affairs, and not yet the prime minister.

Some hon. Members: Oh, oh!

Mr. Danson: I have heard from my colleagues in the United States. There is considerable interest in the friendly relationship between our countries and the example that was set by Canada of renewing bonds with a country which was dissociated from the mainstream of events. Perhaps that will better the state of mankind and bring strength to our resolve in the western world.

Mr. Diefenbaker: Mr. Speaker, that answer is as evanescent as the minister's answers in connection with that stuff that is flying through the sky. Does the minister think Canada is making any contribution to peace by not standing against what Cuba is doing in sending troops to Ethiopia in a war against Somalia which it is anticipated will have effectively the same results as those attained in Angola?

● (1452)

Surely, with this wonderful relationship and the carrying into effect of the Prime Minister's admonition from Hamilton hill when he said, "Love one another", that is going too far if it permits a nation so close as Cuba is to the present government to carry on the way it is doing to endanger world peace.

Mr. Danson: Mr. Speaker, I think we are going beyond my portfolio. If my memory serves me correctly, it was under the right hon. member's government that we maintained relations with Cuba. We are following in his footsteps. Not only that, but if I recall correctly, again, when President Kennedy wanted to take quick action in relation to Cuba, the right hon. gentleman delayed that decision. I find this question very difficult to answer.

Mr. Diefenbaker: Mr. Speaker, I expected that answer as an example of the minister's wit. On a few occasions in the past I concluded that he was a wit, only to find that I was only half right.

Some hon. Members: Hear, hear!

* * *

INDUSTRY

NORTHERN PIPELINE—DISCUSSIONS WITH STEEL INDUSTRY ON MANUFACTURE OF PIPE

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Industry, Trade and Commerce, who I am led to believe has had discussions with the steel industry with respect to pipe. We hear that the steel industry can be competitive. When the minister had these discussions with the steel industry, was there discussion with respect to American pressure? I mean by that the senators, unions and the steel industry in the United States who are apparently moving in a direction which would be to Canada's disadvantage. Was that type of thing discussed and, if so, what answer was given?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I have had discussions with the steel industry, and more than likely will have a lot more. I have been assured by the Canadian steel industry that they can, will and are able to compete with the United States industry, and are looking forward to getting the contract for the Alcan pipeline.

Mr. Alexander: Mr. Speaker, you will notice how the minister deliberately evaded my question. Let me ask him another. I do not know who is going to carry this bill, but in light of the fact that the estimates with respect to man-years, the estimates with respect to the amount of money involved, and the estimates with respect to the amount of steel in the pipe are all in question at this time, is it the intention of the minister, or whoever will introduce this bill at the time of first reading, to

make a definitive statement regarding the benefits to Canada and Canadians from the pipeline?

Mr. Munro (Hamilton East): I did that long ago.

Mr. Alexander: It is all out, John, and as usual you are wrong.

Mr. Horner: Mr. Speaker, I think it should be obvious to all Canadians that the benefits Canada will receive from building this pipeline—the labour component, the steel component, the pipe-building component—will be a tremendous asset to Canadian industry. That should be obvious to everybody. I want to point out that in asking the question the hon. member clearly specified that these were estimates. They will be estimates until the pipe is laid in the ground.

NORTHERN PIPELINE—POSSIBILITY OF UNITED STATES APPLYING TAX WRITE-OFFS TO MANUFACTURE OF PIPE

Mr. James Gillies (Don Valley): Mr. Speaker, I have a supplementary question for the Deputy Prime Minister in his capacity as chief negotiator in the pipeline agreement. I do not have any doubt about the proposition that Canadian steel can be competitive with steel anywhere in the world. The concern is, given the fact there is such underutilization of the steel industry in the United States, is there any probability or possibility that special advantages will be given to that industry by the government of the United States through tax write-offs or something of that sort, so that it will have an undue advantage in competing for manufacture of the pipe?

I know that under GATT, arrangements are made whereby you cannot dump, and so on, but this is very slow in coming about. When discussions took place with the United States about bidding for the pipe, was it understood—explicitly or implicitly—that no changes would be made, in either country, in the tax structure allowances or subsidies provided to the industry, so that competition will be based on the situation as it exists right now?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Yes, indeed, Mr. Speaker, this very point was raised in the discussions. It was understood that both countries would act in good faith, that neither would cheat. There is a provision in the pipeline agreement itself by which one or the other country might raise any such question formally if it were alleged that unfair trade practices or exceptional steps had been taken in order to get business. That is clearly stated in the agreement. When the pipeline legislation comes before the House, I think it will be possible to explain further how we intend to deal with an eventuality of this kind which has already been provided for in the agreement.

Mr. Gillies: Mr. Speaker, I should like to put a supplementary question to the chief negotiator in the pipeline agreement. Have the reports from Washington about the pressures being exerted by senators and members of Congress from the various steel states been of sufficient magnitude for the Canadian government to raise with the United States government already—as they are apparently allowed to do—the possibility that undue pressure may be applied in this way? Is it too early to do that sort of thing?

Mr. MacEachen: Mr. Speaker, I should first of all congratulate the hon. member for his realization that it will be possible for Canadian business to participate effectively in this pipeline. He properly raises the question of what steps we can take if extraordinary or unfair practices develop. I think we can provide for that, and have provided for it. In answer to the question as to pressure, I would say that circumstances have not developed to the point where we would wish to raise this question formally with the government of the United States.

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HEALTH AND WELFARE

CARE OF THE ELDERLY—FINANCIAL AID FOR THOSE IN INSTITUTIONS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. It concerns the increasing number of older people entering institutions. In view of the increase in cost due to inflation, particularly in the health care field and specifically affecting to the greatest degree those listed as charitable homes with only a few extended care beds and the rest of the beds mostly occupied by old age pensioners on supplement who have no resources—and leaving the balance of the cost to a charitable institution makes it very difficult for them—I ask what contribution is available through the Canada Assistance Plan to institutions which are now in financial difficulty?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, regarding home care for elderly citizens, home care and homemaker services are still covered and still cost-shareable under the Canada Assistance Plan. Under the block funding payments already in existence on the health side of my department, several institutions providing care to elderly citizens can benefit from whatever moneys the provincial governments decide to invest in these institutions. For instance, we presently give to Ontario over $1 billion under this block funding arrangement. Priorities are set now only by provincial governments.

Mr. Rynard: A supplementary question. I should like to ask the minister if the Canada Assistance Plan is available to people who are looked after in their own homes.

Miss Bégin: Yes, Mr. Speaker, I am pleased to confirm that homemaker services and home care is still provided under the Canada Assistance Plan.

TRADE

GATT—REQUEST FOR DETAILS OF CANADA'S TARIFF PROPOSALS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. In view of the fact that last Sunday he announced that the Canadian delegation to Geneva would table the Canadian list following the tabling of the United States list on Tuesday, is the minister prepared to table the list in the House today so that parliament can know what Canada is doing in the matter of trade and tariff negotiations?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I said we would be tabling a list in Geneva shortly after the United States tabled theirs on January 23. They have an offer list which can be withdrawn at any time. Therefore, it is not a final list and it would be wrong to refer to it in this House or anywhere else as being a final document. It is a negotiated beginning and not an end, and therefore it will be secret for some months yet.

● (1502)

Mr. Lambert (Edmonton West): Mr. Speaker, in the event that we read about it in the press next week, would the minister not agree that Canadian business and industry is entitled to know what is being offered in trade for other advantages, so that we do not go through the charade and nonsense of the Kennedy Round when half of Canadian industry had its bargaining rights traded away in secret?

Mr. Horner: Mr. Speaker, my department and I have been in constant consultation with the Canadian Manufacturers' Association and with the advisory committee to the Minister of Industry, Trade and Commerce. We are in constant consultation with Canadian industry generally.

Mr. Lambert (Edmonton West): Since our chief competitor is United States industry, why does not the minister in this administration, to which he now belatedly belongs, follow the example of the American negotiators and do it out in the open, so we know what he is doing? This is indicative of a few people in Geneva who have not consulted with the provinces or industry.

Mr. Horner: Mr. Speaker, let me correct the erroneous statement made by the hon. member. We and the team in Geneva have consulted extensively with the provinces. We are aware of the provinces' opinions, and to my knowledge the American list which was tabled on the twenty-third of this month has not been made public to the American businessman or anyone else other than those people who are part of the negotiating team at Geneva.

Business of the House

PRIVILEGE

MR. KNOWLES (WINNIPEG NORTH CENTRE)—CP AIR EXECUTIVE SERVICE BOOKING ARRANGEMENTS

Mr. Speaker: Order. Yesterday the hon. member for Winnipeg North Centre (Mr. Knowles) raised a question of privilege. The hon. Minister of Supply and Services (Mr. Goyer) has indicated he would like to make a brief reply.

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, yesterday the hon. member for Winnipeg North Centre raised a question of privilege concerning a letter sent by CP Air and suggesting the use of a telephone number from my department's Central Travel Office to make reservations on that airline.

Officers from my department have been acquainted with this letter and on January 24 they contacted and met with representatives of CP Air. The company expressed regret for this administrative error and stopped the distribution of the letter. Moreover, the company has promised to have this telephone number changed and a new explanatory letter will be sent to all persons concerned.

[*English*]

Mr. Speaker: Order, please. The matter was raised yesterday as a question of privilege. I indicated I had some reservation as to whether or not it was in fact a question of privilege. I can safely say now that it was not, and in any case the point has been properly answered.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if I could direct a question to the government House leader concerning House business. Could he give us an outline of the business that he foresees, as far as he can look ahead, as we begin the second week of this part of the session? Would he also confirm that he is prepared to designate Thursday, February 2, as an allotted day?

Mr. MacEachen: Yes, Mr. Speaker, I am quite prepared to designate next Thursday as an allotted day.

Apart from the request for information on government business, I would like to confirm that we will be proceeding today with the employment tax credit legislation. This will be followed by Bill C-19 amending the Petroleum Administration Act, and by the bills dealing with the organization of Air Canada and the recapitalization of the CNR. We would follow this by completing the fishing and recreational harbours bill if there is time before we begin the discussion on the pipeline legislation, which I hope to introduce in the House at an early date and call for debate as soon as members have had an opportunity to study the terms of the bill.

Business of the House

Since Easter is very early this year, it may be useful if I give in general terms an outline of the business which is still ahead of us. We will have seven allotted days, probably one each week commencing with Thursday, February 2. In addition to the need to deal with these allotted days, the government will also propose legislation creating the post control monitoring agency, and bills and amendments to the Public Service Staff Relations Act with regard to the decontrol period. We will also bring forward amendments to the Farm Credit Act and the amendments to the Criminal Code, the Official Secrets Act and the Post Office Act. These bills will all warrant early consideration. That is a preview of the business I foresee for the early period before the Easter break.

As the hon. member knows, there are also bills in the committees of the House and bills standing on the order paper for second reading. There are bills that relate to the constitution and the holding of a national referendum which have been mentioned in the Speech from the Throne, which we will attempt to bring forward in this session.

Mr. Baker (Grenville-Carleton): I want to thank the Deputy Prime Minister for that extensive list. However, I note that there is one glaring omission from that list in terms of the legislative program. That is the question of a budget, which has been mentioned for around the end of March, which I believe was the general phrase used. Can the Deputy Prime Minister tell me today whether it is the intention of the government to bring down a budget prior to the anticipated Easter recess of the House? Naturally we think it should be brought in at a much earlier date. Would he deal with that, and could he deal with the suggestion that there be a special committee of this House, in the place of a standing committee, to deal with the pipeline legislation, which is another matter?

In addition, Sir, would he inform the House whether or not the hon. Minister of Finance will be here today to deal with the employment tax credit legislation himself? I realize the Minister is at a federal-provincial conference and some of his duties take him there. But is there any time during the next few days that he can devote to the House of Commons and be here for part of the debate since the minister has given so much importance to the passage of this bill? I might say to the hon. gentleman we do not intend to delay passage of the bill.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, you will note that the Deputy Prime Minister has been giving us a fairly long-range picture of the business of the session. However, may I ask him about two pieces of legislation he has not yet mentioned? As he knows, his colleague, the Minister of Veterans Affairs, said yesterday that he expected to bring to the House some news about veterans of the First World War. He made that statement in the context of answers to various questions concerning veterans affairs. My question is: will there be legislation affecting veterans in this session? At the same time, may I ask if there will be any legislation in the name of the Minister of National Health and Welfare, such as the social services act, or legislation respecting pensions?

[Mr. MacEachen.]

• (1512)

Mr. MacEachen: Mr. Speaker, I would like first to deal with the question raised by the hon. member for Grenville-Carleton. It is not possible for me to announce a budget date, or indeed when and if there will be a budget. That is a matter for the Minister of Finance and I have not had an opportunity to discuss it with him. My answer is not intended to declare anything except my inability to answer the question, and no other implications or conclusions should be drawn from it.

I have concluded that it would be desirable to strike a special committee in order to study the pipeline legislation. I hope that we can make whatever arrangements are necessary before we give the bill second reading, call it for second reading, or even introduce it.

We are calling the employment tax credit bill today. The Minister of Finance is currently meeting with the finance ministers of the provinces, but I expect that he will be available in the House tomorrow afternoon to deal with the bill in committee stage, if it is at that stage. I understand it is impossible for him to be in the House today for second reading because of the meetings to which the hon. member has already referred.

Mr. Clark: And tonight?

Mr. MacEachen: Unfortunately, or fortunately, the meetings are still continuing with the finance ministers. It will not be possible for the Minister of Finance to disengage until late tonight, but he will be in the House just as soon as he can, either tonight or tomorrow.

I can tell the hon. member for Winnipeg North Centre that the bills to which he refers are not on my list and it is not possible for me to indicate that they will get on the list at any point, but one never knows.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there is one matter that the government House leader alluded to, the question of the availability of the minister for the purpose of the employment tax credit bill. I want to emphasize to him, through you, Sir, that we are very anxious to have that bill proceed. As we have indicated, it has been too late in coming, and now that it is here it should not be delayed. However, we do wish to examine the minister. We think it is quite important because the government seems to attach so much importance to that program.

I wonder if the government House leader would consider extending the hours of the sitting tonight so that the minister could be here and we could go through committee of the whole proceedings after his meetings. He may not be able to give that answer right now. We would certainly be willing to stay to have that done because it is an important piece of legislation.

Mr. MacEachen: Mr. Speaker, I will certainly raise that with the minister. If the minister can be available, it might be a very good idea to try to give the bill full treatment today, second reading and the committee stage. If there are no

objections from the other parties, I will take it for granted it is worth pursuing the notion of sitting beyond ten o'clock.

ROUTINE PROCEEDINGS

[*Translation*]

TELECOMMUNICATIONS ACT

ESTABLISHMENT OF CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION

Hon. Jeanne Sauvé (Minister of Communications) moved for leave to introduce Bill C-24, respecting Telecommunications in Canada and providing the appropriation of public revenue under the circumstances, in the manner and for the purposes set out in this measure.

Motion agreed to, bill read the first time and ordered to be printed.

Mr. Speaker: When shall this bill be read the second time?

Some hon. Members: At the next sitting of the House.

Mr. Speaker: At the next sitting of the House?

Some hon. Members: Agreed.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): Mr. Speaker, the following questions will be answered today: 460 and 773.

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

[*Text*]

EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 460—**Mr. Leggatt:**

In each fiscal year since 1970, what amount was spent in the Constituency of New Westminster by the Department of Supply and Services and those agencies that report to it?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): In so far as the Department of Supply and Services and the Canadian Commercial Corporation is concerned: the Department of Supply and Services maintains records by city and provincial boundaries and not by electoral districts. However, our records show the following contracting activity on behalf of government departments with vendors in the city of New Westminster, British Columbia:

Order Paper Questions

Period	$000
1970-71	not available
1971-72	114
1972-73	849
1973-74	1,215
1974-75	1,595
1975-76	1,684
1976-77	1,360
April-October 1977	673

NOTE: Excludes the Department of Supply and Services regional operations contracting activity prior to April 1, 1976.

In so far as Canadian Arsenals Limited, Crown Assets Disposal Corporation and the Royal Canadian Mint are concerned: Nil

CANADA PENSION PLAN OFFICE, BROCKVILLE, ONTARIO

Question No. 773—**Mr. Cossitt:**

1. Is the government aware that there are a number of steps leading up to the Canada Pension Plan Office in Brockville, Ontario, which create a severe difficulty for the elderly and disabled and has the government looked into the situation and (a) if so, with what results (b) if not, for what reason?

2. Will the government consider moving the office to another location that will not require such a handicap for those who must use the facilities?

Hon. Judd Buchanan (Minister of Public Works): 1. Yes, the government is aware that there are 43 stair steps from the street level leading up the Canada Pension Plan office. This situation was taken into account in planning a current space reallocation project of various occupants of the building, scheduled to be completed February 1, 1978. (a) As a result of this project the Canada Pension Plan office will be located in the basement of the building. This will improve the situation by reducing the number of steps to 16. Furthermore, as part of our overall programme to provide case of access for handicapped persons to all government buildings, a project is under preparation to modify the secondary entrance of building, including the freight elevator, to make all floors accessible to persons using wheelchairs. This project is scheduled for completion in June, 1978. (b) Not applicable.

2. In view of the answer to part I, it is not considered necessary to further move the office within the building or to another building.

* * *

[*English*]

Mr. Epp: Mr. Speaker, I rise on a point of order. I placed questions on the order paper three days after this session began in October. These questions are very straighforward. I wonder whether the parliamentary secretary can indicate when he intends to have those answers given to the House?

[*Translation*]

Mr. Pinard: Mr. Speaker, we have already replied to 414 of the more than 1,204 questions which have been asked. This being more than one third of the total questions asked up to

this point in time of the session, I feel that it is an excellent average.

As to the hon. member's intervention, I shall inquire.

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO ESTABLISH EMPLOYMENT TAX CREDIT PROGRAM

Hon. Bud Cullen (for the Minister of Finance) moved that Bill C-23, to amend the Income Tax Act and to establish the employment tax credit program, be read the second time and referred to committee of the whole.

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, on behalf of the minister I would like to thank the opposition parties for their co-operation. As the House leader has indicated, the Minister of Finance (Mr. Chrétien) is attending the finance ministers' conference, something very productive.

[*Translation*]

Mr. Speaker, I have the honour to rise to deal with second reading of this bill to amend the Income Tax Act and to establish the employment tax credit program.

We are all aware that Canada is faced with high unemployment. In my opinion, what we need is a program to foster employment in the private sector without running the risk of fuelling inflation. The national unemployment rate does not provide a clear picture of the many ways Canadians are affected by unemployment or have access to job opportunities. The reality of unemployment may differ according to living area, age and sex. Our programs, however, have been especially conceived to take these various factors into account. We have always been anxious to streamline our employment programs to meet the needs of the most seriously affected regions and groups. This orientation cannot be maintained with a comprehensive tax reduction program.

We devote considerable resources to the creation of employment. The Canada Employment and Immigration Commission has a $485 million budget for its employment strategy. It includes the Canada Works Program, the Young Canada Works Program and other measures for the creation of employment. The recently announced federal intensive work program will receive an additional $150 million. Those programs provide a great number of additional jobs. However, they cannot offer what the unemployed are mostly seeking, to wit a permanent job in the private sector.

Canada is far from being the only country to experience such extensive unemployment. The necessity of a new concept for the creation of employment has led several governments to consider systems of employment credits. The question is to find a proper mechanism. Although the employment credit can take several forms according to the cases, the basic principles remain the same. An employment credit is a grant given to encourage employers to hire additional workers thus contributing to reduce unemployment. The aim of the program is, first, to create employment in the private sector rather than in the public sector, second, thus to provide greater advantages at the qualifying and training level so that the acquired experience is valuable, third, to create jobs in the areas and for the groups which are most in need and fourth, to create a maximum number of new jobs at the least cost for the state.

I think that those principles are incorporated in the bill referred to this House.

● (1522)

[*English*]

Briefly, this experimental program will have the following features:

The program will be administered by the Canada Employment and Immigration Commission, drawing on their extensive experience in the field of job creation. They will enter into agreements with employers who will certify that the jobs created by the program would not have existed without the incentive of the employment credit.

Reimbursement under the program will take the form of a taxable non-refundable employment credit differentiated in the same manner as the investment tax credit. Incremental employment in areas benefiting from the 10 per cent investment tax credit, that is, the Atlantic and Gaspé regions, will be eligible for a credit of $2.00 per hour. All other areas designated under the Regional Development Incentives Act will be eligible for a credit of $1.75 per hour, and undesignated areas, $1.50 per hour. This regional differentiation of the credit rate provides a higher level of incentive to areas of high unemployment and slow employment growth. This reflects the minister's deep concern with the problem of regional disparity.

Making the credit taxable means that the maximum benefit will accrue to small business. For example, a firm paying the top corporate rate of 46 per cent could get a maximum net benefit of up to $1,685 per job while a firm with a 25 per cent tax rate would net up to $2,340. Also, by making the credit taxable it was possible to make the amount of a taxable credit more generous than a credit which was not taxed. A non-taxable credit would have been approximately one-third lower and result in the same cost to the treasury. Finally, this provision will also prohibit serious abuse of the program.

Eligible employers will include taxable incorporated and unincorporated businesses. They will be issued a tax schedule allowing them to reduce taxes otherwise payable. Participating employers will be allowed to reduce their tax instalment payments by the amount of unused credits accrued to the due

date of each payment. These credits could also be carried forward for up to five years.

Eligible employees will be those registered at Canada Manpower Centres or Employment Centres with the general principle that they must have been unemployed and looking for work for at least the eight weeks before referral to the program. One of the objectives of the program is to encourage the hiring of people who are becoming discouraged as a result of their inability to obtain employment, and thus to help them regain their self-confidence. At the same time we wish to ensure that other employment opportunities have been adequately examined prior to referral to this program.

Eligible employment must last at least three months, and at the present time subsidization will not exceed nine months. The three- to nine-month period was chosen so that employees will be offered a sufficient period of employment to benefit in terms of skill development and work experience. At the same time, the period of subsidy must be long enough to be attractive to employers and thus ensure their active support. We feel a nine month maximum represents the best balance between these concerns and program costs. At the same time, the legislation provides for the flexibility of extending the maximum to 12 months if it is warranted.

No limit will be placed on the number of participants but the program will be targetted at a net annual revenue cost of about $100 million. This, we feel, is capable of providing jobs for some 50,000 people per year.

The program will be introduced for a two-year period and will be effective no later than March 31, and hopefully on March 1 of this year.

Before closing, Mr. Speaker, I would like to draw attention to the fact that the employment tax credit program represents a special, additional effort on the part of the federal government, over and above the many millions of dollars that are currently being spent on direct job creation. The program is a new and experimental approach to federal job creation. It will be closely monitored in order to determine its future as part of our employment policy. To be successful, the program requires an enthusiastic response from the private sector, an acknowledgment of the shared responsibility for providing jobs for those Canadians who have difficulty obtaining them.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in taking part in the debate on the second reading of Bill C-23 I should like first of all to clarify the position of the official opposition with respect to this measure.

As most hon. members are well aware, we have for some time been pressing the government to bring in employment tax credit legislation, and I am very pleased that the minister has at last reached the point of bringing down the bill presently before us. Nevertheless, in the course of my remarks I shall draw attention to the differences between Bill C-23 and the employment tax credit program we had hoped to see for the benefit of Canadians and especially of those who are out of work.

I cannot refrain from commenting on what I regard as an unforgiveable lack of concern on the part of the government for the unemployment of this country. I really cannot understand why the government did not choose to give this bill priority yesterday. We in this party have indicated repeatedly during the question period that if it was the desire to bring in this bill we would give it passage in one day, subject, of course, to its being basically as represented. But this meant that we expected the Minister of Finance (Mr. Chrétien) to be in his place to explain the measure and accept questions during the committee of the whole stage. For reasons not clear to me, the government chose instead to bring in its Anti-Inflation Board patch-up bill yesterday and to proceed with Bill C-23 today. And now we are told that the Minister of Finance is too tied up at a conference to present the bill in this House on second reading and spend an hour of his time answering questions during the committee stage. I do not think this is a very good effort on behalf of the unemployed.

I turn, now, to another point. Yesterday the Minister of Finance stated in answer to a question put by my leader that this bill, if passed, would result in the program being in place "by March 1". There was no equivocation. Today we find the parliamentary secretary, who has been given a brief, written presumably by the public service, saying it will hopefully be in place by March 1. This is just not good enough. If we must ride along with a part-time Minister of Finance, the time has come when somebody within the government has got to exercise compassion for the unemployed and see that progress is made with pressing legislation, putting it into place so as to relieve the tragic consequences of unemployment.

Hon. members will recall that as long ago as the budget of the former minister of finance, the hon. member for Rosedale (Mr. Macdonald), on March 31, we stated in our response, that employment tax credits should be considered by the government and, hopefully, introduced. In October of last year before the start of the session, we again asked the government to bring in employment tax credits. On October 20 the Minister of Finance said he was setting aside $100 million for such a purpose. These delays illustrate the dither and lack of confidence which exist in government circles. Not until three months later do we find such a bill before us.

• (1532)

Even today when we commence second reading and, we hope, go into committee of the whole to review the bill, the Minister of Finance is not in his place in the House. I mention this because we all know he is attending the conference of ministers of finance, but he knew that yesterday. Why did he not ask that the House business be changed to give priority to this bill so that he could be with us when the bill is passed? It could have been done yesterday. The administration, to which the parliamentary secretary referred, would have been put in motion by now to ensure that the new law is functioning by March 1 at the latest.

Having said that, I would like to go back to the remarks we made on October 14 last year when we suggested the following to the Minister of Finance:

> We suggest to Mr. Chrétien that he institute a temporary employment tax credit for new workers hired by business. It has worked in the provinces, it has worked in other countries, it can work throughout Canada. The credit would be available to any business which increases its work force through hiring younger workers. In effect, the credit would be a subsidy of up to $1 an hour for the first 1,000 hours of employment, or about six months. For small businesses which may generate small taxable profits, it may be preferable to pay a direct subsidy at the same rate.

When we suggested that, we were suggesting a tax credit which would not be taxable itself. We suggested that it should be a clean tax credit for those who wished to apply for it, but only for $1. Secondly, we said the program should be oriented to the young workers in our country who are seeking jobs for the first time.

We are pleased that the government has introduced Bill C-23, but I would have to point out that the government has complicated it and muddled it. First of all, it suggests that the tax credit should be as much as $2 an hour, but then it wishes to tax back up to 46 per cent of it. In other words, for every $2 it is proposing to give to an employer on an employee's wage, 92 cents would be taxed back by the federal government. We suggest that that is a complication which the government could have avoided. It will be confusing for businessmen who wish to participate in the program in that they will not be clear what the total subsidy is worth to them until they have worked out their tax position.

Second, our suggestion was that the program should be oriented toward youth, the first time job seekers. We said that if the program is designed mainly to help first time job seekers, it will avoid the problem which, I know, concerns many members of parliament, that is, the dodge of laying off staff only to hire them on a subsidy basis at a subsequent date. We felt that orienting the program to first time job seekers would avoid the administrative nightmare of trying to prevent that dodge. But, above all, we felt that the high level of unemployment among our youth was something to which we should direct our attention especially, and we felt that the employment tax credit approach was a good way to start. We pointed out that the purpose of the employment tax credit is to relieve unemployment, first of all, but also, secondly, to give a subsidized wage to a person for, say, six months. The government is proposing nine months. During that time it is hoped that that person will become a productive employee of his company and will continue on in a permanent job.

I should like to summarize our suggestions, Mr. Speaker. We are saying that we are pleased the government has accepted our suggestion. We are disappointed it has gone to the complicated rule of proposing a larger subsidy only to tax back up to 46 per cent of it. We are disappointed that the government has not oriented the program to the first time job seekers or to the youth of our country, but perhaps our greatest disappointment is that the government, as stated in the legislation and in the press statement which was released at the same time, proposes to put such a heavy emphasis on the Canada Manpower Centres. As we all know, businessmen in this country are not pleased with the response they have been getting from Canada Manpower. They feel it is not a good agency through which to secure employees when they look for a further extension to their work force. For example, the Federation of Independent Canadian Businessmen carries out surveys, in one of which it was pointed out that 67 per cent, or about 15,000 people, mainly small business people, said they felt Canada Manpower employment services were poor.

We believe it is unfortunate, if the object of the program is to relieve unemployment, that there should be the impediment and the complication of having to hire the new employee, if one wishes to get the subsidy, through Canada Manpower. This is a rather tight red tape approach which the government is adopting.

I hope there is no doubt in anyone's mind in the House that we propose to support the legislation and we hope it will receive a speedy passage at second reading and in committee of the whole. But we also hope that the government will accept some of the suggestions we have put forth. We hope that the administrative nightmare which might occur will be minimized or eliminated, and we hope that the program will be oriented to our youth, who happen to make up one of the largest sectors among the unemployed of this country. Above all, we hope that the government will get on at last with clearing up whatever administrative difficulties it feels still exist in implementing this program, and that it will put it in place so that the Canadians who are tramping the streets in this cold, cold winter can once again get jobs on a more permanent basis.

I should like to draw your attention, Mr. Speaker, to the fact that during the committee of the whole proceedings, which we hope to reach before the dinner adjournment, we think it is important that the minister provide time for us to question him and respond to our questions, because I know that members in my caucus, and presumably other members of the House, will have questions to put to him concerning the administration of this program and concerning the government's general concept of the program.

We are talking about big money here. The government has indicated it will cost about $140 million to encourage this type of employment and it hopes to tax back $40 million of that, resulting in a net outflow from the Treasury of $100 million. This is a lot of money, but the most important thing we must ensure is that this program works because, frankly, if the government brings in a program which, for reasons of an administrative nature or because of its concept, is not workable, we will not be doing a service to anyone. It is the unemployed about whom we should be concerned today, and that is why I hope the Minister of Finance will give us some time today when he can answer questions which members will be putting to him, as we are anxious to ensure that it is a program which not only makes sense in theory but which in practice will help relieve the unemployment situation in the country.

● (1542)

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, at the outset I should like to agree with the hon. member for York-Simcoe (Mr. Stevens) when he suggests that this bill should have speedy passage. I disagree with his expression of surprise at the parliamentary secretary introducing this bill. This bill will have such a small impact on Canadian unemployment rates that I am surprised a backbencher did not introduce it. However, I might say the parliamentary secretary does an excellent job for his minister.

This bill is being introduced after the worst season is nearly over. It should have been introduced last spring. This band-aid solution is all that is being offered to the million unemployed. It is an incredible situation. The real problem is not the question of tax credits to small business, a principle which we can support on a temporary basis. The real problem is that the government has locked its financial position in because of the massive amounts of subsidies it has given to big business. Because its financial position is locked up, the government does not have the kind of flexibility necessary to move these concessions around to where they belong, which should be a massive tax cut at the consumer level. That would provide purchasing power, which would supply the small businessman with a need to hire additional people.

This bill asks small business to pull our irons out of the fire and to hire someone it does not need in order to remove him from the streets. In a minor way that will reduce our unemployment statistics, and to a limited extent it will reduce some of the money the government is putting into unemployment insurance by the removal of that person from the unemployment rolls. Unless the direction in which the economy is going is changed, there is no need for the small businessman to help out by hiring someone who is unnecessary to his business. There are not enough customers to buy the small businessman's product. The responsibility lies right at the government's door in that respect.

We will not attempt to impede passage of this band-aid legislation, but we have serious questions concerning it. As I read the legislation, it requires that a person being employed under this bill come from Manpower and should have been idle for eight weeks or more. The bill does not deal with the thousands of people who do not go to Manpower, who have given up on the idea that they will receive any help from Manpower, and who have given up on the idea that they will ever get a job. No employment will be created in that particular area.

This legislation is asking small business to do a favour for government. It is not a favour to small business. The hiring of an extra employee, who may or may not be necessary, does not help small business until consumer demand for his product has changed. Instead of the tax credit system, the same thing could be accomplished if the fellow who is coming to pick up his unemployment cheque is told to take a seat inside and is put on the employment list. That procedure would reduce the number of unemployed, but it would not be productive. It would have no impact in terms of the economy. It would take someone off one section of the rolls and put him on another. To some extent this bill does that, where the person hired is unnecessary to the operation. Small business will not take advantage of this bill unless the economy is changed and provides it with a need to hire more people. A small businessman might prefer to operate his business with five people rather than ten, because it is easier.

Another reservation we have, and perhaps we will propose an amendment in committee on this, is that under provincial minimum wage law where a part time employee is involved he is not covered under this legislation. I am surprised the government did not include a clause in the bill requiring the minimum wage to be paid by the employer in any event. Surely that must be accepted as a decent and reasonable standard. At least the federal minimum wage figure should be applied to the legislation so that employers do not take advantage of it by paying less than the minimum wage. As I read the legislation, they would be capable of doing that. I hope the minister gives serious consideration to seeing that provision incorporated in the bill.

In my view the red tape which is involved is unnecessary. An employment plan filed by the small businessman is required. Some bureaucrat will have to approve that employment plan before the businessman is able to take advantage of the tax credit system within the plan. I would rather trust the judgment of the small businessman than of some bureaucrat who says, "I do not like your plan. Therefore you cannot come under the program". The program does not need the red tape, nor does it need the plan system.

This piece of legislation does not zero in on the major unemployment groups, such as the young. The hon. member for York-Simcoe has pointed this out. It does not zero in on those who are not on unemployment insurance but are on welfare because they have been out of work so long. Those people desperately need to get back into the work system, and this bill does not help them.

I hope we do not become euphoric about this legislation and feel we have done something marvellous for small business. In fact we are asking small businesses to help by hiring people they may not require, in order to receive a tax advantage. A lot more can be done for small business than that. Surely parliament can sit down and assess the needs of small business.

By moving into this area so delicately, perhaps the government has started to understand that one third of all the jobs in Canada are jobs in the small business area. Those businesses are labour intensive and have the capacity to expand. The large business sector only uses 80 per cent of its capital capacity.

Our entire budgetary processes continue to reward the large business sector with accelerated depreciation and massive grants. For example, recently there was an announcement in Vancouver by the firm MacMillan-Bloedel indicating that it was shutting down its Vancouver plywood plant which would result in 700 people being put out of work. Over the past eight years this large firm has received $10,963,000 in concessions and grants. That is what the government has done for big

business. They were provided with nearly $11 million in order to be competitive, and for assistance in research. If that money had been used to tool up that plywood plant and to make it efficient, 700 workers would not have to be laid off.

● (1552)

Why do we continue to give massive subsidies and tax concessions to big businesses which are now the weakest part of our economy? Small business is not the weakest part, but it has been ignored and ignored, and now we are paying the price. Workers at Inco are being laid off as well as workers at MacMillan Bloedel. MacMillan Bloedel lost about $50 million because of some very dumb executive decisions. MacMillan Bloedel did not tool up, did not become efficient, and did not use the government help which had been so generously given by the people of Canada, including the workers in its own plant whose taxes went to help in subsidizing the company, to making it efficient and to allowing it to purchase new equipment. Now the company wrings its hands and says it "cannot compete any more. That old mill has to be shut down". That is wrong and immoral.

We need some leadership from the government. The government should end those kinds of concessions to major companies. Concessions should be tied to jobs. If we are going to give massive subsidies to MacMillan Bloedel, let us see that there are job guarantees for Canadians.

In this bill there is a little concession for small business, and that little concession is tied to jobs. That should have been done with major corporations a long time ago. This government did not have the foresight to see what was happening. It was taken advantage of, just as it was taken advantage of in the negotiations regarding the Alcan pipeline.

Mrs. Holt: What did your buddies do in B.C. when they had a chance?

Mr. Leggatt: The hon. member for Vancouver-Kingsway (Mrs. Holt) asks what my buddies did in B.C. when they had a chance. Ocean Falls, Can-cel and Kootenay Forest Products made enough money last year to balance the provincial budget for the people of British Columbia.

Mrs. Holt: The government went practically bankrupt.

Mr. Leggatt: In B.C. we have come back to the same proposition whereby we are allowing our economy to be dominated and controlled by major corporations which are laying off more workers than were ever laid off under the previous provincial regime. That is what is occurring in B.C.

We will support this legislation, although we want some minor changes, or at least some thought about some minor changes. It is very much a band-aid approach to a massive unemployment problem. If the government opposite cannot come up with more original ideas, it should just throw in the towel. This bill could have been brought in before the winter season. I suspect there will be more pie-in-the-sky announcements before the election, but if this bill is the response of this government to the over one million unemployed in Canada, the government deserves the response it will get from the Canadian people.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I do not want in any way to delay the passage of Bill C-23 but still I would like to make a few comments because I consider it to be my duty to express the needs of the south shore area which I have the honor to represent.

Mr. Speaker, as most government bills to curb rising prices and unemployment, this proposed employment tax credit program is a sort of hand-out to industry but I will not prolong my comments on this aspect of the bill because I will certainly have the opportunity in the near future to participate in a more comprehensive debate on this issue. There is no doubt that a program designed to create jobs can hardly and honestly be criticized. This is quite normal because that is what we want, namely to provide jobs for workers who are able to work for the betterment of this country. I understand that this is an innovative program. Furthermore, it meets a suggestion I made in my speech on second reading of Bill C-11. I said at that time:

> I have a suggestion to make to the Minister of Finance: I think that rebates made on real investments in Canada might be much more indicated. Of course, these partial rebates could be calculated according to the number of jobs created.
>
> There would then be a reaction between capital and manpower resources.

I must say that this bill comes very close to the spirit of my suggestion. The idea to increase the credit in proportion to the regional rate of unemployment is only logical. On the other hand, it raises again the need to designate the south shore area as a special and under-privileged area.

Just recently I watched a television program featuring several Liberal members of the Quebec City area. It was interesting to hear those members' comments when describing the Quebec City area as an area which had not been advantaged in recent years, especially because the attention of governments had been directed mostly towards the Montreal area for the preparation of the Olympic games, and those Olympic games have left behind some problems, not only for the city of Montreal, not only for the province of Quebec, but also for Canada. They said that was why the Canadian government had again designated the Montreal area as a special zone to help local industries provide jobs for the numerous unemployed people living there. But also, Mr. Speaker, those hon. colleagues were emphasizing how important it was to have a federal cabinet minister in the Quebec City area to reassess the requests and claims of members in the cabinet and that representation of the Quebec City area in the Cabinet was absolutely necessary, extremely important, something I am not disputing.

● (1602)

I still believe that all areas of Canada must be fairly represented within the executive of the national government. But what surprised me is that after describing all the advantages that an area can have when it is represented by a minister of the federal cabinet, someone—I think it was the

moderator—brought up the question of the transfer of certain maritime operations from the Quebec City area to the Montreal region. One of the members then said that this matter was vital, that there was no way to stop it, that it would mean a loss of employment in the Quebec City area in favour of the Montreal area, but that the move involved the operations of a private company and that it was impossible to interfere in the matter. I am happy to see my colleague, the hon. member for Langelier (Mr. Lamontagne), who was recently appointed to the cabinet, for which I sincerely congratulate him. I know that he is an able man and that he held the important position of mayor in Quebec City, where he did a very good job, as I have already said, and I am sincerely pleased to repeat it in this House. Today, I would like to urge him to give his support to his colleagues who took part in this television program in favour of keeping the operations in the Quebec City area, whether in the maritime sector or the industrial development area, and I sincerely appeal to him as a member of Parliament and not as a member of a political party to use his influence so that the Quebec City area will not be disadvantaged in favour of Montreal because of exceptional circumstances following the Olympic Games. Mr. Speaker, I am convinced that the minister understands the point I want to make and that he will consider it his duty to outline accurately the economic needs of the Quebec City area so that it can be recognized that the south shore area has been disadvantaged in the past and needs to benefit from this legislation.

During the debate on Bill C-11, I even wrote to the Minister of Finance (Mr. Chrétien) and asked him to introduce an amendment having regard to the area affected by the bill and concerning tax credits for industries in the Atlantic provinces, extending from Gaspésie to Rivière-du-Loup, so that this area be included in the law providing grants for the transport of goods in the eastern area ending at the road going from Lévis to the American border. Unfortunately this amendment was not introduced, which is not to say that I gave up and changed my mind about the feasibility of this idea. Maybe some day the Minister of State, the hon. member for Langelier, might convince his cabinet colleagues of the soundness of this proposal and the necessity for the industries in this area to benefit from the same advantages.

At it happened, Mr. Speaker, on Monday when the House resumed I met the Minister of Regional Economic Expansion (Mr. Lessard) and spokesmen for an important industry established in the south shore area. Because of their vivacity, their vigour and their youth, these people, who believe in the future, have managed to conquer a market outside Canada and create quite a few jobs in a given community. They can give expansion to their industry and create about thirty new jobs, which is quite appreciable in a community which is home to hardly more than 2,000 or 3,000 people. Of course this calls for co-operation from government authorities and from DREE.

So I think that if we could provide this industry with the benefits of this legislative measure, Bill C-23, it would be of tremendous help for them to pursue their operations and corner new markets in the United States. Even if the province of Quebec is involved and there are misunderstandings between the two levels of government, my feeling is that we, as responsible members of parliament, must do our duty and try not to make things more difficult. We should show the people in our areas that there must be in this country a federal government, it must supervise across the country the economic well-being and development of our regions, in order that each and everyone can take advantage of the legislation and benefits that a united Canada can bring them, in whatever province.

As far as I am concerned, Mr. Speaker, I have always been very optimistic in nature, and I am still more so today. I have a conviction that with legislation as that now before us, even if not perfect, there is a will to improve things for industries so they may create jobs to lessen the unemployment plague in our province and our country as a whole.

Mr. Speaker, I remember when we discussed Bill C-11, my colleague the hon. member for Rimouski (Mr. Allard) put forward an amendment to increase the exemption for workers, the $250 allowance proposed in the bill that workers could deduct from their revenues for income tax purposes. My colleague suggested the amount should be increased to $400.

I still think that such an amendment could have increased to that extent the workers' purchasing power. It should be remembered the right hon. Prime Minister (Mr. Trudeau) and the Minister of Finance suggested during these last months that the purchasing power of consumers must be raised, to increase the consumption of Canadian goods so our industries could operate on a more continuous basis and get rid of their inventories, so the products could reach households where they are needed, thereby increasing employment if possible and reaching for that common goal of ours, which is that every Canadian while earning a living can make a contribution not only to a higher gross national product but also to better competitiveness on the international markets, so that we can produce better quality products and allow our industries to better compete with imports.

● (1612)

Early this week, I received a report from a textile industry in my area informing me of the sad plight of those industries, particularly the one involved. I dealt with this last December and I emphasized that those factory owners are showing great courage in holding on while making little or no profit, in the hope that the central government, through stricter controls on imports, will enable these industries to get a greater share of the market and to maintain at least the same level of employment as in 1977.

Now, Mr. Speaker, in addition to this measure provided for in Bill C-23, I would like to make again the same suggestion I made before in this House and which was even considered on an opposition day. At that time, I appreciated the position taken by all members of this House, from whatever party, because this motion was looked into carefully, objectively and sincerely by all members who participated in the debate on that opposition day, and I refer to the discount on the price of

Canadian products that the Canadian government could implement through an act of parliament for certain products whose producers are in deeper trouble. This leads me to mention briefly the plight of hundreds of milk producers, especially industrial milk producers, whose quotas have expired since November, December or last January. If the milk policy schedule is not changed very soon, milk producers will have to consider limiting their production until April 1. Yet, these producers have heavy commitments toward their credit unions, their banks, and all those who grant them credit to purchase dairy feed or farm machinery.

Some will say, Mr. Speaker, that the hon. member for Bellechasse keeps raising this matter. Indeed, and I am not ashamed of doing so because I am well aware of this problem and I would not want to see within a year or two our country running short of milk producers because of the present lack of foresight of the government. I keep meeting many young producers whom I have advised to buy their father's or their neighbour's farm rather than letting it be sold to strangers who are going to let fertile land lie fallow. There is talk about land conservation today. This should not be the exclusive concern of the Quebec government. We should all help out in conserving the land because whatever changes in government happen, whatever form our institutions may take in Canada or in the provinces, we will always need farmers to produce our food.

So, if we are aware of all that, I think it is time, Mr. Speaker—and that is what I am suggesting—the government considered carefully the advisability of granting a rebate on dairy products, let say on whole milk first since surpluses are used as industrial milk, and we know all the wrangling it has brought about last year. Whole milk producers were pitted against industrial milk producers and it is a serious matter to sow discord between members of a same family. That is all right as far as neighbours are concerned, but when people live in the same house or live on the revenues from the same industry or product, it is quite serious.

So, if it were decided to grant a discount on a quart of milk —someone pointed out to me recently that now with the metric system, it costs 52 cents. Before, milk was sold by the quart and it also cost 52 cents. So, with the new system, the consumer gets less milk for the same price. That makes no sense at all! So, the lady bought a quart of milk in a glass container and then took a carton containing a litre and poured the milk into it. And there was really a difference of a teacup. And then, if you buy four litres of milk for your family, it means that you bought four teacups less than what you paid for.

Here again it is the responsibility of the Minister of Consumer and Corporate Affairs (Mr. Allmand) to monitor the implementation of that change in the measurement of consumer goods that people must buy everyday.

So, Mr. Speaker, let us grant a subsidy as we did in 1972 under a minority government! The Canadian government, then in a minority, granted a 5 cent discount per quart of milk, and during the few months when that policy was implemented, $181 million were distributed throughout Canada to promote the consumption of milk and help Canadian consumers. The purchasing power of those who really need it was increased by $181 million. This was possible in 1972, Mr. Speaker, under a minority government that was listening to the demands of the people and was still able to administer our country. Foreign governments did not meddle in our affairs because we had a minority government. But we did not have a minority parliament. At that time, parliament was assuming its true responsibilities as an inspiring force and a legislator while the executive was assuming its true responsibilities by implementing the will of parliament.

I am not afraid of a minority government, as I know it has been beneficial to our country.

Recently I heard on the CBC TV network that there might be an election in 1978. It is a possibility, but it is also possible that the outcome of that election will be a minority government. If this is the will of the people, there is no problem. We are supposed to live in a democracy, a government by the people and for the people. When I was a child, I heard Mackenzie King make a speech in Quebec City. Mackenzie King was not very fluent in French. He could say yes, no and thank you, and also welcome, but anyhow I was at the meeting he held at the Armouries and he said something I shall remember all my life.

● (1622)

He said at the time: Never ask to live under a dictator, long live democracy—he knew it by heart and had practised for weeks. That was when he said: a government of the people, by the people and for the people. He concluded his speech by saying: That is what I want to give you.

To conclude, Mr. Speaker, I must say that I support Bill C-23, and my colleagues will probably do the same because we usually end up understanding each other. I hope that when the bill is referred to committee it will be amended as required and that the government will then implement them. I hope that the civil servants who will draft regulations after the bill has been passed will do so quickly in order that this legislation be in force as soon as possible. However, they should take care not to lose the real objective of Bill C-23.

I do not want to be unduly critical but sometimes, after we have considered a legislation and done our best to understand it, it happens that when people come to us for information and details we have to refer to the regulations made after enactment of the bill, but we find ourselves at a loss because they do not reflect what we did in parliament, far removed as they are from the legislator's thinking. I am not saying it is done on purpose but it does happen. And when the bill will be in force I do not want to have to say to businessmen who will want to benefit from the law that because of such or such regulation they cannot do this and they cannot do that. People think that we are not serious when, on the contrary, we should demonstrate to all Canadians we are really serious and responsible people who try to give their country the best administration so that our economy will operate at full capacity. After that effort has been made, Mr. Speaker, some people will still be

without work because progress is here, because machines are taking the place of man, and because those machines do not ask for a salary the way workers do. After that, a program will have to be implemented which enables the federal government, the various departments, the provincial and municipal governments, to undertake a vast public works program designed to give the people the services they need.

That is where I agree with orthodox economists whom I have often had occasion to criticize in this House because I felt it was my duty to do so. Those conventional economists suggest as a means of making up for deficiency of private enterprise, of government bodies, as a means of giving employment so that everyone can have an income, as a means of increasing or giving purchasing power to those who do not have a steady job, those economists suggest public works programs to give everyone a chance to earn some purchasing power. The purchasing power will not only have contributed to produce consumer goods but to produce services which we could enjoy in this world and which could also benefit future generations. Now a public works program as a means of dealing with unemployment is an excellent policy provided that future generations are not burdened with the production of goods which are now needed.

Mr. Speaker, in conclusion and as a third suggestion, I would like to remind the hon. members and members of the executive that such public works should be financed not through taxes but with credits created by the Bank of Canada and refunded in the same way as the credits created by chartered banks. The only difference is that the interest rate would be much lower because the Bank of Canada should not operate to make profits but to provide services. The only interests paid would serve to cover administrative costs.

Mr. Speaker, I am sure that if we did it this way we would contribute to decrease inflation. Some of our opponents have always tried to ridicule our ideas and suggestions—not you, I know you as being sincere and honest people. However, there are people outside this House whose mission is to ridicule everything we do here, be it on the side of the majority, or on the side of the official opposition or on the side of the opposition parties, the ones that are called the "small" parties. I do not mind being called a member of a "small" party because in the Gospel, Jesus Himself did say to let "small" people come to Him. He loved small people and I am sure He still does.

Mr. Speaker, this formula which I am proposing most respectfully and sincerely, think we should put it to the test. We have made so many experiences here and there which have failed, that I suggest we should at least try a formula in which I, and a number of financial experts today, sincerely believe. Why borrow from others what we ourselves can produce? Why go and draw water from our neighbour's well when our well is filled to capacity with perfectly good and pure water? Why borrow elsewhere? Why have the chartered banks borrow the funds we need to expand the public sector when we have our own bank which can operate and do the same job for a better price?

Mr. Speaker, let us examine this very carefully. I am sure that if the House analyses this situation and goes to the bottom of this, it will realize that the hon. member for Bellechasse has come up in his remarks with three useful suggestions which deserve to be put to the test and will certainly not bankrupt our country. There is no risk involved. In fact, the way things are going right now, we are very likely to end up in bankruptcy.

Therefore, to stay afloat while there is still some vigour left in us, parliament could certainly convince this government to introduce legislation which would be the extension of the one we are dealing with today and which would make it possible to achieve the results parliament has in mind, namely, to provide all Canadians with enough purchasing power to meet their needs.

Mr. Roch La Salle (Joliette): Mr. Speaker, I cannot help making a few remarks about this piece of legislation. First it should be well understood that when the government accepts recommendations from the opposition—that does not happen often—and yet they are always intelligent recommendations. But this time the government could not refuse to consider a legislation or a recommendation designed to create employment. We would rather have had the government do it a few months ago when the official critic of the opposition pointed it out in the House on behalf of our party. Nevertheless we will support this legislation which is before the House because it contains some elements of solution.

It is certainly not the ultimate solution but we realize that it deals with an urgent issue and we will obviously not hesitate to support this legislation. In addition, we will do our best to be short so that the government can implement it at the date set in and in the most efficient way. That does not prevent me from urging the government to pay close attention to the monitoring and implementation of this program. It is obvious that in any legislation providing for subsidies to certain classes of people, one will try by all possible means to obtain the most and, unfortunately, from time to time an attempt will also be made to justify a subsidy that is not always justifiable. In view of the circumstances, I feel it is our duty to ask the government to watch very closely the implementation of this act.

We have been advocating a similar program for a long time. May I repeat again that the government could have thought of it at least two years ago. For two years now we have lived through an intolerable situation and, in light of the steady increase in unemployment and in the cost of living, we knew full well that legislation would have to be brought in. Why wait so long? I will attempt to prove my point. It seems that, during those two years the government decided to maintain a million unemployed through various band-aids it introduced. It may be that the government thought that with such programs as the LIP, the Opportunities for Youth Program and the new Canada Works Program, the economic woes of the country would be solved. I hope no one thinks that. But as few other formulas have been found to generate employment, we, on this side of the House, as thousands of Canadians, have to think that the government has nothing rather to suggest than a few

band-aid measures. Still, if I say that suggestion may be acceptable and even worthy of interest, I want to clear up one point. In the outline given by the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) and in the press release of the officials of the Department of Finance, mention is made of $100 million in federal revenue which would produce 50,000 new jobs in the first year. Those officials recognize and admit, very wisely indeed—because God knows how many errors have been made in forecasts these last few years—that only 25 per cent of the jobs created by this program will be permanent jobs. So I feel the Canadian people have a right to know, to be spared illusions: when we talk about 50,000 jobs, it sounds good and, naturally, outside the House people tend to think of them as 50,000 permanent jobs. Then, if we assume the figure is 25 per cent, which is dubious according to some officials, it means that this program worth $100 million will create next year 12,500 permanent jobs.

● (1632)

But this program may also create 37,500 jobs for periods ranging from three to nine months. It is similar to Canada Works, Mr. Speaker, with the advantage, I must admit, that these jobs will benefit more the Canadian production than others, more than unemployment insurance benefits anyway. It remains nonetheless that Canadians must know that we are not talking about 50,000 permanent jobs. According to some forecasts, as I have said before, it represents 12,500 jobs and if we divide them among the ten provinces, then my own province, for example, may see the creation of 1,000 to 1,200 permanent jobs when the number of unemployed almost reaches 300,000. So I must repeat that this legislation, although worth while, is not the ultimate solution and I hope the government understands that also.

I just said that we have not solved the problem. That much is evident. Is it then some kind of a band-aid legislation which, on the eve of a possible election, can help create an exciting electoral climate for Canadians. I think the question is worth asking. Why do I say that for the last two years we have been living in an intolerable situation? I think that Canadians must put the following question to the government: why are these measures submitted at the last minute? Talking about elections, one never knows if they will be held this spring, next fall or next year, but judging from the subsidies that are being granted on an almost day-to-day basis, and from the arrangements that are being worked out with the provinces, it is interesting to see that the government has managed to scrounge here and there money that it claimed was unavailable only a few months ago.

If we are talking about permanent jobs, Mr. Speaker, I think we should start talking about an industrial strategy. I remember that in reply to the Speech from the Throne the Minister of Finance (Mr. Chrétien), supported by the Prime Minister (Mr. Trudeau), talked of an industrial strategy where this government felt that it was time to have an industrial policy. After ten years I do think it is indeed time to have one, and in view of the economic situation we are now facing I think that, to have an industrial strategy, we must have a well organized research department with the necessary researchers and funds.

Why do we now have to use this band-aid? Precisely because in the absence of that adequate research department for the economic future of this country—and that is indeed the case—I must hold this government responsible for not having thought of allocating the necessary funds to have extensive research which could have foreseen the economic situation we are now facing. So we now find ourselves—and this should also be recognized—in a very obvious and intolerable economic slump which is forcing this government to introduce emergency measures.

I spoke of that band-aid just before an election, of this absence of adequate research only equalled by the absence of an unemployment policy for which this government was responsible and could not come up with—a lack of foresight which resulted in hundreds of industries going belly up. This lack of adequate research can be seen every day in different areas.

Let us talk about the impossibility of forecasting massive imports in the future. I could give examples—I think our friends opposite remember quite well the difficulties facing the textile industry. There were further recent lay-offs in the mining industry, in the footwear industry, in agriculture—the hon. member for Bellechasse (Mr. Lambert) referred to it earlier. We recognize that this absence of adequate research which prevented this government from coming up with a necessary policy created tremendous difficulties for our Canadian industry.

So, Mr. Speaker, a government which scorns such an essential and indispensable tool as a well organized research department is guilty of gross incompetence and irresponsibility. I am sorry but I think the words are not too strong and I must say that this government after ten years, which must show the public such a gloomy economic record, is indeed a pitiful failure.

So the government is prepared to do something to redress the situation and is making today its last attempt with the meeting of the Minister of Finance and his provincial counterparts. Next February there will be the conference on economic affairs. But for how long have we, on this side of the House, been urging the government to meet these people, to share with the provinces, the citizens and the labour organizations and to ask them and more particularly the business community for solutions? I think they could give good advice to our present Minister of Finance, but nothing like that was done. Here again, 1978 will be a very special period. The government will try to hoodwink the Canadians by telling them that it is prepared to do something. But I think our responsibility is to ask the Canadians whether this government still deserves the confidence they have put in it since 1974 and during the last ten years.

Therefore, I repeat, Mr. Speaker, only a well planned industrial strategy will allow us to create jobs, and for this strategy to be properly established, additional funds must be earmarked for research departments. In the short term, we will

have to be content with the corrective measures presented to us today, but then again the package appears a lot more attractive than it is in reality. I therefore repeat, it is urgent that we support this piece of legislation. I also wish to remind Canadians that the slump which we find ourselves in is due to a government that lacked the foresight and decency to equip itself with the tools necessary to establish its policy.

I shall now, Mr. Speaker, leave the floor to some of my colleagues who have comments to make, and I hope that my observations will be taken into consideration by our friends on the other side.

● (1642)

[*English*]

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I should like to say a few words on this important matter because I think the government is on the right track although it is very limited in its approach, and for that reason, when the bill becomes legislation, it will not do nearly as good a job as would be possible with a broader approach which I intend to outline at present. My thoughts are as follows.

If we are to increase employment significantly in this country, we must find a way of obtaining orders which are at present being filled by producers in other countries due to their ability to turn out products which are as good as the ones we produce and to sell them in Canada at significantly lower prices.

There is a great deal of business which Canadian companies are unable to compete for because of low labour costs in the foreign countries where the products are made. If Canadian companies are to be able to compete for a good proportion of this business, and thereby obtain additional employment for Canadians, they must have an incentive which will enable them to reduce their labour cost on this potential new business to a level where they are within striking distance of these low foreign rates. Then by accepting a lower than normal margin of profit on this extra business in order to get started, they can compete for these orders and stand a good chance of obtaining a reasonable proportion of them. Now, what kind of incentive will do the job?

The government should say to all business—not just manufacturers and processors—that it will reward over-all increases in employment during the year by way of an employment incentive, which will be paid in direct proportion to the increases that are made. It is simply a matter of comparing the total number of man-years of employment by the company in the tax year under consideration with the last full year before the plan is put into operation, which will be the base year. The employment incentive would be paid in proportion to the increase in employment and the general wage level of the plant concerned, and the company will thus be able to calculate well in advance just what amounts of money it would receive for various increases in employment.

This will enable businessmen to calculate in advance how much their labour costs would be reduced on additional business which the employment incentive would make it possible for them to seek. All such business obtained in this way will be a net gain for Canadians.

As you know, a person receives two thirds of his former pay or salary when he is out of work and receiving UIC benefits. If one third of his former pay scale is made available to a potential employer who can then bid on previously unobtainable contracts, and in this way provide work for that unemployed person, then he or she would have the satisfaction of working instead of remaining in idleness; would be removed from the UIC rolls; would be making a positive contribution to the economy; and would begin paying income tax to the government.

To pay for this employment incentive, we would have available to us a considerable proportion of what the government pays out each year as its contribution to UIC benefits. This year it is estimated that the government's contribution will be at least $2 billion of the more than $4 billion which will be paid out as such benefits.

In the bill before us there are some changes in detail from what I have put forward on this occasion, but the government's proposal is the same in principle as the ideas which I put forward for its consideration. Therefore, I will be very pleased to support the bill when it comes to a vote.

Miss Coline Campbell (South Western Nova): Mr. Speaker, I do not plan to take very much time of the House on this bill but I do wish first to congratulate the Minister of Finance (Mr. Chrétien) and the Minister of Employment and Immigration (Mr. Cullen) for their attempt to recognize again the regional disparities which exist in some areas of Canada. I also wish to congratulate them on trying to reduce unemployment through the incentive proposed in the bill before us.

For the benefit of members of the House and others I should like to say that one does not see too many arrangements which take the regional disparities in this country into consideration. However, under this bill, in the Atlantic provinces and the Gaspé region of Quebec a $2 tax credit per job is offered.

One must look at what is the objective of creating these jobs. The employer must find a new type of work and employ a person for three months in order to qualify for a tax credit for up to nine months of assistance, and the new employee must be employed full time. This should encourage small businesses in Nova Scotia, and in South Western Nova in particular, to consider this new method of reducing unemployment in the fields of fishing within the 200-mile limit, in farming, forestry and tourism.

There are some questions which I hope will be answered with regard to employment in the fishing area in cases where the catch is not available for the full 40 hours in a week or for the full three months. I hope that the minister will answer some questions I will put to him during the debate on this bill later on regarding the case of an employer who wishes to hire people in the fishing industry. Will he have to hire them for a steady three months' period to benefit, or will he be able to extend that period in case fish are not running for a period during that time? I wonder how the legislation should be

interpreted in that respect. There are many areas in Nova Scotia and in other Atlantic provinces where people are unemployed for eight weeks and more and this tax credit will encourage small businesses in these areas to create new jobs for one or more people.

As I said, in South Western Nova in particular the fishing industry is expanding, and hopes for the future are great. The 200-mile limit has certainly contributed to this. The tax credit for the creation of jobs will provide an incentive to reduce unemployment. It parallels perhaps the investment tax credit which was granted in the past year to small businesses which amounts to 10 per cent in the Atlantic provinces and in the Gaspé. It is 7 per cent in other designated areas in Quebec, Saskatchewan, Manitoba, Ontario, Alberta and British Columbia, and 5 per cent in all other areas of Canada.

To return to the tax credit proposed in the bill before us, it will amount to $2 in the Atlantic area and in the Gaspé, to $1.75 in other designated areas in Quebec, Saskatchewan, Manitoba, Ontario, Alberta and British Columbia, and to $1.50 in all other areas. It is calculated after the total taxable income of the company benefiting has been reported for that year. It can credit up to nine months of the $2 per hour for the employed person. It covers up to a maximum of 40 hours each week for a period of nine months. The employer can use this tax credit over a period of five years, if he cannot use it up entirely in one taxation year.

● (1652)

Often opposition members indicate that the government has not been looking for a method to alleviate unemployment in the regions of high unemployment in Canada. In my constituency this year approximately $2.2 million is going toward Canada Works projects. It is creating employment in times of high unemployment.

It is nice for members opposite to boast about the employment situation in Alberta, but a lot of Albertans have not faced the tough times of the east. This income tax credit will help many Canadians, particularly many easterners. I have a lot of confidence in the future of the east. I see businesses starting or expanding from existing businesses, not only because of the 200-mile limit, but because of Canada's ability to find oil on the east coast in the future. If one looks at the North Sea and sees how many wells were dug in order to find oil there, one will realize that Canada has not done as much and has found gas.

I see advantages for the constituency of South Western Nova. In order to receive the $2 tax credit, a person must find full-time employment for three months. I question the three months in terms of the fishing industry. Perhaps fish do not realize they have to be around for three months at a time. This is something that may be answered later in the debate. The benefit to the small businessman will be up to nine months and, if he cannot use the entire tax credit, he can spread it over a period of five years.

I thank Your Honour for allowing me to talk about this further incentive by the federal government. It is designed to aid in reducing high unemployment in some of the areas of Canada. The job experience and training program under the Department of Employment and Immigration is very new. Chambers of commerce and boards of trade have already taken this problem in hand in order to find out whether companies could use additional unemployed youth between the ages of 18 and 24. They have attempted to find businesses which require this age group, at the same time as creating jobs for the future and taking advantage of the 50 per cent being paid by Manpower.

In conclusion, this two-year program regarding tax credit can only benefit Nova Scotia and my constituency. I congratulate the Minister of Finance and the Minister of Employment and Immigration.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to and bill read the second time.

Mr. Pinard: Mr. Speaker, I rise on a point of order. After consultation with members of all parties, we have agreed to suspend the private members' hour for this afternoon in order to continue with the discussion of Bill C-23 which is now referred to the committee of the whole.

I therefore propose that the House seek unanimous consent and issue an order on the last two lines of Standing Order 16 to suspend the private members' hour for today so as to allow us to continue the discussion of Bill C-23.

Mr. Deputy Speaker: Does the House agree?

Mr. Andre: Yes, Mr. Speaker.

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Allard: Agreed.

Mr. Deputy Speaker: Do we have the unanimous consent to suspend the private members' hour and go into the committee of the whole to consider Bill C-23.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Under the provisions of Standing Order 54, I now leave the chair to enable the House to go into committee of the whole to consider the bill.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Before going into committee of the whole it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for Ottawa West (Mr. Francis)—Public Service—Committee of review—Government position on public hearings; the hon. member for Okanagan-Kootenay (Mr. Johnston)—External Affairs—Reason Canadian delegation in Indonesia to discuss possible Canadian participation in coal mining project; the hon. member for Northwest Territories (Mr. Firth)—Northern Affairs—Government position on contracting out work to private operators.

GOVERNMENT ORDERS

[*English*]

INCOME TAX ACT

AMENDMENT TO ESTABLISH EMPLOYMENT TAX CREDIT PROGRAM

House in committee of the whole on Bill C-23, to amend the Income Tax Act and to establish the employment tax credit program—Mr. Chrétien—Mr. Laniel in the chair.

On clause 1.

Mr. McGrath: Mr. Chairman, it is obvious from the expedition with which this bill was greeted today that there is a disposition on the part of the House to pass this bill as quickly as possible.

Would it not have been better if the government had brought this bill on when we wanted it, that is, prior to the adjournment for Christmas? The earliest this bill can be implemented is March 1, 1978, which means whatever advantages are in this bill will be lost for now. We hope there will be advantages in terms of its ability to create jobs in the private sector. I believe the private sector is where the greatest potential for job creation exists. But the advantages will have been lost, in so far as the peak periods of unemployment are concerned, namely, the winter season.

If the government had agreed to bring on this bill prior to the adjournment for Christmas, which is what we requested, it would have been passed in all stages in one day. The possibility that we might get through this bill today exists, and hopefully we will. The fact that we are dealing with the bill as late as today itself represents a tragedy because we will lose the job creation advantage of the bill at a time when we need it most. To underline that fact, all we have to do is look at the December unemployment rate, and it is growing by leaps and

bounds. The official unemployment rate for December stood at an all-time high of 8.5 per cent.

● (1702)

I suppose the government and the minister will draw some consolation from the fact that the rate of unemployment in December went up by only one tenth of 1 per cent over the previous month. There is a failure to recognize the fact that we are dealing here with human beings who are unemployed, and not just with statistics. While the government may draw some consolation from the fact that the rate December over November went up by only one tenth of one per cent, that official tabulation represents 40,000 people added to the number of jobless. That means that 40,000 more Canadians are without jobs.

If we examine the December figures one startling thing which stands out and which causes me a great deal of concern—and reference was made to this today in the question period—is the fact that a growing proportion of the unemployed have been unemployed for three months or more, which means that unemployment insurance benefits for these unfortunate Canadians are expiring at the rate of about 10,000 per week or about 2,000 Canadians every working day, according to December figures. For these people unemployment becomes a real tragedy because they no longer have the relative luxury of unemployment insurance cheques. These people have to make the decision to go to their local welfare officers and to submit themselves to the humiliation of means tests. In my view that holds the potential for great social unrest.

The official figures from Statistics Canada show that 37 per cent of those looking for work in December were unemployed for longer than three months. Of those unemployed for longer than three months 35 per cent represent working males 24 years of age and over, obviously heads of families. However, that is the official rate. In real terms the figures are even more startling because we have an army of unemployed numbering 1.271 million as opposed to the official figure of 840,000.

The real rate of unemployment in Newfoundland is 26.3 per cent, or 57,000 out of a work force of 217,000. In Prince Edward Island the real rate is 19.6 per cent, or 11,000 out of a work force of 56,000. In Nova Scotia the real rate is 16 per cent, or 57,000 out of a work force of 356,000. In New Brunswick the real rate is 20.9 per cent, or 62,000 out of a work force of 296,000. In Quebec the real rate is 14 per cent, or 408,000 out of a work force of 2.922 million. In Ontario the real rate is 9.4, per cent or 393,000 out of a work force of 4.193 million. In Manitoba the real rate is 8.2 per cent, or 39,000 out of a work force of 475,000. In Saskatchewan the real rate is 6.3 per cent, or 27,000 out of a work force of 432,000. These are the prairie provinces where employment is supposed to be at its highest. In Alberta the real rate is 7.1 per cent, or 66,000 out of a work force of 934,000. In British Columbia the real rate is 12.4 per cent, representing 151,000 out of a work force of 1.222 million. As I have said, the total number is 1.271 million unemployed Canadians, representing 11.4 per cent unemployment.

According to the latest figures available, a little more than half of these people are eligible for unemployment insurance. The rest of them have to fall back on provincial or municipal welfare rolls. That raises a larger problem—which I hope is being discussed today at the finance ministers' conference—of the additional burden this places on the poorer provinces, because most of the long-term unemployment in the country resides in the five eastern provinces, Quebec and the four Atlantic provinces, comprising considerably less than half the work force.

I believe 37 per cent of the work force in Canada resides in the five eastern provinces, yet almost 50 per cent of the total unemployed resides there. I hope that the finance ministers will address themselves to redressing this legitimate grievance of the poorer provinces. I hesitate to use the term "poorer provinces", but those provinces lack the capacity to meet this additional financial burden. I hope some way will be found, apart altogether from the Canada Assistance Plan under which the government boasts of the 50-cent dollar, whereby half of the welfare is paid by the Government of Canada. That represents 100 per cent for the provinces because they have to pay out 50 per cent, when heretofore they had to pay out nothing because unemployment insurance covered the situation. That is a problem of growing concern.

The whole matter of the consequences of long-term unemployment on the individual has not been fully addressed by this government. I know that the Minister of Employment and Immigration is a compassionate man. I know he has a great deal of humanity and compassion, but I do not think he fully appreciates and understands what it means to be unemployed for a long period of time. I know what it means to the statisticians at Statistics Canada. It means that if you are unemployed for a long period of time and out of sheer frustration have given up looking for a job, you are no longer counted as being unemployed. You are not reported. In other words, you become one of the hidden unemployed, part of the indivisible army of unemployed, one of those for whom nobody holds any hope.

There are shortcomings in this bill which will be pointed out as we get into clause by clause examination. This bill is the only thing the government has come up with. We have asked for a new budget. There has been no response to that legitimate suggestion. Only a new budget can really address the comprehensive nature of this problem, the effect of long-term unemployment on the poorer provinces in terms of their capacity to meet additional welfare payments and the human consequences which flow from the effects of long-term unemployment. Only a new budget can prevent the social consequences which will result.

Youth unemployment is growing by leaps and bounds, and that is a real tragedy. Again, according to official Statistics Canada figures for the month of December, 15 per cent of the unemployed in the month of December was between the ages of 15 and 24. Many of them are university graduates or graduates from technical and vocational training schools. They have diplomas but no job opportunities. What does it do to a young Canadian who works hard to get his diploma when his country shows him absolutely nothing in the way of opportunity? I say that makes for cynicism of the worst kind.

• (1712)

When I addressed a graduating class of a technical college in my constituency last June I was struck by the large number of people there and asked the college president if such a turnout was the usual thing on a nice day. He replied that they rarely got a full complement out as in the normal course the students would be in the field, working at jobs in forestry, construction, or the technical area in which they had graduated. They were present that day because there were no jobs for them.

Unemployment in my part of the country is critical, Mr. Chairman. The best barometer of that is the construction industry where, of a total work force of 20,000 people, about 16,000 are unemployed.

There is a disposition on the part of the House to get this bill through so that it can be operative by March 1. I hope the government will not impose so many bureaucratic—I do not use the word in a derogatory sense—regulations as to make it difficult for people to take advantage of the bill. I think particularly of small businessmen who do not have the resources to deal with bureaucracy and paperwork.

The bill is being sponsored by the Minister of Finance, but its implication will be the responsibility of the Minister of Employment and Immigration. I am glad to see he is here to pilot the bill through committee in the absence of the Minister of Finance who is quite legitimately away attending the conference of ministers of finance. I must say, however, that I think it would be an edifying experience for those provincial ministers of finance to watch these committee proceedings. They are going to have some input into the way the bill is implemented by providing advice to the government. Obviously the government cannot operate in a vacuum but will have to deal with the provinces, so I think those ten ministers of finance would be well served if they could observe committee stage of this bill from the galleries. I think they should understand what we are trying to do here.

All too often in this House when we put in place measures designed to cope with emergency situations, we make them so difficult that middle and small businessmen cannot take advantage of them. They are defeated before they start because of the numerous regulations and paperwork that must be coped with. I should like to ask the minister to address himself to this question as we proceed through committee stage.

The government is spending an impressive amount of money on make-work projects, various tax incentives, and manpower training programs—about $2 billion at the present time. The situation is not improving, however, although these programs have been in place for some time. The Canada Works Program has been in effect for a couple of years. The Young Canada Works Program has had very little impact on youth unemployment and, of course, the various government job training

programs obviously can have but minimal impact. Why train people if there are no jobs at the end of the training period?

In my part of the country many people occupy places in vocational schools taking upgrading or training courses financed by the government, only to find at the end there are no jobs for them. Some look for ways to return to the vocational training schools to take other courses. When we consider that over $2 billion has been spent on programs to provide incentives through the Income Tax Act, job training programs, make-work programs, the Federal Labour Intensive Program and others, we wonder just how effective they are. Sometimes I suspect we make it too difficult for people to participate. That does not apply to the Canada Works Program, however, because that was put in place quickly, although because of the scope of the program the impact is minimal. I do not underrate the importance of the Canada Works Program or the Young Canada Works Program but in my province where 57,000 people are unemployed only 10 per cent will find jobs through the $20 million spent on this program.

It is important that we approach this problem as an emergency—one that is unprecedented since the great depression. Unless we do, many Canadians will be forced to the streets, to the welfare offices, and will have to give up on the system. I believe we allow that to happen to our peril. We must treat this situation for what it is. If we approach it as an emergency we will impose a minimum of regulations and bureaucracy in order to ensure that the program is in place, operative and, hopefully, effective, as quickly as possible.

Miss Campbell: Mr. Chairman, I have a number of concerns about this bill. I realize that the job involved must be one that would not have been possible without the incentive of the tax credit, but I wonder what is the standard. Is it something that had existed in the past and had folded, or must it be something entirely new to the company?

Perhaps I can go on to my other concern. I realize that the company must not be receiving any other assistance in the form of a subsidy at the federal, provincial, or municipal level, but how does it affect companies presently receiving DREE assistance? Are they to be excluded from the program? The press release states that in order to receive the $2 tax credit which will be given for up to nine months, the person must be employed full time for three months. What is the interpretation of full time? In an area like South Western Nova where there is a volatile industry such as fishing, there may only be two months of herring fishing at the beginning of the season and a month some time later. Can that three months' full time employment be interrupted? I know that full time means the opposite of interruption, but in terms of the fishing industry how will full time employment be defined?

● (1722)

I commend the minister for this new measure. We all hope that most of the people who will be hired under this program will be rehired at the end of the subsidy. Perhaps I could get an answer for those two questions and then go on. I understand I have only ten minutes.

Mr. McGrath: You have 20 minutes.

Some hon. Members: Oh, oh!

The Deputy Chairman: The hon. member for South Western Nova has the floor.

Miss Campbell: Mr. Chairman, I read in the press release of the Minister of Employment and Immigration that the tax credit can be used to offset federal income tax liabilities for the taxation year in which the credit was earned. If not required the credit could be carried forward for up to five years against future federal income tax liabilities and it will count as taxable income. That will be of greatest benefit to small companies that pay lower corporate tax rates than major firms. Again, I think that is good. Is that the total taxable income of the company, or do you relate it to the income earned from that new employment?

It has been brought to my attention that perhaps there might be a difference there. I would think that it would have to be the total income tax owed by the company rather than just relating it to the job. Perhaps the minister could advise if this program could be combined with JET, job experience in training, or is that excluded because it is a federal program? I imagine that the JET program will be receiving a subsidy, so you would not have that.

To reiterate, I have asked for two answers. What is the meaning of full time employment in an area where there is fishing, and whether a company which is presently receiving assistance under DREE would be able to qualify for creation of employment. Do you relate that new employment to the existing DREE having received a subsidy, or are you allowed to go into that?

Mr. Cullen: Mr. Chairman, I would like to extend my compliments to the Parliamentary Secretary to the Minister of Finance who has done a very commendable job, not only on this particular bill, but on other tax bills before us. It is to the credit of the parliamentary secretary that he takes such control. I do not feel that I am piloting this bill through, I feel that I am helping him because the aegis for this particular program does come from the Department of Finance with input from us.

I am not going to comment at this time at length; possibly at the third reading stage I will have something to say on some of the comments made by the hon. member for St. John's East. I thank him for his recognition and his comments about my being compassionate and concerned, because I am, but he seemed to indicate that I did not know what it meant to be unemployed. My father was unemployed. I know what the impact is on a family when that occurs, and I do have concern for that. This was at a time when there was no unemployment insurance and no welfare. Similarly, I have been in the same predicament myself of being laid off and being unemployed,

and I do have some concern about the problems faced by individuals who are unemployed.

Mr. Stevens: You will have a new stint coming up after the next election.

Mr. Cullen: Frankly, I think we have more important things to talk about.

Mr. Stevens: Let's get on with it then.

Mr. Cullen: We have more important things to talk about right now when we are talking about this program and not the election.

Interestingly enough, all the provincial finance ministers have endorsed this particular piece of legislation. They have been over it. They have in fact had a full briefing, and have indicated their full support for this particular program. The opposition across the way have indicated to us their support and we do appreciate the fact that they are going to expedite passage of this bill.

Mr. Alexander: Even though it is full of holes.

Mr. Cullen: In answer to the hon. member for South Western Nova, if DREE assistance is given as an incentive to increase the capital cost there will be no impact whatsoever. This program in fact will be available.

In the event DREE assistance is given to help with jobs, then the full amount of the tax credit will be given under this particular program, but in so far as DREE is concerned they will be looking at the particular form to see what impact this would have on the kinds of incentives and the amounts of money that would be made available. So it will impact to some extent on DREE in that particular region, but not where the incentives are given to increase the capital cost aspect.

I believe the hon. member for South Western Nova asked whether a firm which cuts down on its employment could apply. I can best say that it is in looking at the employment base, that an employer can measure the increment to his work. In the case of seasonal work the employment base would be the level of employment during the equivalent period of one year earlier. If it is in the case of on-seasonal employment, then the base would be the average level of employment during the eight weeks preceding the application. In the case of employment in heavy capital goods or the construction industry where employment levels tend to fluctuate widely but not necessarily seasonally, the base would be the greater of that reflected by the approach taken in either one or the other of the examples given, so that whichever one works in the least interests of the employer, that is the one which would be made applicable.

With respect to the job experience training program, a credit will not be given to employment which already receives support under other federal, provincial or municipal job subsidy plans. Persons who have worked for the employer within the previous eight weeks will not be referred by the Canada Employment Centres, so that the JET program, being a federal program, would not be applicable.

Miss Campbell: Mr. Chairman, I would just like to go over the point the minister explained respecting DREE. I would interpret his explanation as meaning that it would be up to the company which benefit would be best, either to apply for DREE assistance for job creation or to apply for a tax credit. I assume DREE officials will probably be explaining that in future.

With respect to the level of employment, instead of directing my question at two months out of four months possible employment, what about a week? For example, if a person can only obtain employment for two days, 24 hours in a week. You have a maximum of 40 hours, so I take it you would have a minimum of 24 hours or even 20 hours. The maximum is mentioned in the press release but there is no minimum.

Mr. Alexander: I rise on a point of order.

The Deputy Chairman: The hon. member for Hamilton West on a point of order.

Mr. Alexander: Mr. Chairman, I know I am a little late in arriving but we all have some significant interest in this bill. However, I am a little confused by this procedure. I notice the hon. member is directing her comments to clause 1 which I understood was used for debate purposes only. I am listening to my friend, the NDP House leader, who knows much more than I do of this procedure and I would not quarrel with him; he is the expert. When I am finished, he can stand up and give his opinion as to what the ruling should be.

● (1732)

We are now asking questions which could come up a little later. I am wondering if the procedure is correct. As long as I have been here, and I have not seen a change, when you call clause 1 it is for the purpose of debate only. Without any further ado, as they say, Mr. Chairman, will you kindly advise what the procedure is at this time.

The Deputy Chairman: The hon. member for Hamilton West has asked a question. When clause 1 is a short title, it is stood. If it is a long clause, there can be questions and answers. A member can make a speech for at least 20 minutes and then speak a second time. The number of times a member can speak is unlimited.

Miss Campbell: Mr. Chairman, when I was interrupted, I was talking about the level of employment, and I referred to the period of 20 weeks. In the press release, a maximum of 40 weeks is mentioned. I have not had an opportunity to study the bill in depth clause by clause. I just wonder if the interpretation will be a qualifying period of 20 weeks, 25 weeks, or what minimum is necessary in order to qualify for this tax credit.

The minister has mentioned the different interpretations of employment for three months. Perhaps he can enlighten us as to what full employment means for a week's employment. He has answered my other question.

Mr. Cullen: Mr. Chairman, the situation is that the credit is given for the number of hours actually worked. Let us take a situation about which the hon. member might be worried. An individual might work three months, or three weeks and not the fourth week, working only 24 days. The employer would get a tax credit for the number of hours worked. The minimum is not applicable there. The credit is given for the hours that are actually worked.

Mr. Stevens: Mr. Chairman, I wish to direct the minister's attention to page 8 of the bill before us. There are certain regulations that are contemplated. Will the minister indicate what in fact will be the definition of "eligible employer"?

Mr. Cullen: Either an incorporated or an unincorporated individual would qualify as an employer.

Mr. Stevens: Further to that, Mr. Chairman, are there any limitations on the type of work that the employer may be in? For example, are farmers included without any question?

Mr. Cullen: Mr. Chairman, in the event that the farmer is in fact conducting a business as such, yes, he would be included as an employer. I understand that only temporary help agencies or personal service would not qualify for this particular tax credit.

Mr. Stevens: I take it that with those two exceptions the minister referred to, anybody who is carrying on a business will be treated as eligible employers. Presumably farmers, who are one of the most basic types of businessmen in the country, will be included. Will the minister then give us the intended definition for "eligible employment"?

Mr. Cullen: Mr. Chairman, so there will be no misunderstanding, I will read this part of the response. "Eligible employment" is full time employment where the work week exceeds 35 hours, that will last for a minimum of three months and that pays an hourly wage at least as high as the credit. The maximum period of subsidization is nine months. Excluded is employment in personal services.

Mr. Stevens: Following on that definition, I wonder whether the minister could clarify one or two things. As I understand the definition, it is for a minimum three months' period. If your employee decided to leave for some reason at the end of the first month, would that be regarded as as ineligible employment?

Mr. Cullen: No, Mr. Chairman, The situation is we would anticipate employers would in fact be offering a job during that period of time, the three month period. If an individual works one or one and half months and leaves, or for that matter is laid off, the employment credit would be applicable, as far as the employer is concerned, for the period of time that the individual actually worked.

Mr. Stevens: Mr. Chairman, I noted the minister indicated that you can get your amount of credit provided the wage is at least two dollars or higher. Is that correct?

Mr. Cullen: There are the three figures, $1.50, $1.75 and $2, depending on the particular job. Given those three figures, the hon. member's suggestion is correct.

Mr. Stevens: I wonder if the minister can indicate what in fact is the lowest minimum wage in Canada at the present time.

Mr. Cullen: I am just having that figure checked out, if the hon. member would like to ask another question.

Mr. Stevens: Tied in with that, Mr. Chairman, can the minister give us some idea how many employers may be entitled to this type of credit who will not be bound by any minimum wage? To what extent might there be people who will be offered only $2, $2.25 or some relatively low wage, which would mean the government is paying the entire cost of the hourly wage?

Mr. Cullen: Mr. Chairman, I am hesitating on this because I think it is clear we would not have the statistics until we find out what kinds of operations are in place, what kinds of employers participate in this program. We would need that before we would have the kind of information the hon. member is talking about.

Mr. Stevens: I am always anxious to help these ministers, Mr. Chairman. To be very specific, in most areas the farmer as a businessman is not bound to pay any minimum wage in so far as employees are concerned. Taking that as an example, am I correct in saying that a farmer, following the suggested definition, would be able to hire somebody for, say, $1.50 an hour, and be fully reimbursed by the credit that this program will provide?

Mr. Cullen: The first question of concern I would have is how many people would in fact come for $1.50 a hour. Second, the credit that the individual is given as the employer is limited to that figure. Then it is a net benefit because it is taxable.

Mr. Stevens: I was not looking for the rationalization; we can all put that in. I am asking a very simple question. Is it not conceivable that an employer could have an employee on his staff, there would be no net cost to him whatsoever in the sense that there may be some tax back, but that as far as the initial payment is concerned there would be no net cost to him for that employee?

● (1742)

Mr. Chrétien: I think I can safely say there is no such possibility.

Mr. Stevens: Well, Mr. Chairman, the part-time Minister of Finance—

Mr. Chrétien: On a question of privilege, Mr. Chairman. I think this is the third time since I entered this chamber that the hon. member has talked about a "part-time minister". I have spent all day with the other ministers of finance of the land doing a very important job. I finished at 5.30 and I came

right into the House of Commons. It is incredible that members of the opposition, because I go once in a while to Quebec, as I did this week, and speak for Canada so as to keep Canadians together, should sneer in that way. I think such behaviour is completely irresponsible. I do not ask anything from anybody for my benefit but there is one thing nobody can say of me, and it is that I am lazy. I have worked for 15 years for Canada. In a sense, I am happy that the opposition is so irresponsible because the people of Canada who listen to snappy, cheap shots of that kind will never have enough confidence in that party to put them in power.

Some hon. Members: Shame!

Mr. Gilbert: Be a man! Apologize!

Mr. Stevens: I see we have only 16 or so minutes left before six o'clock so perhaps I might continue.

I should like to ask the minister what would be the definition of an eligible worker.

Mr. Cullen: An eligible worker is one who has been unemployed and registered at a manpower centre as having been actively seeking work for eight weeks or more. An employee must not be related to an employer or to senior management of a company.

Mr. Stevens: I take it, then, that the manpower office would be expected to maintain some kind of register of those who meet this definition. Will some running record be kept of those who are available under the definition?

Mr. Cullen: Yes, Mr. Chairman. That kind of record is in place now.

Mr. Stevens: The bill provides there will be a prescribed form of agreement, one which presumably the employer signs with the local manpower office as the other party.

Mr. Cullen: Yes, Mr. Chairman.

Mr. Stevens: Does the minister have a draft of this agreement for us to see?

Mr. Cullen: No, we have not, Mr. Chairman. If we did we would probably be criticized for moving ahead on the assumption that the legislation would be passed—we have been caught in that box before. But the agreement will be a simple one. We did not want to get into a lot of bureaucratic regulations. We wanted to keep it as simple as possible so that the employer could benefit without having to do a lot of paperwork.

Mr. Stevens: We note that the form of the agreement is still not available. I appreciate that the Minister of Finance will probably not be with us later this evening so perhaps I could put one or two more questions to him now. I understand that at a press conference he estimated that this program will cost the treasury about $140 million. But he anticipated that the tax-back might amount to $40 million, giving the net amount of $100 million to which he referred as being the total cost when he spoke on October 20. Could the minister confirm this for the record?

Mr. Chrétien: Yes, Mr. Chairman, I can confirm that.

Mr. Stevens: Can the minister tell us what studies have been made of the second source of revenue to the treasury? We can understand an employer having to add to his income on the credit side, and presumably tax will be payable. On the other hand, tax will also be levied on many of the employees. Has any calculation been made of the net tax revenue expected from employees under this program?

Mr. Chrétien: We did not make such a calculation. I might say we did not anticipate that many of those who will benefit from this program will be in receipt of incomes at a taxable level anyway. One has to make at least $4 or $5 an hour to be in a tax bracket.

Mr. Stevens: The minister would agree, though, that there might be some tax-back.

Mr. Chrétien: There might be. In the case of an employee who was paid $10 a hour, we concede there would be. But we do not know, and we are inclined to think the effect on the cost of the program would be extremely marginal.

Mr. Stevens: In putting the program together, did the department produce any estimate of the average wage likely to be paid to employees who benefit from this program?

Mr. Chrétien: We did not try to make such a forecast.

Mr. Stevens: I draw the minister's attention, now, to clause 6 of the bill, which provides for an instalment basis for the taxation year and refers to an amount "determined in prescribed manner" upon the income tax base in that year. Can the minister tell us what is the "prescribed manner"?

Mr. Chrétien: I will give that answer to the hon. member later on. I am meeting with ministers of finance again tonight but the Minister of Employment and Immigration will give the hon. member an answer to that question.

Mr. Stevens: Thank you. One important point is this: when does the minister anticipate the program will be in operation? If there is any basic criticism of the program, it is that it has not been ready early enough to relieve some of our current unemployment. Yesterday, in reply to my leader, the Minister of Finance stated that the program will be in place by March 1. There was no equivocation. Today in a prepared statement the Parliamentary Secretary to the Minister of Finance stated that, hopefully, it will be in place by March 1. Could both ministers confirm, assuming the bill receives a speedy passage, possibly today, that it will be definitely operational by March 1?

● (1752)

Mr. Chrétien: If everything goes according to plan, it will be in operation on March 1. That is our goal. We are pushing our officials to circulate all the documentation to the regional offices, and so on. We do not have much time. Of course, there are some rules and regulations which do not allow the government to make any financial outlays on programs such as this before they have been passed, but I am assured by the Minister of Employment and Immigration that the program will very likely be in operation on March 1. This is the goal and the objective of the government and we hope there will be no delays.

Mr. Stevens: Mr. Chairman, assuming the program is operational by March 1, can the minister indicate when would be the earliest time that he could report back to the House on how the program is working, the number of people who are utilizing it and the amount of credit that is going out? In short, when will he be able to give us some type of summation following a monitoring?

Mr. Chrétien: I am informed by my officials that it would be impossible to make a report before the end of April. Of course, it will take some time before we gain sufficient experience to assess the value of the program. I am also informed that in the United States they have a program which is somewhat similar to ours, but even after it has operated for a year they still do not have sufficient data which would be useful. This is an experimental program and as soon as we have any information we will be delighted to pass it on.

The Deputy Chairman: Order, please. I regret to inform the hon. member for York-Simcoe that his allotted time has expired.

Mr. Leggatt: Mr. Chairman, I should like to go back to minimum wage questions which were asked previously. Can the minister advise why some provision was not placed in the bill so that a qualified employer would pay at least at the rate of the federal minimum wage? Why was it decided that this legislation may encourage people to pay less than the minimum wage if they hire someone on a part time basis? Could the minister provide a short explanation to the House as to why there is no minimum wage standard set down in this legislation since we have a minimum wage law?

Mr. Chrétien: The reason is that many occupations come under provincial jurisdiction and the minimum wage is set by provincial governments, so it would be considered to be an intervention in the provincial field by the federal government. Earlier in a question the hon. member for York-Simcoe said that in some areas of work there is no minimum wage. I was quite surprised to hear that, but apparently in some type of agricultural work no minimum wage is set. Hypothetically, someone might then receive more in credit than he has paid out. I was not aware of that possibility and I have instructed my officials to prevent that from happening.

Mr. Leggatt: Certainly the provincial minimum wage varies and the government could make the lowest provincial minimum wage apply, or the lowest federal minimum wage. I suggest that the principle is one that this government should not abandon.

My second question deals with the reduction in the unemployment insurance payments that will result. Have any studies been made in terms of estimates of the success of the program? The minister has given us ball park figures on how many potential jobs could be created under the program. Have calculations also been made as to the reductions that will result in respect of the government's obligation under the unemployment insurance program?

Mr. Chrétien: I think this is a valid question. There will be some savings in the unemployment insurance programs because we have designed the scheme in such a way as to ensure that people will benefit either under this tax credit program or under the unemployment insurance program or under welfare after the minimum eight weeks of unemployment. So in any case there will be savings for the federal government because we pay half the welfare cost and the full unemployment insurance cost. However, we have not made any calculations with regard to gains that would accrue for the government from this program in reduced unemployment insurance payments.

Mr. Leggatt: In cases where the approved employer has qualified employees under this legislation but operates his business at a loss and the loss continues year after year, is there a time when he will lose the tax credit available to him under this legislation since, if he does not earn a profit or file a tax return in which there is a tax payable, he will not have a tax credit available to him in the long run?

Mr. Chrétien: He can carry the tax credit forward for five years. We have to put a time limit on this because it would be extremely difficult to carry forward this tax credit for a period longer than that in terms of the bureaucracy. Also, it is most likely that a person who does not make a profit for five years will be out of business. We assume there are few guys in Canada who can carry losses for five years and still be in operation.

Mr. Leggatt: As I understand it, under the legislation an employer has the obligation to have his plan for employment approved. Is there a discretionary power on the part of the minister's officials in approving the plan? Let us say that the operator of a massage parlour wants to hire a few extra girls from all across the country. Will that be an approved small business which will qualify under this program?

Mr. Chrétien: First we must satisfy ourselves that the business is legal. The employer will have to certify that without the program he would not have increased his manpower strength. But in terms of how much strength is added to the body in a massage parlour, I do not know.

Mr. Leggatt: The last question which I wish to put concerns the use of the Manpower office as the funnelling agency for all the applicants. They must qualify as having been unemployed for eight weeks and be referred through a Manpower office. The difficulty with that provision is that there are a great many people who have fallen out of the manpower system because they have been out of work for such a long time. Can there be a provision in this bill permitting an employer to hire someone who does not come through manpower?

Mr. Chrétien: No. We have not included such a provision intentionally, because in previous programs we have come across cases where people were using programs to enter the labour force only to qualify for unemployment benefits, and we do not want that. In previous make work schemes of the government we found such abuses. We want to ensure that this program will benefit people who are in the labour force. For a person to be eligible to be in the labour force, he must be registered for more than eight weeks in a Manpower office as being eligible for work, even if he is not drawing unemployment insurance benefits.

The Deputy Chairman: Order, please. It being six o'clock, I do now leave the chair until eight p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The committee resumed at 8 p.m.

The Chairman: Order, please. When the committee rose at six o'clock clause 1 of Bill C-23, to amend the Income Tax Act and to establish the employment tax credit program, was under consideration, and the hon. member for New Westminster had the floor. Noting that he is not here, I will recognize the hon. member for Simcoe North.

On clause 1.

Mr. Rynard: Mr. Chairman, I should like to ask the minister if it might have been possible, when this bill was being drafted, to enlarge its scope. For instance, it follows, as I understand it, pretty well the lines of the DREE legislation, and takes us north into the riding of Simcoe North to the Parry Sound area before becoming effective on the higher scale of pay; in other words, those working in Simcoe county, where there is a large urban area and a great deal of manufacturing, as in the cities of Barrie and Orillia, and the town of Midland with 12,000 people, and Penetanguishene. Since the unemployment rate in that area is quite high, I am wondering why the minister could not include it so that we would have the opportunity of taking some of these people off the unemployment rolls. Industry has been hard hit in the area with the closing entirely of Motorola and with the strike at Decor Metals which supplies motor parts for cars principally, as well as seatbelts, windshield wipers and other safety devices.

[Mr. Chrétien.]

● (2012)

One of the big plastic firms in the Midland area, which was basically sound, has cut some of its orders because of the slowdown in industry. As I have said, Motorola has entirely closed down its plant. RCA Victor recently lost its orders for government supplies, which means the loss of approximately 50 jobs. Penetang has a very high rate of unemployment, and Orillia, which is highly industrialized, has experienced the closing of one plant and many lay-offs. Barrie has a high rate of unemployment because of some industrial lay-offs.

My point is: the minister could have included that largely industrialized area of approximately 210,000 people in the DREE program in order for those people to be covered, and in an attempt to help other industries in the area as well. Why was this not possible? Is it still possible to do this?

Mr. Cullen: Mr. Chairman, it is a well known fact, when the hon. member speaks in this House, that we all listen very carefully. Perhaps he does not speak as often as some members, but when he does, it is because he has something worth-while to say. I have noticed that in regard to the question period as well, but it is unfortunate that I am not in a position to say the same thing about his hon. colleagues.

It was the feeling that people right across the country will qualify for this particular program. It was drawn up in such a manner as to parallel the investment tax credit. That was felt to be appropriate. I appreciate the hon. member's concern about small areas in regard to the variable entrance requirement on unemployment insurance. I think the expansion from 16 to 54 regions is good. Certainly the hon. member's argument has merit. But given the fact that this is a two-year program and we expect it to be successful, I do not foresee our moving in the manner suggested by the hon. member.

Mr. Rynard: Mr. Chairman, I thank the minister for his compliment. If this program works out and is successful, as the hon. minister has indicated, would it not be advantageous to include an area like Simcoe county which has so much industry?

Mr. Cullen: Mr. Chairman, because we are embarking on a new program, even though all ideas and suggestions may not be accepted now, I am sure they will be looked at. We do not have the time to look at them at this point, because we want to get this program operational. I assure the hon. member that suggestions will be looked at carefully over the next year or two years in an attempt to see if they can be implemented.

Mr. Neil: Mr. Chairman, I understand this program will commence around March 1. What provision has been made, or will be made, with respect to monitoring the program in order to determine the effectiveness of it? Approximately $100 million of taxpayers' money is being spent; therefore, it is important for the program to be monitored in order for Canadian taxpayers and parliament to know whether value is being received for the dollars spent. Will the minister advise whether he has a monitoring program? If so, would this

monitoring program provide for a monthly report to parliament?

Mr. Cullen: Mr. Chairman, of course we will be monitoring. From the standpoint of my own particular department, there will be a second monitoring when the individual business or employer makes application for his tax credit. Approximately a year is required in order to give it a full evaluation.

In answer to an earlier question, my colleague indicated that possibly by the end of April we will be in a position to give some preliminary information, after having experienced the kinds of people who are applying and which employers propose to take advantage of this particular program. By the end of the year we should know how effective the operation is. Of course we will monitor the program. I am sure both employees and employers will want to see that it works to their advantage.

Mr. Neil: Mr. Chairman, a year seems to be quite a lengthy period of time to determine whether a program is working or not. If the hiring is done through Manpower offices, certainly those offices will record the number of people who are being referred to jobs under the program. There are not that many Manpower offices. I understand the program will create work for approximately 50,000 people. Within 10 or 15 days after the end of each month, it seems to me the Manpower offices will be in a position to give tentative figures as to the number of people who have been referred by them to jobs. I appreciate employees have to work for a minimum of three months in a job before an employer can qualify for the particular subsidy, but in fairness parliament should be entitled on a monthly basis to the number of individual employees who have been referred to jobs under this program.

Mr. Cullen: Mr. Chairman, I should like to correct one misapprehension the hon. member seems to have. It will not be necessary for the employee to work three months. We are anticipating that employers will recognize we want them to take advantage of this credit. We would expect the minimum time frame to be three months. However, if an individual works for two months and quits, the employer will still receive the employment tax credit. The employer will not be cut off because the individual did not work for three months. As a matter of fact, if an individual works only one month, perhaps it is because he has moved on to a better or more permanent job, or he may not be satisfied with the particular job he has. The employer will receive the credit for the time frame the employee has worked.

In an attempt to be as honest as possible, I referred to a year in answer to the hon. member. After talking with the Americans, members of my party, the Conservative party, the NDP and Social Credit parties, the Standing Committee on Finance, Trade and Economic Affairs felt that was the shortest time it required in order to give an honest evaluation. As a result of monitoring, we will know the number of people applying; but we will be required to look very carefully at the implementation of the program in order to see just what impact it has. In fairness, a year is not out of line, given the fact that Americans have had some experience with this and that was the best advice they could give.

Mr. McGrath: Mr. Chairman, with respect to the implementation which is targeted for March 1, what is the plan regarding the promotion of the program? Small companies in remote parts of the country hardly can take advantage of this if they do not know about it. If the program is to be expeditiously implemented and working by March 1, it would required quite an ambitious promotional campaign, and if the program is to be successful as soon as possible, certainly an ambitious promotion campaign is warranted. Is there a promotional plan in existence? If so, what is the scope of it and when will it get underway?

Mr. Cullen: Mr. Chairman, we anticipated an advertising campaign. Approximately 450,000 brochures will be distributed through the Department of National Revenue across the country. In addition to that, Canada Manpower centres will be making calls to businesses which will benefit from this particular program, particularly the small businesses, as well as having booklets, forms and the benefit of the advertising.

● (2022)

Mr. McGrath: Mr. Chairman, with regard to the types of firms which may qualify, we have heard some reference by the hon. member from Nova Scotia to companies, for example, which are receiving DREE grants. Would companies which have substantial provincial government involvement—not necessarily Crown corporations; I am thinking, for example, of the fishing industry—be ineligible for grants under this program?

Mr. Cullen: If in fact they are paying taxes, they are eligible. If they are making a profit, they qualify.

Mr. McGrath: I presume there would be co-operation and consultation with respect to maximizing the use of the program to promote industries which have employment potential. I am thinking of the fishing industry on the east coast where, by virtue of the implementation of the 200-mile limit, there is suddenly a tremendous unexploited potential. We are operating at about 50 per cent capacity, and there is room for tremendous expansion. If this program could be discussed between the Minister of Fisheries and the Environment and the provincial fisheries ministers, I can see ways whereby the fishing industry could take tremendous advantage of it. This program could be a tremendous boost to the industry because the industry could take advantage of the unexploited stocks which are available as a result of the 200-mile limit.

Mr. Cullen: As I said, as we embark on this new program it seems to me that provincial and federal ministers and probably members of parliament, MLAs and MPPs will all endeavour to do what they can. However, as long as there is an increase in employment and as long as tax paying businesses are eligible, I would expect to see some leadership being taken in fields such as the one suggested by the hon. member. I do not see anything wrong with that.

Mr. McGrath: I wonder, then, if the minister would address himself to a matter with which I concerned myself in my opening remarks. Can he assure the committee that there will not be an overly burdensome bureaucracy put into place? Will this program be implemented by existing agencies of the government and the existing bureaucracy in the minister's department?

Mr. Cullen: If this program is to be successful at all it must have ease of operation, so we are endeavouring to do what we can to make it as simple as we can without imposing many regulations which would make it difficult. We do not want to hire additional people to fill out forms and to operate this program. We do not want to have a series of regulations which will impede what I think will be an excellent program.

Mr. McKinley: Mr. Chairman, like the hon. member for Simcoe North I am not very happy to be told that this program will not be of as much benefit to the businessmen and the unemployed in my area—and I assume also in the minister's area—as it will be in some other parts of Canada. I think perhaps the department should re-examine that aspect. The Minister of Employment and Immigration need not be afraid that people will think he is looking after only his constituents; he can always say he is looking after the constituency of Huron-Middlesex, and his can slip in on the side.

There is another thing about this plan which disturbs me considerably, and that is that the department is going to run into the problem of deciding whether the new jobs which will be created under this plan would not in fact have been created without the plan. The other night the Minister of Finance was on television answering questions, and he said that the businessman would have to state on his honour—and the department would have to accept what the businessman says—whether any new jobs created would have been created regardless of whether this plan was in effect.

The department and the ministers like to refer to the U.S. plan. They say that this plan is patterned after the United States plan, but I note that under the U.S. plan there is no such provision. I think the Americans have the better plan because it is asking too much of the administrators of this plan to ask them to decide if an employer would have provided a new job whether the plan had been in effect or not. It is almost an impossible situation. I would like either the minister or the parliamentary secretary to have another look at this situation because they are asking for serious trouble.

Mr. Cullen: Mr. Chairman, the hon. member and I should be thankful that we live in areas of low unemployment where there is natural growth. Our areas do not need the assistance which is provided here to the same extent it is needed in areas of high unemployment.

With regard to monitoring and control we are going to rely on the word of employers. Our whole tax system is built on a trust mechanism, with occasional audits. In this case, when we do audits we will know how many employees particular firms or particular employers have. We will be able to check this out in that way.

This is a procedure we were asked to put in place by the Canadian Chamber of Commerce and by the Canadian Federation of Independent Business. The hon. member for New Westminster suggested that rather than having too much bureaucracy, checking and auditing, this might be the better approach.

Mr. McKinley: I thank the minister for that explanation, but I still suggest that it will be impossible for the administrators of this program to be able to tell whether jobs would have been created without this plan. I think the minister is dreaming.

Mr. Hargrave: Mr. Chairman, I would like to take a few moments to make some brief comments about the possible impact of this bill, and then I would like to address perhaps just a single question to the minister about the manner in which the bill might work.

I would like to point out that in the southeast corner of Alberta, in my constituency of Medicine Hat and particularly in my home city of Medicine Hat and in Redcliff, where there is a population of about 40,000, for the first time in quite a number of years there is an increase in unemployment. I hasten to point out that I am not unmindful of the fact that we have enjoyed a very high level of employment for quite a number of years.

However, in the last quarter of 1977 and certainly in this early part of 1978 there has been a definite increase in unemployment in the Medicine Hat-Redcliff community. This is due partly to the termination of several years of heavy construction activity and also more recently to the shutdown of our meat packing plant the day before Christmas, which now appears to be a permanent shutdown. For the first time in quite a number of years we see a definite increase in the number of job hunters. They appear to be quite willing even to go out to work on farms and ranches, and that is quite a change.

• (2032)

I suggest to the minister that the best opportunity for employment in these circumstances at the moment is in rural areas. We are in the throes of a very severe winter, one which is exceedingly hard on range cattle. It seems that last year's severe drought all over southern Alberta and southwestern Saskatchewan has given way to this severe winter and we have more snow now than the total fall of the last two winters. I hasten to say that I am not complaining about the severe winter. It seems we must have a lot of snow in order to get rain next spring. But it has created a demand for workers in rural areas.

Notwithstanding the remarks of my colleague, the hon. member for York-Simcoe, about whether the program will apply to agriculture, I hope the minister can give an assurance that it will apply to the farmer who creates a new, permanent job, not one under a winter works type of deal. Will the

program cover the farmer or rancher who wants to hire someone for a permanent job? I think this is the best way for it to work.

We are also a little concerned that the program may not come into operation until March. In that case would there be a possibility of retroactive application where jobs have been created as a result of severe winter conditions and where those jobs will continue?

Mr. Cullen: Mr. Chairman, I indicated earlier that as long as the job is incremental and the individual pays or is eligible to pay income tax, it will qualify under this program. We hope that the employee will establish to the satisfaction of the employer that he is worth keeping and that the employment will continue. We hope it will have that good "catch" factor and that we are creating not only temporary jobs. We think the increment will be maintained notwithstanding the fact that the employment tax credit will terminate at the end of a certain period.

There will not be any retroactivity in the program. We think that would be counterproductive.

Mr. Ritchie: Mr. Chairman, this program has been a long time in the making. The United States has had something similar and has not been very happy with it so there is some doubt about whether it is effective. Many felt that most of the jobs would have been created in any case. How does this program differ from the one in the United States?

Mr. Cullen: Mr. Chairman, the first difference is that the United States system is automatic. If there is an increment over two per cent it is treated as automatically qualifying for the benefit. Second, no certification is required from the employer in the United States as will be required in Canada. Third, we will refer individuals to this program who have been out of work for eight weeks. Those are three specific instances of how it differs from the program in the United States.

Mr. Ritchie: Mr. Chairman, the Minister of Finance predicted that 50,000 jobs would be created. How was that figure arrived at? Was it based on the U.S. experience?

Mr. Cullen: I believe the Minister of Finance indicated that this was a calculation based on the dollars that are available and the rate of subsidy that will be paid.

Mr. Ritchie: May I ask the minister if this program will be open to unincorporated businesses, to farmers and others? Is there any limit on the number of employees that a single firm may apply for? Firms like the CPR or Bell Canada, for instance, might employ 2,000 or 3,000 new employees.

Mr. Cullen: Mr. Chairman, as I have indicated, the program is open to incorporated businesses, unincorporated businesses, partnerships or sole proprietorships. There is no limit and nothing would make me happier than to have some corporations announce that they will participate and hire the number of people the hon. member mentions.

Mr. Ritchie: It seems that all an employer will have to do, Mr. Chairman, is sign an affidavit to the effect that the number of employees he takes on will be an increase in staff. I think employers may feel that, without a plan such as this, that would be a risk. Is there any way the department can check that it was not already the employer's intention to increase the staff? How can we be sure that the jobs have been created just because of this program?

Mr. Cullen: Mr. Chairman, the hon. member is correct; it will be necessary for the employer to sign a certificate or participate in an agreement. We will conduct some sample audits and will be able to compare employment before and after. The claim will be filed under the Income Tax Act. The physical evidence of expansion of a business will be noted.

Mr. Ritchie: Mr. Chairman, many small business people who have gone through the red tape necessary to qualify for a grant are reluctant to go through the process a second time. Will the application of the rules be severe or lenient? Will there be a penalty if the department decides that a new job has not been created and that there was merely a roll-over?

● (2042)

Mr. Cullen: Mr. Chairman, it is interesting to hear the hon. member's general comment that some people who have experienced difficulty collecting money from the government might be somewhat hesitant to go through the procedure again. I suggest with respect that once you have that experience, it has not been my conclusion that people are reluctant ever to seek out additional funds from the government, particularly when it is a good program.

In so far as being severe or lenient is concerned, we have indicated that we are endeavouring to remove as much of the bureaucratic aspect of it as possible. There is an element of trust but, by the same token, the individual will be filing a claim under the Income Tax Act to the effect that he is entitled to this particular benefit for the reasons given in the return. If that is incorrect he would pay that particular penalty.

I am advised that clause 7 of the bill provides that every person who makes a statement or representation that he knows to be false or misleading or who fails to disclose any information with the intent of misleading any other person is guilty of an offence punishable on summary conviction.

Mr. Ritchie: Mr. Chairman, one final question. The Minister of Finance the other day in addressing business stated he was amazed that business was not taking up his tax breaks of $2 billion in the March and October budgets. Have the government canvassed business, that is at the local manpower levels, as to the possible acceptance of this? And have the government actually had the Manpower offices conduct a canvass beforehand in the small and larger business sectors as to their reaction to this type of program?

Mr. Cullen: Mr. Chairman, probably one of the catalysts, if you will, of this particular program was Mr. Bullock, president

of the Canadian Federation of Independent Business, who came forward with a particular program comparable to this one. He indicated that they would definitely be very interested in participating and saw this program as a benefit to the small businessman. The Canadian Chamber of Commerce has also indicated that they are most interested in this program and would be encouraging members of their organization to participate. Having had some experience with the chamber in connection with the job experience training program, and knowing the kind of leadership that comes from the top in that organization where something can be done, I am satisfied that this particular program will be used by the business community, particularly the small businessmen and those members of the chamber.

Mr. Friesen: Mr. Chairman, in answer to questions from the member for St. John's East the minister said that there would be a massive advertising campaign to inform people about this program. I am assuming he is referring to newspapers, radio and television. If so, could the minister tell me the amount of the budget which has been allotted to the program?

Mr. Cullen: My answer is yes, we will advertise in the newspapers, on radio, television, etc. I am advised it will be done in two phases. In the first stage there is a budget amount of $800,000. In the second phase approximately six months down the road an amount of $700,000 is budgeted for.

Mr. Friesen: By my quick addition, that is $1.5 million for advertising this program?

Mr. Lumley: Yes.

Mr. Friesen: Could I ask the minister which advertising firm was awarded the contract for this?

Mr. Cullen: I am advised that no contracts have been let. But, of course, they could not be until the bill is passed in any event. I would expect it to be one of our better Canadian agencies; they are all good.

Mr. Friesen: Mr. Chairman, is the same firm that composed the advertising for the UIC being considered as one of the possible ones? Is it in the list somewhere?

Mr. Cullen: I would not want to say yes or no. I think all companies would be in a position to bid for these particular contracts. They are all government contracts, and the people who do our advertising do a first class job. There will be less criticism after people see our advertising than there is now, before people even read the ads.

Mr. Friesen: It would be interesting to know what the antecedent is to the possessive pronoun "our".

One final question. Will all companies in Canada be permitted to take advantage of this program? In other words, will the multinational corporations? Will there be any restrictions as to size or nationality of the companies that can take part in this program?

[Mr. Cullen.]

Mr. Cullen: No. It is as broad as the hon. member has indicated, and as I have answered to his colleague the hon. member for York-Simcoe and others of his party. I have mentioned some earlier exceptions, personal service contracts and things of that nature. The impact is to be Canada wide and business wide.

[*Translation*]

Mr. La Salle: Mr. Chairman, while listening to the answers given to my colleague concerning the opportunity for farmers to take advantage of this program, I had the impression we were talking about permanent jobs. If I understand this legislation, where some employment is assured for three months, one becomes eligible and from there on, taking as minimum criterion the three months required by the legislation which could be extended to nine months, could any producer hire an individual for at least three months if he is qualified after three months, because I imagine that the producers with that assistance will probably be in a position to hire one or several persons for various purposes. Will a minimum of three months make a producer eligible for a subsidy?

Mr. Cullen: We hope, Mr. Chairman, we hope that employment will last at least three months, but it is not necessary. A job could possibly last only one or two months. It is then possible to benefit under the legislation.

Mr. La Salle: Mr. Chairman, I hope that it is quite clear. A farmer could hire an individual for one, two or three months, but anyhow the farmer would be eligible under the program.

Mr. Cullen: Yes, that is right. However we hope that the farmer or other employers will keep the employees for three months or even more. However, even if it is for less than three months, it is still possible to take advantage of the program.

Mr. La Salle: It seems that even if employment does not last for three months, it will be still possible for the farmer to qualify under the program. I thought there was a minimum of three months to guarantee employment under the program. The minister says that even if employment does not last three months, the farmer could still take advantage of this legislation.

Mr. Cullen: With your permission, Mr. Chairman, I think I have used all my French vocabulary and I would like to switch to English because it would be easier for me.

[*English*]

The three month criterion is included so that employees will be offered a sufficient period of employment to benefit in terms of skill, development, work experience and self-reinforcement. But if an individual is hired for three months or six months and he only works for one month, the employer—the farmer for example—will still qualify for the tax credit.

[*Translation*]

Mr. La Salle: Mr. Chairman, I would like to ask another question. During the press conference which was given when this program was launched, officials estimated, according to

the reports I have been able to read, that permanent employment under this program would be in the vicinity of 25 per cent. So I conclude from this that if 50,000 jobs are anticipated, it seems already that officials estimate very cautiously that they will maintain about 25 per cent, that is 12,500 permanent jobs which could be created under that program. The other jobs could last from three to nine months. Could the minister tell the House if he agrees with the predictions of his officials because I think it should be clear for all Canadians that we are not talking about 50,000 permanent jobs but hopefully 25 per cent of 50,000, that is 12,500 jobs.

● (2052)

[*English*]

Mr. Cullen: Mr. Chairman, it must be stressed constantly that this is a new and innovative program. This is the best prediction that can be made, given the experience of looking at the American program where after a year they are still not in a position to tell how many of the jobs created will go on to become permanent jobs. As I indicated, it is my hope that at the end of the tax program period, employers will see the benefit of having an extra employee and will continue to employ him, notwithstanding the fact they will not receive the benefit.

With regard to the other aspect, it is not 50,000 for the period. It is 50,000 per annum. As this is a two-year program, we are looking at 100,000, not 50,000.

Mr. Towers: Mr. Chairman, I congratulate the minister on this move. It far exceeds some of the other programs that have been put in place by the government. It is anticipated that some good will come from this type of program. If the business or the farmer is in a tax loss position, will the tax incentive be taxed at a basic rate, or will it be added to his income and the business and farmer end up in a tax loss position even with this? Can the minister explain that?

Mr. Cullen: Mr. Chairman, I am advised that you add it to your income only in the year that you propose to take advantage of a particular program. It can be carried forward for a period of five years.

Mr. Towers: If bodies such as chambers of commerce qualify as a business in that they hire personnel to run tourist booths in the summer and other types of projects in which they may become involved, are they eligible for this type of program?

Mr. Cullen: Mr. Chairman, the criteria require that the employer must pay taxes in order to qualify.

Mr. Towers: As a considerable amount of personnel will be involved in managing this program, will extra staff be hired in Manpower offices? Will private auditing firms do the auditing or will this be done by government auditors?

Mr. Cullen: Mr. Chairman, we are endeavouring to avoid an expansion of personnel for the managers required. As far as we are able to determine, the auditing will be done by the personnel we have now in place. Again, we will want to look at that. I cannot say there will not be any increase. I cannot make that prediction at the present time. It is our hope that as a result of keeping this simple and not doing all the kinds of audits that have been suggested from time to time, we will not have to increase our personnel. We are trying to keep this simple and non-bureaucratic. We will, as we so often do, rely on the businessman to comply with the bill as it is intended to be used by him.

[*Translation*]

Mr. Cyr: Mr. Chairman, the minister provided us a while ago with information which I feel is somewhat ambiguous about the conditions employers must meet to become eligible for the employment tax credit program. I submit to him for instance the case of a farmer who hires three or four people for the summer months and who is considered as a seasonal employer. Also a hotel keeper who hires some 30 people, say in the Gaspé region, during the tourist season is considered as a seasonal employer. The owner of a fish processing plant is also considered as a seasonal employer. It is a well known fact that these employers lay off their staff either in September, October or November and hire them again in May.

Mr. Chairman, based on the minister's last explanations, all these employers would be eligible for these tax credits, so that I am afraid the funds made available under this legislation would not be sufficient to meet the needs of all the employers who will apply for the $2 an hour tax credit on behalf of the staff they will rehire or the new staff they will hire in May or June for the summer months.

[*English*]

Mr. Cullen: Mr. Chairman, it probably sounded ambiguous because I spoke in English, knowing that French is much more precise. I probably should use French, but my French is not as precise as it should be.

If an individual hires a lot of people in the summer, the previous summer will be the period used to do the comparison, not the fact that he had quite a few people and then laid them off. The comparison will take place for the season. The number of employees in one summer would be compared with the number of employees in the previous summer, not necessarily the previous eight weeks.

[*Translation*]

Mr. Cyr: Mr. Chairman, a few moments ago, our colleague from Joliette asked whether a farmer hiring two or three people for a three-month period could be entitled to any employment tax credits. But it must be clearly understood that if that same farmer had four employees in 1976 and if in 1978 he has only three or keeps his maximum of four employees during the season, that farmer or employer would not be entitled to employment tax credits for his four employees. He will perhaps get employment tax credits for the two or three extra people he will have hired as compared to his payroll for the previous years.

[*English*]

Mr. Cullen: Under the bill a new employer, be he a farmer or anybody else, will not qualify unless there is an increase in the number of employees. This is not a tax credit for hiring people. It is a tax credit for hiring an additional number of people.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, in the January 24 communique issued by the Minister of Finance, we can read somewhere that any hired people will have to be referred to the employer by a Canada Manpower Centre, which will refer only people unemployed for more than eight weeks. Now here is what we find somewhere in another document on the highlights of the employment tax credit program:

Employers shall hire new employees referred by the Canada Manpower Centres.

We know from experiences we had in the past with various other programs that complications arose and that, in some cases, there were what may be described shady deals. But I hope the minister does not want employers to try by every means to take advantage of this legislation and to get tax credit, for example by laying off a worker who after nine or ten weeks, in compliance with the requirements of the legislation, will be referred to an employer, maybe the same one, who will then re-hire him after laying him off eight or ten weeks before.

Could the minister clarify this point for us in order to give us some real guarantees about the spirit of this legislation and the way it will be enforced to reach its true objectives.

● (2102)

[*English*]

Mr. Cullen: I might have expected that the hon. member would call attention to one of the dilemmas facing us. I suppose there is hardly a system conceived by parliamentarians which could not be abused in one way or another. It is for this reason that we shall be carrying out monitoring. We shall be checking the number of employees, we shall be requiring employers to sign certificates to the effect that there has been a legitimate increment. Employers will be filling up a tax form to certify entitlement under the act. There will be post-monitoring and there is provision in clause 7 for penalties. So we have introduced such safety measures as we can. I think, too, that some degree of trust should be placed in the business community.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, in another paragraph we read this, and I quote:

Employers will be required to sign an agreement certifying that their job-creation projects meet the criteria of the program. Agreements must be signed before March 31, 1980.

That is what I understood since, according to the news release of the Minister of Finance, the program gets under way on March 31, 1978, and lasts two years. Is there not a contradiction there, or is there any reason why agreements must be signed before March 31, 1980? Does it mean that date is the deadline? Could an employer start taking advantage of the program from March 31, 1978 on, even if he does not sign an agreement before March 31, 1980? I would appreciate the minister explaining this to us so that, in turn, we can give employers in our respective areas very specific information, and so enable them to benefit from the program and co-operate with the government under this act while contributing to the well-being of the unemployed.

[*Mr. Cyr.*]

[*English*]

Mr. Cullen: For a moment I thought the hon. member had caught me. It is a legitimate question and I thought I did not have an answer. In the first place, the Minister of Finance did clarify the situation by saying we were hoping to have this program in operation by March 1 instead of March 31. The press release was in error in that regard. Those who take part in the program must enter into the agreement within that time frame, March 1, 1978, to March 31, 1980. If they enter into it the day before March 31, 1980 the agreement will continue for nine months beyond that date.

[*Translation*]

Mr. Portelance: Mr. Chairman, I should like to ask the minister what would happen in the case of an industry which is expanding and this will create new jobs. Suppose the industry is already operating, and funds have been spent to hire some 15 or 20 new workers in a different area. What happens in that case? Is that industry also eligible for the reductions?

[*English*]

Mr. Cullen: It has to be an increment as compared with the situation eight weeks before the agreement was entered into, and must relate to personnel additional to those who would normally have been hired for the operation.

[*Translation*]

Mr. Portelance: Mr. Chairman, it is still something completely new, it did not exist before. On what will this additional grant be based since nothing like this has ever existed before?

[*English*]

Mr. Cullen: I am not sure I heard the hon. member's question correctly, but a new business does not qualify because it implies an expansion which would have taken place in the ordinary course of events.

Mr. Clarke: Mr. Chairman, I was sitting in other committees this afternoon and I apologize if the questions I wish to raise have been touched on by other speakers. When is it expected that the first funds will become available for this program? Will it be in April, as I have heard?

Mr. Cullen: I would remind the hon. member that this does not involve a payment out of funds. It is an employment tax credit. So an employer will receive the benefit at the time he files his income tax returns, or, in some cases, when he gets his tax rebate.

Mr. Clarke: Then perhaps the question might be better put this way: When is the commencement date of the program? When will the first jobs be created?

Mr. Cullen: We are looking to a date soon after March 1. We hope the program will be operational on that date. The answer is, as soon as agreements are entered into thereafter.

Mr. Clarke: It is obvious this program will have no effect on winter unemployment which is usually so severe. Is the Canada Works program for this winter in effect at the present time or has it been postponed because of this program?

Mr. Cullen: That program is in place and so is the job experience program. We hope to increase by twelvefold the number of people who will be able to participate in that program. What we are considering now is one more weapon in the total arsenal.

Mr. Clarke: I understand after talking to members of the ministerial advisory board in my riding that there has been a change in the Canada Works program. I know the Young Canada Works program is presently under consideration and that preliminary meetings will be held in February. Is the next Canada Works program to take place next winter?

Mr. Cullen: Because of the representations we have received from both sides of the House and from the business community as well as from those who have participated in the program we feel we should build an economic growth component into the program. That will account for about 30 per cent of the funding. We are telling individuals that they can apply until April 3, 1978 in connection with projects next winter. In the meantime, the second phase of the Canada Works Program is going on. The Young Canada Works program is going on together with the others we have in place. I shall not list them because we are not talking about them tonight.

Mr. Clarke: I am sure the minister knows I am not a fan of the Canada Works program as it appears to me the jobs created are not permanent jobs. But the question which arises in my mind is this: Why start another program to help the unemployed instead of expanding programs such as Canada Works? It is obvious that Canada Works, as it now stands, is not meeting the need. By starting a new program we are only setting up an additional element of bureaucracy. What is the rationale?

Mr. Cullen: This is an innovative approach which does not depend heavily on bureaucracy. It has been accepted and endorsed by the ministers of finance across the country meeting in Ottawa today. We believe we should not lose any opportunity at a time of high unemployment to use every tool at our disposal and this is one we hope will be very effective.

● (2112)

Mr. Clarke: I might come back to that topic but now I should like to know what safeguards there are in the program to guard against an employer laying off people and then rehiring them.

Mr. Cullen: I understand that the hon. member, as he said, has attended committee meetings and could not come here earlier, but I have answered that particular question put to me by two colleagues in his party on at least two occasions. I spelled out the control mechanism which we will have in place to guard against that eventuality and the reasons for it.

Mr. Clarke: I thank the minister for his answer and I will speak to my colleagues on that point.

It was my understanding that any new employment would be covered, but now I understand from what I have heard and read that the program applies only to jobs that would not have been created. So there is no reward for an employer who is hiring these very same people who are unemployed for eight weeks or longer unless he can prove that the jobs would not have existed except for this program. Is that correct?

Mr. Cullen: It is right on, Mr. Chairman. The idea is to have an increment. In the past year, between 200,000 and 300,000 additional jobs were created and would have been created this year whether or not this program were in place. What we want to do with this program is to have an increment; not to compensate people for hiring people whom they would have hired in any event, but to encourage them to hire one, two or three more people, depending on the size of the operation.

Mr. Scott: My question to the minister is in respect of students who cannot be classed as unemployed, who get out of community colleges, universities or other such institutions and are looking for jobs. How would they fit into the program? Will any consideration be given to them? They only get out of university at the end of May and it would be July before they could apply for a job, after being unemployed for eight weeks.

Mr. Cullen: It is the intention of this program to have an increment in employment. There is a whole series of other programs in place for students. As I have indicated, this is a new program which we hope will have an impact on another section of the work force. That does not mean that students could not apply, although those who have to go back to school cannot. There is the Canada Works program, the student job corps, and the Canada Manpower Centre program for students which not only employs people but also places students. There is a series of programs in place for students. This program is aimed at a different sector of the unemployed.

Mr. Scott: I had hoped this program could be oriented towards students as well. It might mean future careers for these young people. They could be serving an apprenticeship in a trade. If we do not offer them this opportunity we would be denying our younger workers the possibility of entering the labour market to pursue a career. A career would be the goal and this program would channel them into such a future career. The minister should take this into consideration and should open this program to students. This could be considered

as an apprenticeship course which would be of value to these young people in the future.

Mr. Cullen: As I have indicated, an individual must be unemployed for eight weeks to qualify under the program. If the individual students to whom the hon. member is referring are not going back to school and want an apprenticeship course, it is available to them under the Canada Manpower industrial training program, the adult occupational training program as well as programs in different schools in various provinces.

A student who is not going back to school and who is unemployed for eight weeks can participate in this program. We hope that people who wish to take advantage of the employment tax credit program will see the benefit of retaining the particular employee after the employment tax credit period runs out. If it will have that beneficial spin-off effect, the program will be that much better.

Mr. Scott: I am not speaking of students who do not intend to go back to university but of students who do intend to go back to university, and God knows they have had a hard enough job finding work in spite of all the programs to which the minister has referred. We should probably try to encourage these chaps not only to go back to university but to find meaningful employment through the minister's program, and I am sure consideration should be given to some of these very deserving people.

Mr. Cullen: We know they are deserving and we have made other programs available to them. We do not think this program is appropriate for them, given the fact that students will be out for a shorter period of time and intend to go back to school.

Mr. Alkenbrack: The minister mentioned the requirement of unemployment for eight weeks. What about the vast throngs of people of whom we do not have any record who have ceased to draw unemployment insurance? Would they have to re-register in order to be eligible?

Mr. Cullen: Yes, Mr. Chairman, and be looking for a job.

Mr. Ritchie: The minister suggested to me that Mr. Bullock of small business is in favour of this program. My understanding is that this is certainly not what he had in mind but rather a much larger proposal based on an increase in wages over the year.

I should like to make a comment regarding the bureaucracy involved in the program. I think it is a significant deterrent to small business. First of all, an employer wishing to participate in the job creation program must approach a Canada Manpower Centre with a proposal. This proposal must be approved by the centre. Then the employer cannot go and hire any person whom he wants to hire, although that person may have been unemployed for eight weeks. He can only employ workers sent to him by the Manpower centre or else he will not get a tax credit. Also, he must sign an affidavit that he will create new jobs which he would not have had the financial ability to create without the program. Then, when he applies for the tax credit, assuming he has reached agreement with the Manpower centre, he must use a special tax schedule so they will know he is involved.

I do not see how this system can be said to require minimal red tape or how it is likely to produce jobs. Small businessmen especially who would stand to gain most from the tax credit may be reluctant to entangle themselves in all this bureaucracy and to risk the threat of a jail sentence or a fine if they are judged to have lied. In fact, the net value of the tax credit is not that attractive, particularly when one remembers that employers will presumably hire workers in a soft market and in a weak competitive position. Furthermore, this program is designed to reduce the hard core unemployed who, as group unemployment officers will tell you, will be unemployed from year to year. I think it is only fair to say that while the program may be of some value in improving the situation of this group of people, from the employer's point of view these people are not highly productive workers. That is the comment that I wish to make about the program.

Mr. Cullen: The hon. member seems to forget we are dealing with the general taxpayers' money and that the system is comparatively simple. I think that this program could have been a lot more bureaucratic. It is a very simple procedure. The employer calls up, gets the form, fills it out, signs it and fills out his income tax form. It strikes me as a comparatively simple procedure.

● (2122)

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, I would like to ask the minister whether, before this program was introduced in the House, there were consultations with employers across Canada and, if so, were those employers enthusiastic about this program which could become an act affecting them?

Furthermore, it is said that this program will operate under a tax credit from which employers hiring personnel will be able to benefit. Will the employers who will wish to register under such a program have to prove in advance that they will in fact be paying taxes to the federal government to get credits? And since there are many businesses in rural areas where there are a lot of people without jobs, let us say a business signed an agreement with the Department of Employment and Immigration and anticipated paying taxes and because of unforeseeable circumstances or a difficult situation—higher costs, lower sales and profits—and at a given point that business which hired two, three, four or five persons is placed in that situation in preparing its tax return of not paying any taxes, what is going to happen to it? It cannot claim a tax credit. Can the minister tell the House whether such a situation was considered, and what will be the solution to this dilemma because this could very well happen, unless the minister has another explanation to give to the House or I did not grasp the scope of the bill?

[*English*]

Mr. Cullen: Yes, Mr. Chairman, we have considered that. This is why there is a five-year carry forward, so that if an individual business, for example, as the hon. member has said, does not make a profit this year or in fact has made a loss, but makes a profit in the following year, this tax credit can be taken in that year. This can go on for the five-year time period.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, could the minister tell the House whether under this Bill C-23 there are different categories of businesses or whether it is open to all businesses which truly want to benefit under this program and see in this an opportunity to become a competitive business, particularly in a line of production facing competition from imports? I think that all serious businesses wishing to benefit from this program should be eligible but that is not clearly set out. So if all businesses meeting the criteria of the legislation are eligible I would like the minister to give us that assurance.

[*English*]

Mr. Cullen: Mr. Chairman, I assume the hon. member was in the committee when I was commenting on that, but, in point of fact, there is no discrimination between one business and another. It is open to all businesses. I mentioned some exceptions, for example a business engaged in personal service. As long as it is a business that pays tax or qualifies to pay tax then it will qualify under this program. New businesses that start up will not qualify because they would have started in business in any event.

Mr. Stevens: Mr. Chairman, perhaps I could just follow up on the last answer by the minister. He has referred to personal service as being an exception. What does the government have in mind as being included in personal service? Would a data processing service be looked upon as a personal service, or would a hairdressing business be personal service? What is included in that phrase?

Mr. Cullen: It includes maids, chauffeurs and domestics, that kind of thing, not the kind of operation the hon. member indicated at the beginning, data processing or data service.

Mr. Stevens: If someone had a barber shop, would that be regarded as a personal service? Would such an individual not be able to hire somebody and get this investment tax credit as part of his barbering business?

Mr. Cullen: Mr. Chairman, a barber shop, being a taxable enterprise, does in fact qualify under this program.

Mr. Stevens: Mr. Chairman, earlier when the Minister of Finance was with us I asked him to define what was meant by "in prescribed manner" as it appears at page 6, clause 6 of the bill. Could we have that definition now?

Mr. Cullen: Mr. Chairman, all corporations and those individuals who carry on business are required to make tax instalments. Corporate instalments are due monthly and individual instalments quarterly. Generally speaking, the instalments due are based on the lesser of: (a) an estimate of the current year's taxes; or (b) last year's taxes, referred to in the legislation as the instalment base. The instalment base has always been defined by regulation.

The effect of the amendments to the regulations will be to permit a taxpayer to reduce his instalments for the current year by the benefit he estimates he will derive from the employment tax credit program. Thus an employer can reduce his 1978 tax instalments by the benefit he estimates he will get from this program in his 1978 tax year. We believe this feature will provide immediate stimulus to the economy and improve the take-up rate under the program.

Mr. Stevens: As I understand the minister's answer, it is not exactly in line with his answer to my colleague, the hon. member for Vancouver Quadra. Certainly the implication was that the credit would only be something you would benefit from next April; in other words, when you file your income tax return. As I understand it, the answer the minister has just put on the record is much better than that, in that you can claim a credit against instalments as they are due on a personal or corporate basis.

Mr. Cullen: Yes, Mr. Speaker, that is in fact the case. I was being precise in my answer, given the question the hon. member asked; but, as the hon. member has explained it, that is in fact the case and it is better than what was understood previously.

Mr. Stevens: Perhaps I could take the minister ahead to clause 2 of the bill. Would he indicate what the significance of this amendment is in relation to the employment tax credit? Subsection 127(5), as I read the act, seems to be dealing with investment tax credits. It is not clear to me how this amendment is relevant to what we are proposing in setting up this employment tax credit.

Mr. Cullen: Mr. Chairman, this is a relieving technical amendment to the definition of the capital cost of depreciable property. This definition now requires the capital cost of depreciable property to be reduced by the amount of certain grants, subsidies or tax credits which the taxpayer is entitled to receive from governments. Since the amount of the investment tax credit claim reduces cost, it also reduces the amount of depreciation that may be claimed. This amendment was necessary because of the relationship between the investment tax credit and the new employment tax credit. The taxpayer may claim any portion of either or both, as the circumstances require. It will insure that the capital cost of depreciable property will continue to be reduced only by the amount of investment tax credit actually claimed, not by the amount a taxpayer could have claimed.

● (2132)

Mr. Clarke: Mr. Chairman, I indicated earlier I would return to a comparison of this program with the Canada Works program. Under the Canada Works program jobs were

created, and I understand this program will create jobs. The Canada Works program did not adequately fund all the jobs it wanted, because there was a need for jobs even after that program's money was used up. Why is it necessary to have a different kind of program, rather than just expanding the Canada Works program?

Mr. Cullen: Mr. Chairman, they are two completely different programs. Canada Works is government sponsored and paid for by the government. This is an attempt to have private enterprises participating in job creation, given the incentive of the employment tax credit. It is not unusual to have more applications than funding under Canada Works. Normally it is approximately a three to one ratio in order to implement the excellent programs we want.

Mr. Clarke: Mr. Chairman, since it is expected that jobs will be created because of the program, what expectation does the government have that the jobs will continue after the program ends?

Mr. Cullen: Mr. Chairman, I have commented at some length on the predictions made and the bases for them. If the hon. member reads the answers I have already given, I am sure he will be provided with an explanation of the figures used.

Mr. Clarke: Mr. Chairman, one newsman has observed the program will produce more work for accountants. If jobs for accountants are created under this program, will those accountants be eligible for benefits as well?

Mr. Cullen: Mr. Chairman, if an employer hires an accountant to do his books, and if the accountant indicates that he has to hire one more employee because of the employment tax credit, he would be well advised to get a new accountant.

Mr. Clarke: Before I became a professional politician I was a professional accountant. I was not referring to the employer who might have to hire one more bookkeeper. I am sure many accounting services in this country will have to hire extra men because of this program, and I cannot see why they should not be eligible for the program.

Mr. Cullen: If an accounting firm hires more people, no one will be happier than myself. The amount of work entailed is simply putting down the number of employees last year, the number who are working this year, and substracting one from the other to show there is an increment and that they are entitled to benefit. I am sure I would have been able to do that, even though I was a lawyer and not a professional accountant prior to being a member of parliament.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, I put to the minister a question he has not answered. I realize my question may have been somewhat lengthy, so I would like to put it again in a shorter form.

Before Bill C-23 was introduced and the Minister of Finance made his statement on the program, could the minister tell the House whether discussions were held with firms that might participate? Were they enthusiastic about it, and can we entertain real hope that we are not losing our time in discussing the legislation and that when the final date comes, a number of jobs will be created because employers are enthusiastic?

[*English*]

Mr. Cullen: Yes, we had extensive consultations with representatives of business. We met with the president and representatives of CFIB, as well as the chambers of commerce. The Parliamentary Secretary to the Minister of Finance is now pointing out to me an article entitled: "Canadian Federation for Independent Business Demands the Job Tax Credit". We feel the benefits will be particularly felt in the small business community. Given that type of backing, I am sure we will have participation from the business community.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Chairman, there was a program, which I believe is still in force, under which employers could hire people to train them.

Can the minister indicate whether the program was successful, whether employers were as enthusiastic about it, and whether we can really be proud of the results? We know that it is a program somewhat similar in that both involve employer participation.

[*English*]

Mr. Cullen: It is difficult to compare enthusiastic receptions or rejections of a particular program. The people trained and employed because of industrial training programs were enthusiastic. We are being asked constantly for more money under those programs.

Mr. Stevens: Mr. Chairman, during second reading I mentioned the fact that we were disappointed there was nothing in the minister's statement to favour first time job seekers, the unemployed youth. Can the minister indicate if any consideration was given to supplying a higher subsidy to somehow entice employers into hiring first time job seekers, as opposed to allowing them to be treated the same as any other person who is out of work?

Mr. Cullen: Mr. Chairman, consideration was given to almost every idea which was put forward. Some were accepted, others rejected. Since the program was new and innovative, it was felt it should be kept as simple as possible. That would have provided one more complication, which we felt should not be built into the program at this particular time. We did not want to build too many issues into an innovative program. We wanted to get it working, realizing that the rough spots could be smoothed out later.

Mr. Stevens: Will the minister consider waiving the eight-week out of work provision for those who are first time job seekers? I can see how that provision is necessary in regard to people who want to fiddle the system by giving up jobs in order for an employer to become eligible for benefit. Why is it necessary to apply the eight-week period in the case of a youth

who literally has no job? Why does he have to wait eight weeks without work before he can even qualify?

● (2142)

Mr. Cullen: Mr. Chairman, one of the objectives of the program is to get people who have been in the work force and are discouraged because they cannot find employment back to work. That seems to be an appropriate thrust for this program.

Second, as the Minister of Finance indicated earlier this afternoon, it is not the intention of this program to entice into the work force people who had no intention of coming into it in any event. Those are two of the reasons we want to stick, for the time being at least, with the eight-week program, albeit it would have the impact the hon. member is suggesting on first time job seekers.

Mr. Stevens: Those people who have qualified to draw unemployment insurance are going to be eligible to get work, but a person who has never had enough employment to qualify for unemployment insurance will be in the odd situation of not being able to qualify for the employment tax credit. In other words, he has to be out of work for eight weeks. He cannot draw unemployment insurance, and I just do not know why there is that inconsistency.

Mr. Cullen: The situation is that that individual can in fact qualify, but he will have to have been registered and unemployed for a period of eight weeks. I think the first time job seeker particularly will probably want to do a bit of looking around. We do not propose to give this the same emphasis the hon. member is giving it at this time. We should be dealing primarily with discouraged workers and not with drawing into the labour force people who would not have wanted to enter it in the first instance. It is a matter of judgment at this time, and we think we have adopted the right approach.

Mr. Stevens: I will not press it now, but I hope the minister will keep an open mind in this matter because I think there is an inequity here in the sense that the approach seems to favour those who are already on unemployment insurance. Frankly, there has been wide speculation that the program is deliberately warped in order to take people out of the unemployment insurance scheme, knowing full well that some people, including young people who are unable to find jobs, are automatically disqualified because of this arbitrary eight-week looking for work period which is required.

I have a further question to put to the minister. It is stated in the press release that the program will be applicable for nine months' work. The bill sets it at 12 months. I wonder why the press release is more restrictive as to the time during which an employer can receive a credit, while the bill provides a 12 month period.

Mr. Cullen: Mr. Chairman, I think it is fair to say that in endeavouring to find the correct time frame in a new program it is a matter of judgment. I say without any real concern that, in my own view, it should have been a six-month time frame. I feel that that would have been more appropriate. More people could have benefitted from the program. I think that would have made the program twice as effective and provided a much better opportunity. There were others who thought 12 months would have been more effective and that people would be hired for that time and benefit more from the program. If the program works within a nine-month time frame, perhaps we should try it at six. If it does not, perhaps we should go to twelve. It is a judgment which was made with regard to a new program. We did not want to spend a lot of time debating whether it should be six, nine or twelve.

Mr. Stevens: My final question arises from an answer the minister gave earlier. I believe he said that one of the restrictions on employees would be that employees have no relationship with the employer. Would the minister clarify that? Is that in a family sense or in the sense of prior employment?

Mr. Cullen: Family, Mr. Chairman.

Mr. Stevens: If a man has been working with company A and for some reason is laid off or quits and is out of work for eight weeks, in the ninth week could he be hired back by company A and could company A pick up the employment tax credit?

Mr. Cullen: Yes, Mr. Chairman, provided there was an increment. Obviously somebody else would have to be hired to fill the vacancy before the particular employee could be hired back. As long as there is an increment, the employer would qualify for a tax credit.

Mr. Towers: Mr. Chairman, would the minister state whether there will be a choice as to whom the employee might work for or whom the employer might hire? Are Manpower officials to have the sole jurisdiction in this matter?

Mr. Cullen: Mr. Chairman, we will decide who will be referred, but the employer will decide who to hire.

[*Translation*]

Mr. Allard: Concerning the question put by the hon. member from the Progressive Conservative Party, Mr. Chairman, reference was made to relatives. Supposing I had a plant and employed people, would there not be a danger for instance that I fired one or two employees and rehired them eight weeks later, to take advantage of the legislation? I wonder if the question is understood. If I were an employer and wanted to get the income tax reduction, if I fired one or two employees and rehired them after eight weeks, would I be eligible for the income tax credit?

[*English*]

Mr. Cullen: Mr. Chairman, as we indicated, there will be a monitoring. We will be doing sample audits from time to time, and if an individual employer laid off two people, he would first have to hire two people to get back to the level he was originally at before he could take advantage of the program by hiring two more. If he simply hires them back to fill a void, there is no increase in the number of employees and he therefore does not qualify.

[*Translation*]

Mr. Portelance: A final question, Mr. Chairman. In the construction industry, I do not know whether you already answered these questions, what will happen? It is well known things are rather quiet in the construction industry right now, but no later than next spring larger contracts will get under way. The contractor that used to hire maybe five or six people, let us say that this year he intends to do much more, assuming he hired some 15 people, would the differential in number of employees used entitle him to the income tax reduction?

[*English*]

Mr. Cullen: No, Mr. Chairman. I think I did answer when the hon. member was in the committee, but it would be a seasonal comparison. It would not be compared with the eight weeks or ten weeks but with the previous season. If an employer hired 15 last year and 15 this year, there would in fact be no increment.

Clause 1 agreed to.

Clauses 2 to 6 inclusive agreed to.

The Deputy Chairman: Shall clause 7 carry?

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): Mr. Chairman—

The Deputy Chairman: Shall the title carry?

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I was about to move the amendment the hon. member for New Westminster proposed to move, but he has arrived, so he can move it himself.

Mr. Leggatt: Mr. Chairman, I move:

That Bill C-23 be amended on page 7, in line 31, by changing the period after the word "employment" to a comma, and by adding immediately thereafter the following words:

"provided that no employer is entitled to the deduction from tax in respect of any eligible worker who is paid at a rate below the minimum wage provided by law in the province or territory in which the employment takes place."

The Deputy Chairman: Order, please. The Chair put the question on clause 7, and clause 7 carried. The Chair then put the question on the title, and that is where we are now.

● (2152)

Mr. Knowles (Winnipeg North Centre): Mr. Chairman, I insist that I was on my feet when you called clause 7. As my colleague came in I handed him the amendment.

Mr. Cullen: Mr. Chairman, as a matter of fact, we were holding off because I knew the hon. member for New Westminster had an amendment. I would have to concede that as far as we are concerned the hon. member for Winnipeg North Centre was on his feet at the time.

Mr. Stevens: Mr. Chairman, in all fairness I think the hon. member was trying to get your attention to move the amendment when we were on clause 7.

[Mr. Cullen.]

The Deputy Chairman: Shall clause 7 carry?

Mr. Leggatt: Mr. Chairman, I will provide a brief explanation of the amendment. It simply provides that the prevailing provincial minimum wage must at least be paid by an employer seeking to take the benefits of this legislation. I therefore move:

That Bill C-23 be amended on page 7, in line 31, by changing the period after the word "employment" to a comma, and by adding immediately thereafter the following words:

provided that no employer is entitled to the deduction from tax in respect of any eligible worker who is paid at a rate below the minimum wage provided by law in the province or territory in which the employment takes place.

Mr. Cullen: I know what the hon. member is trying to do, Mr. Chairman, but I think the amendment is ineffective because the wages normally set in the various provinces are industrial wages. Without exception farmers are exempt from these provisions, so the effect of the amendment would be to make things the same as they are at the present. Farmers gave us some concern, but they would be excluded by provincial legislation in any event.

Mr. Leggatt: Mr. Chairman, there is also the question of the part-time employee. In some provinces if you employ someone on a temporary or part-time basis you are exempt from the minimum wage law. The purpose of the amendment is to see that the rate paid is at least the provincial minimum wage. Surely this House should support employers at least bringing their wage levels up to the minimum, otherwise no worker would be attracted to the program and perhaps not many employers would want to participate. The basic rate should be raised to the provincial minimum, which is generally $2.50 or $3.00 per hour around the country. This is a humane amendment. We do not want to be in the position of encouraging employers to pay unsatisfactory wage rates simply to comply with this program.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Yea.

Some hon. Members: Nay.

Amendment (Mr. Leggatt) negatived: yeas, 5; nays, 54.

The Deputy Chairman: I declare the amendment lost.

Clause 7 agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Turner): When shall the bill be read the third time?

Some hon. Members: By leave, now.

Mr. Cullen (for the Minister of Finance) moved that the bill be read the third time and do pass.

Motion agreed to and bill read the third time and passed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

PUBLIC SERVICE—COMMITTEE OF REVIEW—GOVERNMENT POSITION ON PUBLIC HEARINGS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, on January 23 at page 2092 of *Hansard* I asked the following question of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) concerning the special committee on the review of personnel management and the merit principle in the public service:

Will this committee hold public hearings? If so, when? Also, will MPs and others be given the opportunity to express their views?

I received an answer as follows:

HON. ALLAN J. MACEACHEN (DEPUTY PRIME MINISTER AND PRESIDENT OF PRIVY COUNCIL): Mr. Speaker, I will have to verify the impression I have that it is not the intention to hold public hearings. I will make sure whether that is the correct situation.

I raise the matter tonight because I think it is extremely important that there be no misunderstanding concerning the procedures to be followed by this special committee of investigation. I hope we will have a further statement tonight.

To sketch the background a little, on February 4, 1977, the Deputy Prime Minister and President of Privy Council announced the appointment of this special committee. It was to consist of a representative of the employers, Mr. Bruce Brittain, who had held a position at the deputy minister level in the public service for some time; a representative of the employees, Mr. Davidge, a highly respected spokesman for the public service; and the chairman of the committee named in the first week of January this year, Mr. Guy D'Avignon.

● (2202)

The government did not exactly move with haste in this matter because a recommendation was made that such a committee of inquiry be appointed in the joint report of the committee of the Senate and House of Commons presented unanimously in January of 1976. That report recommended changes in the Public Service Staff Relations Act. But it pointed out very clearly that the changes that had to be made in the Public Service Staff Relations Act, while long overdue, would require consequential amendments to the Public Service Employment Act. The former chairman of the Public Service Commission, Mr. John Carson, had repeatedly requested that this inquiry take place. In a special audit conducted in 1973 and reported in the 1974 annual report of the Public Service Commission, something over 6,000 appointments were examined in detail. A substantial proportion of them, perhaps a third, indicated irregularities in the form of violations of the Public Service Employment Act and/or the regulations issued under that act.

Those of us who have been following events in the public service have been very much concerned with what has evolved over the period. We go back to the reports of the Glassco commission, that commission of investigation into government itself named by the right hon. member for Prince Albert (Mr. Diefenbaker) when he was the prime minister of Canada. The Glassco commission brought forward a philosophy, a theory, a basic development of government policy, which said the organization had been too bureaucratic, that the comptroller general of the treasury had exerted too great a control. The Public Service Commission had exerted too strong a control on hiring. The Glassco commission said that the deputy ministers should be managers, that they should manage and have freedom and they should take responsibility for their own decisions. The Glassco commission also recommended certain safeguards be implemented. One half of the Glassco recommendations were implemented. The deputy ministers were given a great deal of discretion, but the other half, the checks on their operations, were not placed where they should be.

The Auditor General pointed out the consequences of this in his report of 1976, which was a bit of a blockbuster, and the government has moved to correct the bad administration which has crept in on the financial side. Very substantial improvements have taken place there. On the side of employment and personnel administration, I submit there have been equally serious defects that have crept into the operation of the public service and have not yet been corrected.

Those of us who have followed events are very much concerned, for example, about delegated authority, the procedure under which deputy ministers are making appointments. Sometimes the appointments they have made, for instance doubledecking, when candidates were required to go to language school, were clearly made without full examination of the requirements of the merit principle.

Mr. Baker (Grenville-Carleton): A lot of friendship in it too.

Mr. Francis: We are very much concerned about the situation of temporary help and what has developed in a number of areas here. We are concerned about the application of a computerized system of selection of applications for posts and the abuses that have crept in as a result of those who have learned how to beat the computer; how to put the right codes on their files; how to get the candidate that was wanted when a search was made in a computer, someone with say, ten years of experience in the northern territories for administrative posts, and by some strange coincidence only one candidate's name emerged when the file was examined. This kind of abuse of the procedures has become something of a legend in the public service today.

● (2207)

As a member representing an Ottawa constituency, I am pleased to see on the other side the representative of a neigh-

bouring constituency, Grenville-Carleton, the House leader of the opposition. I am sure he concurs with me on this.

We are very much concerned as to how this committee is going to operate. Will it hold public hearings or will it not? If it is not going to hold public hearings, why will it not do so? If it is not going to hold public hearings, how is it going to get the necessary input of information from those who are not in the public service itself?

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

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): As everybody knows, Mr. Speaker, last Monday the Deputy Prime Minister and President of the Privy Council (Mr. MacEachen) answered the question the hon. member for Ottawa West (Mr. Francis) had asked him concerning the special committee on the review of personnel management and the merit principle in the public service, when he said that he did not feel at the time that the special committee intended to hold public hearings, but that he would make sure whether that was the correct situation.

Mr. Speaker, I should like to convey to the hon. member and to the House the information I have obtained. I have learned that to provide a forum of free and open discussion, and obtain as much information as possible, the special committee did not intend to hold public hearings at the early stage of its work. It may, however, decide to do so later on. Moreover, the special committee would directly ask parliamentarians, representatives of civil service unions and other interested people to appear to make their views known. The public at large would be invited to do the same through advertising in the papers.

[*English*]

EXTERNAL AFFAIRS—REASON CANADIAN DELEGATION IN INDONESIA TO DISCUSS POSSIBLE CANADIAN PARTICIPATION IN COAL MINING PROJECT

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, a week or so before the Christmas recess I raised the question of the propriety of this country sending a trade delegation to Indonesia, hoping to participate in the development of a billion dollar coal mining project. At the time the minister promised to make some inquiries and reply to me.

In the last two days prior to Christmas we had the debate on external affairs. Again I alluded to the trade relationship with Indonesia because what was going on simultaneously was a remarkable contrast to the minister's response to conditions in South Africa as he saw them in the withdrawing of Canadian representatives from that nation.

Since then I have received a reply from the minister. He assures me that the coal mining operation in Indonesia, if and when it comes on for local use, probably will not compete with Canadian mines. I find that a little strange to believe, particularly when he goes on with a qualifier. If that development proceeded, it would be remarkable if the government of Indonesia did not see to it that a great deal of that coal were exported. It could very possibly be in direct competition with Canada.

I do not at all see it beyond the scope of Japanese technology to raise lower grade coal to the point where it could serve good use. Of course, within this country we have a great deal of low grade thermal coal that we might profitably export in a few years' time. However, if a development like this proceeds, we would not be able to do that.

I represent an area of British Columbia with a history of coal mining. The initial industrial base in the province was based on Vancouver Island and in the southeast Kootenay riding that I represent. The coal mining industry virtually died. It saw extremely hard times. It made a remarkable comeback, particularly in the south Kootenay corner. At the moment the development of several promising prospects there is being delayed.

● (2212)

I would still raise the question whether it is in the best interests of Canada to so actively promote industry abroad that will be in direct competition with our Canadian industry when developed. I have a great suspicion that what we gain in the short range will be lost in the long range.

If we are going to be righteous about South Africa how can we actively and aggressively promote trade with Indonesia which has been the object of a report by Amnesty International highly critical of that country and placing it far beyond South Africa in terms of restrictions upon human rights and freedoms? The minister says that all the evidence available to him rules out any suspicion that Indonesia is making forced labour from political prisoner camps available for industrial or mining projects. From this I gather he has failed to read the report made on that country by Amnesty International. It is a lengthy document, one of pocketbook size, and nobody who reads it could reach such a conclusion. This report was produced by an organization which is held in high repute internationally, one whose censure of South Africa has been accepted by the government. I find it strange that an organization should be supported when it draws attention to a situation in one country, and totally ignored when it draws attention to a desperate situation in another, because it happens to suit our purpose, in this case to develop trade. It also happens that Indonesia is not the object of massive censure as is South Africa.

In the light of these considerations I can only conclude that this question has not been given the scrutiny and consideration it deserves either by the Department of Industry, Trade and Commerce or, certainly, by the Department of External Affairs.

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, a mission visited Indonesia recently led by an assistant deputy minister and comprised of officials from the Department of Industry,

Trade and Commerce and members of the engineering consulting community. Its object was to support a consortium of three highly recognized Canadian consulting firms in its bid to win an engineering services contract, financed by the World Bank, to co-ordinate what is known as the Sumatra project. This project, whose value is conservatively estimated at $1 million, includes the development of a coal mine, rail transportation, port facilities and two 375 megawatt thermal power plants. The government of Indonesia has decided that indigenous coal would be used for power generation wherever feasible and has requested financial and technical assistance from the World Bank in implementing the project.

Faced with stiff competition from countries such as the U.S.A., the U.K., Japan, Germany and France it would be presumptuous for Canada to believe that this project would not be implemented if we did not participate. We feel that if Canada is successful in winning the engineering contract it will enhance our opportunities to participate in the tremendous supply of capital equipment and related services needed. The expertise and capital equipment available from Canada in the rail, material handling, marine and thermal power sectors makes this truly a project worth pursuing. In addition, the number of jobs which could be created through export sales would be significant.

NORTHERN AFFAIRS—GOVERNMENT POSITION ON CONTRACTING OUT WORK TO PRIVATE OPERATORS

Mr. Wally Firth (Northwest Territories): Mr. Speaker, before the Christmas recess, on December 6, 1977, to be precise, I raised two questions with the Minister of Indian Affairs and Northern Development (Mr. Faulkner). They are related questions and they have to do with job opportunities, economic development and government policy in the Northwest Territories. I was asking about the government's plans to alleviate unemployment in the Northwest Territories and the government's position as to contracting out work to private operators in the Northwest Territories.

● (2217)

I was not completely satisfied with the minister's reply at that time. He mentioned he would look into these matters and report back. Since then the minister has had an opportunity to visit the Northwest Territories and the Yukon. Indeed, I believe he has gone as far north as some parts of Alaska. So I hope that whoever is replying for the minister will have better answers than I received at the time I raised these questions.

With that in mind I should like to make a couple of brief remarks on economic development and job opportunities in the Northwest Territories. First, I believe the Northwest Territories are paying a large part of the bill for operating the Territories. I can think of a number of users of our resources up there, namely, oil companies, the mining industry and so on, that are exploiting the resources in the north. So I suggest that vast amounts of revenue go to government and pay for labour. There has been oil production at Norman Wells for some 35 or 40 years. There is the lead and zinc operation run by Cominco in Pine Point. There are two gold mines operating in Yellowknife, the Con and Giant Mines. There is silver coming from Echo Bay mines. There is the Tungsten mine on the Yukon-Northwest Territories border. There is a gas well and pipeline operating out of Pointed Mountain. There is the lead and zinc mine at Nanisivik on Baffin Island, and there are a number of other operations which pay taxes to the government. I refer to personal income tax, taxes and royalties on the fur industry, and business taxes.

So I have come to the conclusion that the Northwest Territories is paying its own way. I suggest this because of the sources of revenue which I just mentioned and the fact that there are only 43,000 people spread over that vast territory. Therefore, I think it is the responsibility of the government to put some investment into the north to provide more jobs and to provide for northern development in a way that people in that part of the country can accept.

I should like to make a couple of suggestions, if I may. First, however, I should like to congratulate the minister on his recent announcement that the government will be spending some $40 million to complete the Liard highway which will link Nelson, British Columbia with Liard and Fort Simpson.

I certainly hope the government will seriously consider adopting the policy which was announced some time ago by the previous minister of Indian affairs and northern development of giving people in the Northwest Territories preference for jobs. I hope the minister will consider this very seriously, not only with respect to the labour force but with respect to the contractors, the people who have equipment, so that they will put these people to work on the building of the highway from Nelson, B.C. to Liard and Fort Simpson in the Northwest Territories. This policy was in effect some years ago, not that far back in fact, in a project in which northern people had preference. There was on-the-job training and it was working very well. However, much more is needed and many ideas are required.

I believe the government must show some initiative. I have received ideas from my constituents which they have transmitted to me through letters and phone calls and during visits. They are very concerned that there is such high unemployment there. In December when I raised this question with the minister I mentioned that in the village where I come from there was at that time 72.2 per cent unemployment. That situation has not changed much.

● (2222)

I hope the government will move toward this idea of northern preference, looking at some other ideas such as the construction of an all-weather highway, gravel though it would be, from Fort McMurray, Alberta, to Fort Smith in the Northwest Territories. I met with the minister of highways for Alberta five or six weeks ago and he was very enthusiastic about such an idea. As a matter of fact, the government of Alberta has been considering this very seriously. I hope the federal government will get together with that province and pursue that idea as soon as possible.

It is also my hope that the government will consider seriously the construction of a bridge across the Mackenzie River at Fort Providence. This is another long-range program that could be initiated and spread over a number of years, thereby alleviating unemployment and would be a positive step in the area of economic development, especially for the western Arctic.

Other areas that require consideration are the tourist industry, the settlement of land claims, and a number of others. Another matter on which I place high priority—and I have mentioned this time and time again—is serious government consideration of the housing problems in the Northwest Territories. I hope it will alleviate the situation by—

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

Miss Aideen Nicholson (Parliamentary Secretary to Minister of Supply and Services): Mr. Speaker, the present levels of employment in the Northwest Territories and the expectation of rapid growth in the labour force in the coming years pose important challenges to both the government and the people of the north. In December officials of the Department of Indian Affairs and Northern Development and the government of the Northwest Territories met with representatives from most communities of the Mackenzie valley to discuss ways of increasing employment in those communities. The ideas suggested for new employment by those communities are being followed up by officials.

The Minister of Indian Affairs and Northern Development (Mr. Faulkner) also intends to convene a conference on economic development in the Northwest Territories at which representatives of business, native associations and other interested organizations can exchange ideas on future directions for northern economic development for specific sectors.

While there is serious unemployment in the Northwest Territories, a great deal of employment has been created. For example, in the petroleum industry last year 802 northerners from 30 different settlements were employed. In the Mackenzie Delta alone, Beaufort Sea drilling resulted in employment for 194 northerners. In the mining industry it has been a priority of the government of the Northwest Territories to increase native employment through the use of rotation schemes which have been worked out with local communities. There have been significant increases in native employment at the Con Rycon, Terra and Echo Bay mines because of this initiative.

There will also be significant opportunities for employment in road construction this year. Work on two contracts on the northern part of the Dempster highway will be beginning again in the next few weeks. These will provide job opportunities for people from Fort McPherson.

The hon. member for Northwest Territories (Mr. Firth) referred to the Liard highway. The Minister of Indian Affairs and Northern Development announced on January 20 that construction will begin immediately on the Liard highway between Fort Simpson and the British Columbia border. This project and the regional economic development initiatives which the road will make possible have the potential to create some hundreds of jobs.

Steps have also been taken to facilitate the private sector in its own employment-creating initiatives. For example, the government has improved the terms of the various loan funds operating in the Northwest Territories to assist business development. In addition, during the past year the Department of Regional Economic Expansion began offering its special ARDA program and a number of new small businesses have been created with special ARDA assistance. The government is also assisting two native associations in establishing development corporations in anticipation of future land claim settlements. Since there is much to be done to create new jobs, the government and the private sector have been active in exploring new opportunities.

● (2227)

The Acting Speaker (Mr. Turner): The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the House adjourned at 10.26 p.m.

HOUSE OF COMMONS

Friday, January 27, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

REQUEST SUBJECT OF RUNAWAY SATELLITES BE REFERRED TO UNITED NATIONS—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, under Standing Order 43, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House urges the Canadian government to refer the subject of runaway satellites to the United Nations Security Council in order to strengthen systems for early detection and public warnings about radiation hazards, so that public safety can be improved and proper apportionments made in the fiscal responsibility for clean-up operations which, in the present case of the Russian Cosmos satellite, have resulted in heavy and unfair expenses to Canada.

Mr. Speaker: Such a motion can be presented, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VETERANS AFFAIRS

COMPENSATION FOR WORLD WAR I PRISONERS OF WAR—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in view of the statement made to the House the other day by the Minister of Veterans Affairs (Mr. MacDonald) that he hopes soon to have some good news for veterans of World War I, I move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

That this House urges the Minister of Veterans Affairs to introduce the necessary amendments to the Pension Act so that the compensation for prisoners of war provided therein will apply to the fewer than 200 Canadian veterans still living who were prisoners of war during World War I, as it does to those who were prisoners of war during World War II.

Mr. Speaker: Pursuant to Standing Order 43, such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

REQUEST AGRICULTURAL JOBS BE IMPROVED—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that many farm workers are currently being victimized by the Department of National Revenue and the Unemployment Insurance Commission, that they are refused benefits by the officials of these government organizations on the grounds that their type of employment is not insurable, and that this state of affairs is particularly affecting our young people who will assume tomorrow the farming responsibilities in this country, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House urge both the Minister of National Revenue and the minister in charge of the Unemployment Insurance Commission to take immediate action to eliminate the many obstacles which prevent the employment of farm workers from being insurable.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1112)

[*English*]

FINANCE

ONTARIO—DAMAGE CAUSED BY STORM—REQUEST FOR FINANCIAL ASSISTANCE—MOTION UNDER S.O. 43

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, yesterday much of Ontario was lashed by the worst storm in 20 years, costing several lives and millions of dollars in property damage that will not be covered by insurance. Under the provisions of Standing Order 43, I ask consent to move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That this House notes with pride and gratitude the many acts of courage and dedicated service by Ontarians during the January 26 storm and requests the government to give serious consideration to extending special financial assistance to individuals, municipalities and businesses that have suffered losses because of the storm.

Mr. Speaker: The presentation of any such motion for discussion pursuant to Standing Order 43 requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

VACANCY

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, the Hon. Charles M. Drury, PC, member for the electoral district of Westmount, by resignation. Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

LEVEL OF INFLATION IN 1978

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. It is very simple. Will the Minister of Finance indicate what he anticipates to be the inflation level, average 1978 over average 1977? I ask this as a UPI story yesterday indicates that the minister has said it will be approximately 8 per cent.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the story is not correct. I said by year and we expect the inflation rate will be 6 per cent on average during the year. I explained that I could not make a precise prediction, but I can say it will be between 6 per cent and 7 per cent.

Mr. Stevens: On November 18 the Minister of Finance very definitively told the Standing Committee on Finance, Trade and Economic Affairs:

For the totality of the year 1978 it is going to be an average of 6 per cent.

That is a mark-up from his October 20 statement. Will the minister indicate why he is getting away from the 6 per cent ceiling target which he initially set on October 20, bearing in mind he has asked Canadian workers to accept a 6 per cent ceiling as far as their wage increases are concerned?

[Mr. Beatty.]

Mr. Chrétien: Mr. Speaker, it is because in the CPI of the last few months imported fruit and vegetable prices were higher than we predicted.

Mr. Stevens: As of last night, excluding the passage within one day of Bill C-23, the employment tax credit bill, the minister had absolutely no legislation before this House with regard to anything that might relieve the unemployment situation or the inflation situation. Have we seen the total package of government measures as far as financial relief is concerned, and unemployment, and are Canadians who are suffering from inflation on their own as far as the government is concerned?

Mr. Chrétien: Mr. Speaker, yesterday we discussed with the ministers of finance the short-term and medium-term policies for Canada.

Mr. Stevens: How about the immediate?

Mr. Chrétien: Yes, we discussed the immediate. I was very pleased to see that the minister of finance for the province of Ontario, Mr. McKeough, was in complete agreement with our policy.

VALIDITY OF GOVERNMENT'S ECONOMIC FORECAST

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is also for the Minister of Finance. Last October the minister was quite definite in his forecast of a 6 per cent rate of inflation for 1978. He revised that in the House today to somewhere approaching 8 per cent.

Hon. Jean Chrétien (Minister of Finance): Six to seven is not eight.

Mr. McGrath: I can further support my argument by telling the minister that inflation is now running at an annual rate of 9.5 per cent, according to the last CPI or, based on the last three months, at a quarterly rate of 11.5 per cent. Therefore, an 8 per cent rate of inflation is logical to accept. Is the government now going to change its economic forecast in order to preserve what little credibility it has left?

[*Translation*]

Mr. Chrétien: Mr. Speaker, we have made an economic statement on October 20 last and we have forecast that the economic growth would be in the vicinity of 5 per cent with an inflation rate of 6 per cent at the end of the year. We will not change our projections. My advisers, as well as most economic commentators, agree that 1978 will be better than 1977 and that only Japan could have a better economic performance than Canada.

• (1117)

[*English*]

Mr. McGrath: As we approach the end of the government's ineffective anti-inflation policy there is a special need for Canadians to be able to place confidence in economic forecasting. Would the government consider asking Statistics Canada

to postpone its anticipated change in the base for calculating statistics from 1971 to 1974, so that there will be no statistical hanky-panky or shell game going on at the time an election is called.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am not in charge of Statistics Canada. I know it has always behaved as a very responsible agency and that it is not submitted to government directives in its professional activities. So, if it plans to change anything, I was not made aware of it. But I have confidence in Statistics Canada because it has always been honest with the Canadian public.

[*English*]

Mr. McGrath: Would the minister recommend to his colleague, the Minister of Industry, Trade and Commerce, and to Statistics Canada that they devise a new method of measuring inflation, something akin to a poor persons' index, so we might have an opportunity during the post-control period to measure the full impact of inflation on the more than one million Canadians who are unemployed, on the working poor and on those living on fixed incomes?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have confidence in the professional integrity of Statistics Canada and I am surprised that the hon. member now asks the government to interfere with an agency which has such a good reputation.

* * *

[*English*]

LABOUR CONDITIONS

MACMILLAN BLOEDEL, B.C.—PROPOSED SHUTDOWN OF MILL—GOVERNMENT POSITION

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. With his well known concern for the plight of the unemployed, would he tell the House what his response was today to the announcement by MacMillan Bloedel, the largest forestry company in British Columbia, that it intends to shut down the Vancouver plywood mill, with a loss of 700 to 1,000 jobs on the lower mainland? What steps has he or the government taken to intercede with the company? Can he now report to the House whether the shutdown will, in fact, take place?

Hon. Bud Cullen (Minister of Employment and Immigration): Immediately I received the information from the corporation, officials of my department were on the site explaining the facilities which were available. The union and management have met with provincial government representatives, and the company has agreed to a stay of 30 days before a final decision is made. I believe something like six months' notice is required.

As I understand it, in the final analysis the company will be placing about 250 of the 700 workers affected in the White Pine mill and the mill at New Westminster. An additional shift will be put on to make this possible. The company believes that it can place within the corporation about another 150. If these numbers hold, given the six months time frame I think hon. members will see we can handle this problem very effectively.

Mr. Leggatt: Might I point out that this company has received from the government, in corporate tax concessions over the past eight years, in excess of $11 million. That money was provided for retooling and measures to make the company's operations efficient. The reason given by the company for the shutdown is that the mill is too old and cannot compete. In discussing this matter with company officials, has the minister brought to their attention the value of the grants, concessions and gifts they have received from the government without them being tied to jobs? Is it the minister's position that in future such grants, concessions and research money will be tied to the provision of continuous employment?

Mr. Cullen: The hon. member knows as well as I do the conditions which have existed in that industry. He knows the softness of the market in the United States and the difficulties the industry has had to face. I think it is appropriate for a government to make such grants in order to keep the majority of the work force in a particular company employed.

● (1122)

The fact that they are able to move into a third shift at the White Pine and New Westminster plants is an indication that they are not shutting down but are, in fact, expanding. If that is one of the reasons given—and it has not been given to me personally—we will, of course, remind them of these particular grants and ask them to what extent they have made any effort to make that particular plant operational and to keep it up to grade.

Mr. Leggatt: Mr. Speaker, the minister did not answer the question as to whether government policy is that these research moneys and grants should be tied to continuing employment. I point out to the minister that since the last budget of this government this company alone has received an additional $1.5 million in special tax concessions because of the inventory provisions in the last budget. Next year it will receive $2 million for that specific item alone. Is it the minister's and the government's position that we should continue to give out this corporate welfare for which the workers at those plants are paying, without tying it to some guarantee that there will be continuing employment for the workers?

Mr. Cullen: Mr. Speaker, if we were not making these arrangements with corporations, the workers at those particular plants would probably be laid off in larger number. We are endeavouring to maintain employment at as high a level as we can. Where there is overproduction, we have to use the facilities we have in the Department of Employment and Immigration to see that workers are placed in other jobs where they can use their talents and skills.

MACMILLAN BLOEDEL, B.C.—GOVERNMENT ACTION TO AVOID LAY-OFFS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, I have a supplementary question for the Minister of Employment and Immigration. With respect to the 30 days to which the minister referred a moment ago, has the minister heard directly from union leaders in the area, especially Mr. Jack Monroe, to the effect that it may be possible to conduct a study of the mill in question but that it could not possibly be done within 30 days, and that over several months such a study might give rise to suggestions for modification and rationalization of the plant, which would enable the bulk of the workers to continue their employment?

The union desperately needs more time before the closedown, in order to carry out this study. Does the minister know about this? Has he been in direct contact with the management of MacMillan Bloedel and asked them to seriously consider an extensive delay of the closedown so that such a study could be carried out?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, in answer to one part of the question, Mr. Jack Monroe has not contacted me personally, nor do I think he has been in touch with our department to make that particular representation. I do feel, however, that there is a particular role for the union to play and we do not wish to usurp the responsibility of union leaders. The 30-day delay time is a time limit within which MacMillan Bloedel and the government will try to determine if it is possible to keep this operation going. But the notice is six months. The lay-offs will not take place until that length of time has passed. That will give the company and the union an opportunity to see if, in fact, these on-site jobs can be saved, rather than transferring workers to other regions.

Mr. Fraser: I thank the minister for that answer. Has the minister been in direct contact with the management of MacMillan Bloedel and, if not, would he be prepared to contact Jack Monroe of the IWA to discuss this matter with him and bring to the attention of MacMillan Bloedel the fact that the union believes there must be a further extension of time in order to resolve this problem?

Mr. Cullen: Mr. Speaker, Mr. Monroe's talents and abilities as a union leader have received high commendation. I am sure he is aware of the situation and feels that as leader of this particular union he can take that message directly to the company. It is a matter of mutual interest. I do not think Mr. Monroe needs my intervention, but if he does in this case I would be happy to meet with him and with management if that would help maintain jobs.

[Mr. Cullen.]

• (1127)

[*Translation*]

MANPOWER

CANADA WORKS PROGRAM—SPEEDING UP IMPLEMENTATION OF PHASE THREE

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is also directed to the Minister of Employment and Immigration.

As jobs are particularly hard to find at this time of the year, which makes life exceptionally difficult for the unemployed in search of work and who are denied insurance benefits because they do not seek employment—it is somehow like a mother sending her child to pick strawberries in the month of October: there is no way he will find any—can the minister tell the House whether phase three of the Canada Works program can be launched a few weeks earlier to allow the creation of a larger number of jobs and so give workers the possibility of really earning their living through work?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, we have indicated that possibility to our staff when people are looking for a job. We have therefore decided to do so; I got in touch with every hon. member advising him of our intentions with regard to phase three of the Canada Works Program.

Mr. Lambert (Bellechasse): Mr. Speaker, I should like to put a supplementary.

As recently as this morning, it was reported on the air waves of a radio station that phase three of the Canada Works program would be delayed. I should like to ask the minister whether the program as announced, will be implemented and whether it will start at the time indicated by him. In addition, can the minister tell the House whether a decision has been made with regard to the amount of money to be spent on phase three and, if so, can he inform the House of it immediately?

Mr. Cullen: Mr. Speaker, I apologize, but I shall have to make my remarks in English because technical terms are involved.

[*English*]

We have decided that within the Canada Works program we will build an economic growth component of about 30 per cent to create more permanent and long-term jobs. This has come about as a result of representations from both sides of the House and from the business community. In addition to that, the President of the Treasury Board has announced the $150 million labour-intensive program, and just yesterday we passed the employment tax credit bill. There is approximately $700 million in place now for the direct job-creation aspect of the program, to say nothing of the approximately $1 billion for training programs which are in place. All these measures are directed toward assisting the unemployed in the hope of getting them back into the work force.

FINANCE

NORTHERN PIPELINE—INQUIRY AS TO FUNDING

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Prime Minister in respect of construction of the pipeline. It seems to me many of the promises this government put before the Canadian people are now being put into question. Is it the government's position, based on construction of a $10 billion pipeline, that no public money will be involved?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker.

Mr. Alexander: Mr. Speaker, is the Prime Minister aware of the fact that the United States general accounting office now indicates that the cost of this pipeline could be in the neighbourhood of $25 billion to $30 billion? Is it the government's position that notwithstanding what it costs, the government is not involving public funds in constructing the pipeline?

Mr. Trudeau: That is what I said, Mr. Speaker.

* * *

UNEMPLOYMENT INSURANCE

EFFECT OF GOVERNMENT ADVERTISING ON PREVENTING FRAUD

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the minister responsible for the Unemployment Insurance Commission. As the minister has stated, we must do everything we can to deter and prevent fraud and cheating in respect of the UIC program. Is the minister relying entirely on his $1 million advertising compaign to stop abuses of the program, and does he believe advertising will stop criminals from embezzling UIC funds?

Hon. Bud Cullen (Minister of Employment and Immigration): No, Mr. Speaker, I do not think advertising will stop criminals from doing anything. What we are trying to prevent is the idea on the part of individuals that it is a lark to cheat their fellow workers, and who in fact become criminals or acquire criminal records. The Auditor General indicated that we have to tighten up on administration, and we are in fact doing that. Any study of the statistics will indicate just how effective we have been in that area. It seems to us—and this is in keeping with what the Canadian Law Reform Commission indicated—we have an obligation to advertise and get the message across to those who pay the premiums that certain benefits are derived from the unemployment insurance program, but there are also certain obligations. The fact that we are moving in a more effective way and in a better administrative fashion is a reason, I think, for putting people on notice that to steal is to be a criminal, and this is what we want to prevent. It is not a lark to steal from your fellow workers.

Mr. McKenzie: Mr. Speaker, the advertising campaign would indicate the government has failed in its responsibility to see that no one cheats under the scheme. Will the minister consider appointing a special investigation division, perhaps better known as a fraud squad, which the minister's officials and federal security officials say is badly needed because the UIC is extremely vulnerable to individual and organized fraud?

● (1132)

Mr. Cullen: Mr. Speaker, a very careful examination of our record on the administrative side will indicate that the conclusions reached by the hon. member are incorrect. We have a most effective administrative authority in place, checking on this particular aspect. Because it is becoming effective, and because of the number of investigations under way and the number of prosecutions which have come about, it seemed appropriate to get the message across to people who are paying premiums so that they will not get caught in that particular net.

Mr. McKenzie: Mr. Speaker, as security advisers to the Prime Minister and RCMP officials have stated that only a small portion of internal and external UIC fraud is being uncovered, do they believe advertising is now the answer?

Mr. Cullen: Mr. Speaker, I am satisfied they believe advertising is one of the answers. We had an overpayment of approximately $65 million. We were effective in getting back $60 million of that $65 million as a result of the enforcement and administrative procedures which we have in place. It is more important to prevent that kind of operation so that it does not cost the premium fund money to go after those who are cheating under the program. It is a very small percentage when one talks about $3 billion to $4 billion of payout and $65 million to $95 million of overpayment. We can save a lot of money if we can prevent cheating rather than having to collect afterwards.

ALTERNATIVES TO ADVERTISING PROGRAM

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a supplementary question for the Minister of Employment and Immigration regarding the advertising program. Something less than .3 per cent of the Canadian people are being aimed at by this advertising campaign. Why would the government want to waste $1 million by advertising to all Canadians when it would be a much less costly scheme to put inserts with cheques or have endorsements on the back of cheques? After all, the only people who can cheat are those receiving benefits.

Mr. McGrath: The old pork barrel is right there, Bud.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it is obvious the opposition feels we are in an election year, because they are trotting out all the old phrases.

Some hon. Members: Hear, hear!

Mr. Paproski: Does the minister know what he is doing?

Mr. Cullen: Very definitely. There were 6,200 cases last year, involving approximately $60 million, so we are not only talking about a small percentage.

Mr. Stevens: Sixty million?

Mr. Cullen: The small percentage might be applicable to this year. If we can prevent that kind of thing, it is a good investment for the premium account.

Mr. Clarke: Mr. Speaker, is the minister willing to name the advertising agency which will collect the $200,000 fee for placing these advertisements?

Mr. Cullen: Yes, Mr. Speaker. I cannot give the hon. member the information off the top of my head, but I will send him a letter. It is public information.

* * *

[*Translation*]

OFFICIAL LANGUAGES

REPORTED REFUSAL OF ONTARIO TO GIVE OFFICIAL STATUS TO FRENCH LANGUAGE

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is directed to the Secretary of State.

Since the Ontario premier in his letter to Mrs. Gisèle Richer, the general president of the Association canadienne française de l'Ontario, stated and I quote:

The Ontario government does not intend at the present time to take any step to make French an official language of the province.

Does the Secretary of State intend to meet his counterpart, the Ontario Minister of Education, to inquire in what circumstances and on what conditions his government would legislate on this official statute so often demanded or if on the contrary, we will have to resign ourselves for another 100 years to a dribs-like policy—

[*English*]

Mr. Alexander: Order. Does the hon. member have a question?

[*Translation*]

Mr. Corbin: —which seems to be that of Ontario I would say to the members opposite—

Mr. Speaker: Order.

[*English*]

Mr. Alexander: Ask a question; don't make a speech.

[*Translation*]

Hon. John Roberts (Secretary of State): Yes, Mr. Speaker, I have already expressed my deep regret following the refusal of the Ontario premier to accept that idea. I was quite disappointed. Such a request was made by the federal government in "A National Choice" and in letters sent by the Prime Minister to the premiers. We want them to accept at the provincial level the same policies on bilingualism as the federal government. From time to time I see the education minister and the Council of Ministers of Education. I will be taking this opportunity to speak to my counterpart, Mr. Wells from Ontario.

* * *

[*English*]

ELECTIONS

INQUIRY WHEN NEXT GENERAL ELECTION WILL BE HELD

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Prime Minister. It arises out of a statement made a moment ago by the minister of unemployment—I mean, the Minister of Employment and Immigration. I was giving him the proper grading.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: In that statement he said this House had the appearance of being in an election year. I ask the Prime Minister which of the three suggestions he made during his recent rather unsuccessful tour of western Ontario, when he dealt with the question of the time the election would take place, is correct? In one case the Prime Minister is reported to have said that it might be in June. In another case he is reported to have said that it could be in the fall of this year. In another case he indicated that it might be next year, and in another case he indicated that it might even be the year following, because much would depend on the question of Mr. Lévesque and his endeavour to find out the situation with respect to separatism.

In the last couple of days two ministers are reported as saying that it would be in June. Is the Prime Minister in a position now to clear up this matter? After all, the ambiguity of his own prophecies leads me to ask this question which I know he is very ready to answer.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it seems to me the right hon. member is more concerned with his province and his riding than with the province of Quebec. If he is in some difficulty in his area, I will ask the Minister of Transport to give him a hand.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Mr. Speaker, that, of course, is typical of the kind of smart alec answers which the Prime Minister gives. I ask him for an answer. As far as Prince Albert is concerned, I wish he would come out there, because if he did my majority would be even greater.

Mr. Speaker: Order, please. I have to consider whether the question is a serious attempt to elicit information from the Prime Minister. In any event, I think it will not be very successful. I am prepared to hear one more question but I think the matter should not be pursued further.

Mr. Diefenbaker: Mr. Speaker, when I ask a question I am looking for information. Apparently it has caused the Prime Minister consternation. In his travels through western Ontario he went all around the calendar, whereas two ministers have predicted the month of June. Is that right, or wrong? Does he not let them in on his secrets?

Mr. Speaker: Order, please.

* * *

HOUSING

RRAP—CHANGES IN REGULATIONS UNDER PROGRAM

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I wish to direct my question to the Minister of State for Urban Affairs. I have notified him of my intention to ask a question on this subject. It is my information that the residential rehabilitation assistance program and the accompanying regulations have been changed for 1978 so that repairs to basements and house sidings will no longer be included. Is this true? If so, does the minister think this is a good way to help low-income people who are trying to repair old houses?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, my answer is that this issue is under study. Concerning the precise points mentioned by the hon. member, I cannot guarantee that they would not be applicable in the future. I think what we have to do is to make sure that the money involved in this program is used in the best possible way to be useful to those people with low income, which means that this point should remain included.

[*English*]

Mr. Hogan: Mr. Speaker, I am surprised the minister does not know, because program co-ordinators in some towns have already been given the regulations for 1978. The minister and I have had correspondence about my area which consist largely, in the mining area, of old mining stock that was built by the private coal companies in the past. The minister has been there. I have made a suggestion to him, to Devco and to his predecessor over the last 3½ years that, given the condition of housing there, the RRAP program is going to be a bad investment in the long run.

● (1142)

I should like to ask the minister today, in all seriousness, if he is prepared to accept my ten-year suggestion of special help for mining areas of Cape Breton, where a great deal of housing stock is 80 years old and was built without foundations, and so on? It would save the government of this country, and Nova Scotia, a lot of money in the future if it were done now.

Mr. Ouellet: The answer is yes, Mr. Speaker. In fact, we are trying to help this area of Canada through a different program than the one mentioned by the hon. member; that is, the emergency repair program which is more applicable to those parts of the country. We have tripled our allocation for that program and we have just given a special grant of $100,000 to the Citizen Services League of Glace Bay. This will be increased as the activities of the citizen group are carried out through the year.

* * *

ADMINISTRATION OF JUSTICE

BILL C-21—EXCHANGE OF PRISONERS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to put a question to the Minister of Justice. It arises out of Bill C-21. First of all, I should like to congratulate the government for bringing in this bill which refers to the exchange of prisoners. Upon studying it, however, I find there is a big gap in its provisions. Are people in dungeons in Mexico, and that is what one can call them, who have not been charged—some have been there for months and their parents are being blackmailed and have to send money from Canada—to be forgotten and left out of the bill, because in the definitions that would seem to be the case?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I know the hon. member has taken an interest in this issue, as has my colleague, the Secretary of State for External Affairs. I would have to review the precise wording of the bill—and the committee will undoubtedly do that—to see to what extent a solution can be found.

Mr. Woolliams: A supplementary question, Mr. Speaker. We must remember that in Mexico one is guilty until he proves himself innocent. That is the reason they do not lay charges. I would ask the minister to discuss this matter with the Secretary of State for External Affairs before the bill goes to committee. Debate on the bill could be very short indeed. If we are to forget people who have been in jail for months in Mexico without being charged and leave them to fend for themselves, this bill will not do the job I had hoped it would.

* * *

[*Translation*]

FISHERIES

CONSTRUCTION OF HARBOUR AT GROSSE-ÎLE—GOVERNMENT POSITION

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, my qestion is for the Minister of Fisheries and the Environment, but since he is absent I will address it to the right hon. Prime Minister.

In view of the fears expressed by the municipal authorities of Grosse-Île, Magdalen Island, and by the fishermen themselves about the possible effects on the lobster beds of the harbour facilities the province of Quebec plans to establish on this site, with the possible financial help of the federal government, could the right hon. Prime Minister tell this House whether the federal government has taken or intends to take

some steps to protect the interest of these fishermen and to be sure that their views will be taken into account? If not, can he get some information about this?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I can assure the hon. member that the views of the fishermen of the Magdalen Islands will be taken into account and their best spokesman is certainly the hon. member himself. I can also assure him that all the instances he will present on this issue will be very carefully considered by the government and that we will do everything under our constitutional power to protect these fishermen against any negative effects these works may have on their activities.

* * *

[*English*]

FINANCE

ONTARIO—DAMAGE CAUSED BY STORM—REQUEST FOR FINANCIAL ASSISTANCE

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is for the Prime Minister. I am sure he is very much aware that Ontario has suffered extraordinary weather conditions this winter. Yesterday, much of Ontario suffered from the worst storm in 20 years, a storm which caused several deaths and millions of dollars of property damage, much of which will not be covered by insurance. The storm disrupted the lives of millions of Ontarians.

In view of the extraordinary circumstances caused by the storm, is the Prime Minister prepared to extend to the affected businesses, municipalities and individuals extraordinary financial assistance on behalf of the Government of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, there is a well establish policy of assistance to provinces in defined circumstances. When, through natural causes such as this, they incur great distress the government is always anxious to come to their assistance. The first rule is for the province affected to apply to the federal government for assistance, and we then study the problem. As the hon. member knows, in a large number of cases the federal government has assisted the provinces in circumstances such as those described by the hon. member.

Mr. Beatty: A supplementary question, Mr. Speaker. As the Prime Minister is probably aware, President Carter of the United States has designated some states as disaster areas. Can the Prime Minister give this House some assurance that if Ontario makes a request to the federal government for extraordinary financial assistance, it will be given?

Mr. Trudeau: Yes, of course, Mr. Speaker, under the regulations made by the Department of Finance, if Ontario establishes the distress as being of such a nature that it cannot assist the area from its own economic means. I would remind the hon. member that just a few years ago in northern Ontario — I believe, in the Sudbury area — a natural disaster occurred which called for the assistance of the federal government, and we were very forthcoming.

* * *

[*Translation*]

SOCIAL SECURITY

POSSIBLE REDUCTION OF FAMILY ALLOWANCES—GOVERNMENT POSITION

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of National Health and Welfare, and is related to some statements made a few days ago by the right hon. Prime Minister in southwestern Ontario. The Prime Minister has indicated over the last weekend that during the next parliament we might see some amendments regarding the universal scheme for family allowance payments. I would therefore ask if the Minister is now in agreement with the Prime Minister's statement that perhaps, in the future, some of the recipients might be faced with a reduction of family allowances?

Hon. Monique Bégin (Minister of National Health and Welfare): We do not cut those programs on this side of the House, Mr. Speaker. The Prime Minister is assuring me that he never mentioned that.

ESTABLISHMENT OF MEANS TEST FOR RECIPIENTS OF BENEFITS—GOVERNMENT POSITION

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to address a supplementary question to the Prime Minister.

I would like to know if, following his statement a few days ago, he has announced that the government may adopt a policy that would reinstate the means test for family allowances, or if it has found a formula that would abolish the universal allowances without reinstating, in the future, tests for those who are presently receiving family allowance payments.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have already said, in reply to a question, that the government has no project under study to change the family allowance system. I referred to a bill presented in the early 1970s to change the family allowance system. I reminded my audience that this bill was defeated principally because of a vote by a Progressive Conservative member, but that, for the moment, we had no intention of coming back on this matter.

* * *

[*English*]

SMALL BUSINESS

PROGRAM TO ASSIST—REQUEST FOR PROGRESS REPORT—PERMITS FOR TEXTILE IMPORTS

Mr. Ron Huntington (Capilano): Mr. Speaker, I should like to direct my question to the Minister of State (Small Busi-

ness). In announcing his program of assistance to small business, on several occasions he has mentioned a reduction in paper work, that is, a reduction in the regulatory process that has been imposed upon this important sector of our community.

Could he bring the House up to date on the progress made with the Minister of Industry, Trade and Commerce concerning the breakdown in the issuance of permits for quotas for textile imports? As I understand it, an audit is going on with respect to each quota, and the auditors are either away sick or away giving lectures. The mechanism is at a standstill, which is causing great anxiety to the importers and retailers involved in this aspect of our commercial life.

● (1152)

Hon. A. C. Abbott (Minister of State (Small Business)): Mr. Speaker, I will initiate inquiries on this specific matter. I am surprised to hear the situation has reached the grievous proportions which the hon. member cites. On the broader question, I am hopeful, optimistic and determined that in a very short time I will be coming forward with measures that will help combat this disease of paper burden and the type of problems occasioned by the bureaucracy at all levels of government. I know the hon. member will want to support us in that endeavour.

Mr. Huntington: Mr. Speaker, I certainly commend the statement of the minister for small business, but it seems the government is saying one thing and doing another. The other example I would like to bring to his attention—

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

Mr. Huntington: I ask the minister if he would also make representations to the Minister of Industry, Trade and Commerce concerning the plight of the retail shoe industry and the confusion which exists in that area. I know at least three or four retailers who are facing bankruptcy. Is he making representations—

Mr. Speaker: Order, please. The hon. member for Saskatoon-Biggar.

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GOVERNMENT ADMINISTRATION

ROLE OF RECENTLY APPOINTED MINISTER WITHOUT PORTFOLIO

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I direct my question to the Minister without Portfolio, from Langelier. I congratulate him on leaping over many of his colleagues and getting into the cabinet. Some have been waiting long and patiently. I would like to ask him a question now he is a member of this cabinet which is approaching batallion size. What role has he been given by the Prime Minister? What special function is this minister going to perform in this very large cabinet?

[*Translation*]

Hon. J.-Gilles Lamontagne (Minister Without Portfolio): Mr. Speaker, I am glad to answer my hon. colleague that I think my role is the same as that of the hon. member of the opposition, that is, first, to help my colleagues to fulfil their mandate, second, to try to find solutions that might make the people of the Quebec City area happier and third, by using all the means and powers that have been given to me as a minister, to try to find solutions which will help keep Canada united.

[*English*]

Mr. Hnatyshyn: I ask the minister, do his responsibilities involve ribbon cutting and the acceptance of applications for government jobs in the Quebec area?

Mr. Paproski: Opening gas stations and grocery stores.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

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INDIAN AFFAIRS

FISHERIES—MERCURY POLLUTION IN NORTHWESTERN ONTARIO

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, in the absence of the minister of Indian affairs, I would like to direct my question to the minister of health and welfare. It concerns the mercury pollution problem in northwestern Ontario. The report which Dr. Pritchard made to the minister's department is the most conclusive evidence to date that Minamata disease has been confirmed in North America. A victim of this disease who came from the Grassy Narrows reserve was diagnosed and it showed a probability scale of zero to three, at level two. Will the minister recommend that the cabinet ban sports fishing in the English-Wabigoon River system, and begin remedial action on behalf of the natives in the area?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I am not yet in a position to confirm the need for any such action.

Mr. Symes: Mr. Speaker, I am shocked at the minister's lack of action, since this report has been with her officials for a number of months. In view of the requests of the former minister of Indian affairs that the Ontario government ban sports fishing in the English-Wabigoon river system, in view of Ontario's failure to do so, and in view of the legal opinion of the fisheries department that if the federal government felt that Ontario was dragging its feet, it could "arbitrarily, unilaterally . . . enact regulations, without consulting Ontario, that would close the English-Wabigoon", I would ask the minister, if she agrees with this report when she has read it, to recom-

mend that the federal government take unilateral action to close this river system.

Miss Bégin: I am ready, Mr. Speaker, to consider the possibility and the results of taking unilateral action. Authority to close a river or lake for sports fishing has been delegated to the province of Ontario, which has systematically refused since 1971 to take any such action.

* * *

FINANCE

GRANTS IN LIEU OF TAXES TO MUNICIPALITIES—GOVERNMENT POSITION

Mr. Walter Baker (Grenville-Carleton): My question, Mr. Speaker, is directed to the Minister of State for Urban Affairs. It concerns the discussions which the hon. gentleman and his colleague, the Minister of Finance, have had with Ottawa-Carleton regional and local municipal officials involving grants in lieu of taxes, as it affects the national capital area. Of course, it affects other areas of Canada as well. As a result of that meeting, certain legislation was promised which would be ready for June.

Based on that promise, could the minister let me know, in the absence of his colleague, the Minister of Finance, whether the legislation is in the course of preparation and whether it can be introduced at a reasonably early date, so that it can be discussed by the municipal officials involved, prior to the matter being first raised here in the House of Commons.

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, my colleague, the Minister of Finance, will be dealing with this question in the very near future.

Mr. Baker (Grenville-Carleton): Mr. Speaker, do I gather from the minister that it is, in fact, the intention of the government to introduce this legislation? Could he inform the House whether that legislation will be introduced today, or tell us when it will be introduced? Have there been discussions with any other municipalities in Canada, or any association representing those municipalities, because this question of the federal government paying its share to municipalities is quite important?

Mr. Ouellet: Mr. Speaker, the announcement made by the Minister of Finance will be followed through in the very near future. I would prefer to have him deal with this question when he is in the House.

* * *

AGRICULTURE

FOOD POLICY CONFERENCE—PROPOSALS OF GOVERNMENT

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a question to the Minister of Agriculture. With the help—and he really did not need much help—of the Minister of Industry, Trade and Commerce and the Minister of Consumer and Corporate Affairs, the food policy conference slated for late February has become a joke in the agricultural communities of Canada. My specific question is this: At the food policy conference, will the government be announcing specific proposals, or will we continue to have just vague, contradictory statements such as we have heard mentioned at the various meetings held across the country?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I do not think many people would agree with the hon. member when he suggests the food strategy meetings we have been having, and the food strategy conference that is to take place in late February, are a joke. Some 60 different groups in Canada have already submitted briefs and have indicated how many people will be attending. The provinces sent their ministers, and it has been one of the most successful ministers' meetings we have held in many years, as far as I am concerned.

* * *

CONSUMER AFFAIRS

STATEMENT OF MINISTER WITH REGARD TO TARIFFS AND IMPORTS

Mr. Jack Murta (Lisgar): Mr. Speaker, that is certainly not the opinion of the provincial ministers who attended the meeting at Winnipeg, and a good many people were involved.

My supplementary question is directed to the Minister of Consumer and Corporate Affairs. I ask if he was serious in a statement which he made in Winnipeg, that he would be in favour of reducing import quotas, reducing tariffs on imports when prices rise, and that he would also favour placing controls on exports of agricultural products when domestic supplies are tight? Is this the kind of fuzzy thinking that we are going to have at this so-called food policy conference in February?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I would like to remind the hon. member that food policy is something that embraces much more than agriculture. It includes fisheries, warehousing, processing, retailing and a number of other departments and interests. That is the reason many of the people in attendance were in addition to those connected with agriculture. On that particular point, we put to the provincial ministers some proposals for consideration, not that we had adopted them but as proposals for discussion and for feedback; and that was one of them.

● (1202)

RAILWAYS

FUNDS FOR URBAN TRANSPORTATION ASSISTANCE PROGRAM

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, I had hoped to direct my question to the Minister of Transport. In his absence, I will direct it to the acting minister. With the incorporation of the Railway Relocation and Crossing Act program into the new urban transportation assistance program, can the minister explain what method is being considered for transferring funds from the former program, which was set up under a specific act of parliament, to the new plan?

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I take good note of the question.

[*English*]

Mr. Johnston: While the parliamentary secretary is considering that matter, will he also tell us whether the minister can assure the House that projects negotiated under the old Railway Relocation and Crossing Act will retain priority and will proceed under the same terms as if the program had not been incorporated in the urban transportation and assistance program.

[*Translation*]

Mr. Lapointe: Mr. Speaker, we will be happy to give the hon. member a complete answer as soon as possible.

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POINT OF ORDER

MR. CORBIN—INTERRUPTIONS BY HON. MEMBERS

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, I rise on a point of order. It will not take more than a minute and I did not want to rise on a point of order during the oral question period because I know the standing orders too well. I would like to point out that as the member for Madawaska-Victoria, I am also allowed, I would even say that I am obliged to deal with all questions of national importance, and I will not tolerate being shouted down as I was today by members opposite who vainly tried to shut me up by raising spurious points of order. As a French Canadian, I have an obligation to work for all French Canadians, no matter where they live in this country. My family lives in Ontario with—

[*English*]

Mr. Speaker: As the hon. member and other hon. members will understand, it is for the Chair to decide whether a member is being unduly interfered with in the putting of a question. In my opinion the interference that was met by the hon. member today was certainly no greater than that which occurs on a great number of occasions when questions are being put in the House. The hon. member was able to put his question and get his answer like any other member. I do not think he has any cause for grievance.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 179, 187, 190, 270, 345, 405, 412, 508, 509, 548, 679, 689, 728, 824, 825, 827, 832, 907, 908, 994, 996, 999, 1,000, 1,001, 1,002 and 1,003.

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

[*Text*]

BUREAU OF MANAGEMENT CONSULTING—NUMBER OF PERSONS UNDER CONTRACT

Question No. 179—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Bureau of Management Consulting and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. As of October 20, 1977, 18. None of these were retired public servants.

2. This information was provided in the answer to question No. 1,596 tabled October 17, 1977 since the Bureau of Management Consulting is part of the Department of Supply and Services.

CANADIAN COUNCIL ON RURAL DEVELOPMENT

Question No. 187—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Council on Rural Development and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Canadian Council on Rural Development is as follows: 1. Total number on contract: 2—no retired public servants.

2. (a) 1975-76, $35,500; (b) 1976-77, $14,000. None to retired public servants.

Order Paper Questions

CANADIAN GOVERNMENT EXPOSITIONS CENTRE—NUMBER OF PERSONS UNDER CONTRACT

Question No. 190—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Government Expositions Centre and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Jean-Pierre Goyer (Minister of Supply and Services):

1. Nil.

2. (a) 1975, $7,325; (b) 1976, $23,529. Nil to retired public servants.

BUREAU OF MANAGEMENT CONSULTING—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 270—**Mr. McKenzie:**

1. Has the Bureau of Management Consulting obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Bureau of Management Consulting in (i) 1975 (ii) 1976?

Hon. Jean-Pierre Goyer (Minister of Supply and Services):

1. (a) (i) (ii) (iii) (iv) (vi) (vii) (viii) (ix) (x) Nil. (v) 109. (b) Not applicable.

2. Main estimates.

3. This information was provided in answer to question No. 1,526 tabled August 5, 1977, since the Bureau of Management Consulting is part of the Department of Supply and Services.

GOVERNMENT DEPARTMENTS IN BARRIE, ONTARIO

Question No. 345—**Mr. Rynard:**

Are there any departments situated in the City of Barrie, Ontario and, if so (a) which ones (b) in what locations (c) what is the total square feet of office space occupied by each (d) what is the rent per square foot for office space?

Hon. Judd Buchanan (Minister of Public Works):

(a) Departments	(b) Location	(c) Square frontage occupied	(d) Rental rate per square foot
Employment & Immigration	48 Owen Street	12,887	N/A—Crown Owned
Public Words	48 Owen Street	750	N/A—Crown Owned
Canada Employment & Immigration Commission	48 Owen Street	22,365	N/A—Crown Owned
Emergency Planning	44 Collier Street	3,529	N/A—Crown Owned
Customs & Excise	44 Collier Street	2,326	N/A—Crown Owned
Post Office	44 Collier Street	16,749	N/A—Crown Owned
Sect. of State	44 Collier Street	609	N/A—Crown Owned
Veteran's Affairs	44 Collier Street	466	N/A—Crown Owned
Agriculture	320 Bayfield Street (Bayfield Mall)	2,454	$6.50 (Leased)
Employment and Immigration	70 Collier Street	3,010	$7.00 (Leased)
Customs & Excise	70 Collier Street	2,720	$7.00 (Leased)
Canada Pension Plan	70 Collier Street	2,001	$8.00 (Leased)
Post Office	11 Collier Street	775	$5.81 (Leased)
Nat. Parole Board	89 Dunlop St. E.	410	$5.50 (Leased)

[Mr. Wood.]

OFFICE OF THE CUSTODIAN OF ENEMY PROPERTY—NUMBER OF PERSONS UNDER CONTRACT

Question No. 405—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Office of the Custodian of Enemy Property and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Jean-Pierre Goyer (Minister of Supply and Services):

1. Nil.

2. (a) Nil. (b) $6,765. This total amount was paid to retired public servants.

NEW BRUNSWICK MULTIPLEX CORPORATION

Question No. 412—**Mr. McKenzie:**

1. What is the total number of persons under contract to the New Brunswick Multiplex Corporation and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. Nil. Activities of New Brunswick Multiplex Corporation Limited as an incorporated body ceased on September 1, 1976 when its functions were taken over by the New Brunswick government.

2. (a) $369,246 (1975-76); (b) $124,674 (1976-77). All employees of the corporation were hired on contract; however, it is not possible to determine which of these were retired public servants.

DREE—APPLICATIONS FOR GRANTS—NEW BRUNSWICK

Question No. 508—**Mr. Howie:**

1. From November 1, 1976 to November 1, 1977, how many applications for DREE grants were received from New Brunswick and how many (a) were approved (b) were rejected (c) were withdrawn (d) are under consideration?

2. How many have been under consideration for more than three months?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. From November 1, 1976 to November 1, 1977, a total of 88 applications for DREE incentives under the Regional Development Incentives Act were received for projects in New Brunswick. Of this number, (a) 29 applications have resulted in incentives offers, of which 18 have been accepted by the companies concerned; (b) 6 were rejected; (c) 39 were withdrawn; (d) 14 are under consideration.

2. As of November 1, 1977, two of the applications had been under consideration for more than three months.

INDUSTRIAL PARK, NACKAWIC, N.B.—LOCATION OF INDUSTRIES

Question No. 509—**Mr. Howie:**

Since January 1, 1977, has DREE made any effort to find or assist in the finding of industries willing to locate in the Industrial Park at Nackawic, New Brunswick and, if so, what are they?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: Please see the reply to question 1,063, House of Commons Debates, January 24, 1977, page 2290. One application for assistance was received on June 23, 1977 from an applicant willing to locate in Nackawic Industrial Park. The application was subsequently withdrawn on October 19, 1977.

DREE GRANTS—MANITOBA

Question No. 548—**Mr. Murta:**

1. What was the value of grants awarded to Manitoba companies under all programmes of the Department of Regional Economic Expansion for (a) 1969 (b) 1970 (c) 1971 (d) 1972 (e) 1973 (f) 1974 (g) 1975 (h) 1976?

2. For each of the same years, what were the names of the companies receiving such grants and, in each case, what was the value of the grant?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1 and 2. Under Special ARDA, a number of grants have been offered to Manitoba companies from 1972-77. A list providing names of each project broken down by fiscal year is attached. In the case of development grants made under the Regional Development Incentives Act, this information is provided in the "Monthly Report to Parliament on Regional Development Incentives" which is tabled in accordance with Section 16 of the Act.

Special Arda

Fiscal Year		
1972/73	Lake Manitoba Co-op Fisheries	$ 3,450.00
	South Indian Lake Co-op	$369,432.00
	Arctic Grain Co.	$ 33,500.00
	Crane River Feedlot	$ 44,609.00
	Total	$450,991.00
1973/74	Sasagiu Rapids Lodge	$111,281.00
	Interlake Custom Killing Co.	$ 38,957.00
	Pine Tree Inn Ltd.	$ 25,040.00
	Northern Meat & Sausage Ltd.	$ 52,786.00
	Louis Riel Ind. Co-op	$ 80,950.00
	Tri-Star Const. Co.	$ 16,500.00
	Oak Point Hotel Ltd.	$ 51,570.00
	Moak Lodge Ltd.	$ 62,582.00
	Slumber Motel	$ 42,829.00
	Nor East Enterprises	$ 29,196.00
	Lake Manitoba Narows Lodge	$ 64,568.00
	Ashern Auto Body	$ 40,042.00
	Indian Rice Producers	$ 71,712.00
	Molson Lake Lodge	$ 15,047.00
	Total	$703,060.00
1974/75	Grand Rapids Service Ltd.	$126,563.00
	Co-op Fisheries Ltd.	$135,075.00
	Camper Villa Inn	$ 92,290.00
	Lakeside Boat Works Ltd.	$ 19,300.00
	Forest Grove Trailer Court Ltd.	$121,150.00
	Thunderbird Lodge Ltd.	$138,648.00
	Gunisao Lake Lodge Ltd.	$ 55,700.00
	Total	$688,726.00
1975/76	Cormorant Logging Ltd.	$ 30,125.00
	Easterville Harvesting Co.	$ 27,433.00
	Northwinds Service Station	$ 63,981.00
	Nanuk Enterprises	$ 40,860.00
	O-Pee-Pun-Na-Pwee-Win Ltd.	$ 71,000.00
	R & R Manufacturing Ltd.	$ 43,875.00
	Stoneybrook Fisheries Ltd.	$ 72,750.00
	Irwin Goodon Ind. Ltd.	$ 52,392.00
	Valley Loggers Ltd.	$ 68,346.00
	Win-Roy Ltd.	$ 61,483.00
	Total	$532,245.00
1976/77	Canadian Arctic Co-op Ltd.	$ 37,304.00
	Stadnick Logging Co.	$ 41,700.00
	Channel Area Loggers	$126,875.00
	Ralcor Ltd.	$ 19,425.00
	Arctic Grain Co. Ltd.	$109,723.00
	Monkmans Cab & Garage Co. Ltd.	$ 55,490.00
	B & R Willows Ent. Ltd.	$113,717.00
	St. Theresa Point Lodge	$ 93,500.00
	Garden Hill Motel	$188,000.00
	Mountain Log Builders Ltd.	$ 57,000.00
	Pineview Chapel	$ 32,811.00
	Total	$875,545.00

NATIONAL DEFENCE—CONTRACTS AWARDED FOR CONSTRUCTION, RENOVATION AND MAINTENANCE, CFB GAGETOWN

Question No. 679—**Mr. Howie:**

Since January 1, 1977, were any contracts awarded for the construction, renovation or maintenance of roads, buildings or houses at CFB Gagetown and, if so (a) to whom (b) in what amounts?

Hon. Barney Danson (Minister of National Defence):

Construction and Maintenance Contracts
Awarded Since January 1, 1977 at CFB Gagetown

Defence Construction (1951) Limited Contracts

Contract Award Date	Contract Value	Name of Contractor
March 7, 1977	$105,426	Melanson Brothers Painting Contractors Ltd.
March 15, 1977	56,414	S.R. Shears and Sons Ltd.
March 18, 1977	62,700	S.C.R. Construction Engineering Ltd.
April 7, 1977	25,055	Safety First Fire Protection Ltd.
April 12, 1977	34,390	H.D. MacMackin Ltd.
April 20, 1977	149,665	Brunswick Roofing and Sheet Metal Ltd.
May 4, 1977	269,248	H.D. MacMackin Ltd.
May 13, 1977	145,900	Atlantic Fence Ltd.
June 9, 1977	189,523	Boudreau Sheet Metal Works Ltd.
June 10, 1977	93,750	Parker Brothers (1972) Ltd.
June 17, 1977	91,709	Cocagne Painting Co. Ltd.
July 8, 1977	170,665	Boudreau Sheet Metal Works Ltd.
July 14, 1977	66,515	Melanson Brothers Painting Contractors Ltd.
August 8, 1977	283,900	Arcon Canada Div ABP Service Ltée
August 11, 1977	163,378	Wm P. Dowd & Sons Ltd.
September 1, 1977	23,412	A.N. Clarke & Son Ltd.
September 9, 1977	151,084	Biso's Roofing
September 19, 1977	64,785	Gorman Construction Ltd.
September 21, 1977	29,700	United Contractors (1975) Ltd.
September 30, 1977	77,652	Delta Electric Co. Ltd.

Order Paper Questions

Department of Supply and Services Contracts

Contract Award Date	Contract Value	Name of Contractor
March 21, 1977	$958,800	Jet Janitor Services Ltd.
January 6, 1977	3,300	ATCO (Eastern) Ltd.
January 20, 1977	50,000	AN Clarke & Son Ltd.
February 4, 1977	50,000	Robert A Shears, Esq.
February 4, 1977	50,000	Coates & Haines Ltd.
June 15, 1977	8,500	Pourmatic of Canada Ltd.
February 28, 1977	16,000	Town & Country App. Ser.
February 21, 1977	10,000	Mr. Gordon Richards
March 18, 1977	107,420	Ivan Henry McCoy
March 1, 1977	1,500	Romeo Godbout Esq.
February 28, 1977	2,500	Oromocto Electric Co.
February 15, 1977	4,264	Darmar Services Ltd.
March 1, 1977	8,830	Delta Electric Co. Ltd.
March 4, 1977	1,000	Melanson Septic Tank Service Ltd.
March 7, 1977	8,000	Cummings Construction Ltd.
March 1, 1977	4,000	Bailey Meter Company Ltd.
March 2, 1977	1,584	Rusco Windows of NB Ltd.
March 22, 1977	600	Environment Chemistry Laboratory
March 9, 1977	875	Springhill Institute
March 9, 1977	1,125	Springhill Institute
April 15, 1977	1,935	Ron Moffatt Plumbing & Heating
March 7, 1977	3,000	Dept. of Health Laboratory Svcs. Div.
March 22, 1977	50,000	Oromocto Plumbing & Heating Ltd.
March 28, 1977	1,000	M&H Mechanical Ltd., Plumbing & Heating Contractors
April 1,1977	3,240	Rusco Windows of NB Ltd.
April 1, 1977	1,700	Frank E. Haughn Electric
May 25, 1977	35,000	Oromocto Electric Ltd.
March 29, 1977	9,500	Stephenson Machine & Manufacturing Co.
March 24, 1977	16,000	The NB Telephone Co. Ltd.
May 11, 1977	21,900	W.E. Kelly Ltd.
June 1, 1977	4,000	Ministry of Transport
April 6, 1977	12,000	Controls and Equipment Ltd.
April 6, 1977	12,000	Controls and Equipment Ltd.
April 4, 1977	3,900	Lloyd de Long Esq.
April 26, 1977	5,200	Rise & Shine Construction Ltd.
April 29, 1977	5,892	Sussex Crushed Stone Ltd.
May 5, 1977	18,000	Melanson Septic Tank Service Ltd.
April 26, 1977	1,000	Fischer and Porter (Canada Ltd.)
May 12, 1977	1,000	HD MacMackin Ltd.
June 30, 1977	1,600	Mr. Eugene Milbury
June 2, 1977	5,000	Great Eastern Landscaping Ltd.
May 20, 1977	15,000	Rise & Shine Construction Ltd.
May 25,1977	6,500	ATCO Eastern Ltd.
June 14, 1977	100,000	Oromocto Construction Ltd.
June 2, 1977	6,585	Kent Manufacturing Ltd.
June 2, 1977	3,100	Brunswick Roofing & Sheet Metal Ltd.
June 20, 1977	100,000	M&H Mechanical Ltd., Plumbing & Heating Contractors
June 17, 1977	100,000	Willard C. Boyd and Sons Ltd.
July 6, 1977	2,986	A.R. Shears & Sons Ltd.
June 29, 1977	7,525	Wilkinson Glass and Screen
August 25, 1977	25,000	Fredericton Drywall & Plastering Ltd.
July 22, 1977	4,500	Don Mowat Well Drilling
September 9, 1977	8,000	APU—Crepaco Montreal Ltd.
September 6, 1977	6,680	Robert A. Shears, Esq.
September 16, 1977	900	Douglas J. Kelly
September 23, 1977	4,500	Edward M. Delay, Esq.
September 23, 1977	1,000	E.J. Cummingham Ltd.
September 23, 1977	1,500	Leonard H. Cook's Construction
September 12, 1977	15,000	Exyl Concrete Restoration
September 27, 1977	10,000	Pickington Glass Centre
September 28, 1977	100,000	Loman Hogan
September 30, 1977	2,080	Roy S. Linden, Esq.
September 30, 1977	360	Services Sanitaires, Edmundston, Esq. Edmunston Sanitary Services Reg'd
September 26, 1977	520	Kearney's Hygienic Service
September 23, 1977	1,040	James A. Rowan Contractor
September 23, 1977	4,800	City of Saint John, Sanitation Dept.
September 20, 1977	2,640	Robertson Machinery Co. Ltd.
September 30, 1977	900	Leo Duchesneau
October 6,1977	8,500	The B. Phillips Co. Ltd.
September 27, 1977	16,512	Eastern Fence Ltd.
October 11, 1977	1,465	Rusco Windows of NB Ltd.
October 21, 1977	10,000	M&H Mechanical Ltd., Plumbing & Heating Contractors
October 24, 1977	1,279	Elm Glass Ltd.
October 28, 1977	100,000	Rise & Shine Construction Ltd.

[Mr. Danson.]

ASSISTANCE FOR RESEARCH AND DEVELOPMENT PROJECTS IN ATLANTIC REGION

Question No. 689—**Mr. Howie:**

In investigating applications submitted to DREE for assistance, does the Department make allowance for facilities to undertake research and development projects and, if so, since January, 1976, how many applications for assistance from the Atlantic region have included specifications for research and development facilities?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: The Regional Development Incentives Act enables the Department to offer incentive grants to eligible manufacturing and processing operations. Projects which are solely of a research and development nature are not eligible for RDIA incentive grants but may be eligible for a loan guarantee under RDIA. No applications for loan guarantees for research and development facilities have been received in the Atlantic Region since January 1976. Some applications for RDIA incentive grants provide for research and development facilities as an integral part of the manufacturing or processing operation. The Department does not compile statistics on applications involving an element of research and development.

DREE ASSISTANCE TO COULTER MANUFACTURING

Question No. 728—**Mr. Lambert (Bellechasse):**

Has the Department of Regional Economic Expansion granted a loan or subsidy to Coulter Manufacturing, a subsidiary of Noranda Mines Ltd. and, if so (a) in the case of a subsidy (i) what was the amount (ii) how many jobs will be created (b) in the case of a loan, what was (i) the amount (ii) the interest rate (iii) the term (iv) the repayment conditions?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The answer for the Department of Regional Economic Expansion is as follows: No; the Department has not approved an incentive to Coulter Manufacturing under the Regional Development Incentives Act or the Department of Regional Economic Expansion Act. (a) Not applicable. (b) Not applicable.

CMHC—ASSISTANCE FOR SENIOR CITIZENS RESIDENCES IN NEW BRUNSWICK

Question No. 824—**Mr. Howie:**

Since January 1, 1977, what amount was loaned by CMHC to organizations in New Brunswick for construction of senior citizens residences?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: Since the beginning of 1977, CMHC has approved one loan under Section 15.1 of the National Housing Act for a 30-unit project for senior citizens in New Brunswick, in an amount of $462,360; the Corporation has also approved three loans under Section 43 of the NHA for 26 units for senior citizens in a total amount of $555,268.

CMHC—ASSISTANCE FOR NURSING HOMES IN NEW BRUNSWICK

Question No. 825—**Mr. Howie:**

Since January 1, 1977, what amount was loaned by CMHC to organizations in New Brunswick for the construction of nursing homes?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: The construction of nursing homes is not financed under the National Housing Act by CMHC. CMHC is prepared to fund "care" homes, and those facilities considered an essential part of residential accommodation for the elderly and the handicapped, provided the users are supported financially by the Canada Assistance Plan.

NATIONAL RESEARCH COUNCIL LABORATORIES

Question No. 827—**Mr. Howie:**

How many laboratories does the National Research Council operate in Canada and in which locations?

Mr. Frank Maine (Parliamentary Secretary to Minister of State for Science and Technology): In so far as the National Research Council of Canada is concerned, the answer is as follows: 10 laboratory divisions which have facilities in Victoria, Vancouver, Penticton, Saskatoon, Churchill, Lake Traverse, Ottawa and Halifax.

"A" AND "B" LICENCES—WEST COAST

Question No. 832—**Mr. Munro (Esquimalt-Saanich):**

1. (a) What criteria are used to decide the issuance of "A" licences on the West Coast (b) is a quota attached to the licence (c) is the quota decided after the season opens and, if so, is the over-all quota pro-rated amongst licenced holders?

2. (a) How many "A" licences were issued on the West Coast in (i) 1972 (ii) 1973 (iii) 1974 (iv) 1975 (v) 1976 (vi) 1977 (b) how many were granted to native Indian applicants (c) what was the revenue derived in each year from "A" licences?

3. What criteria are used to decide on the issuance of "B" licenses on the West Coast?

4. (a) How many "B" licences were issued on the West Coast in (i) 1972 (ii) 1973 (iii) 1974 (iv) 1975 (v) 1976 (vi) 1977 (b) how many were granted to native Indian applicants (c) what was the revenue derived in each year from the issuance of "B" licences?

Order Paper Questions

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. (a) The vessel licence must be renewed annually and the vessel must record landings at least every second year. (b) No. (c) Not available.

2. (a) 1972, 5046; 1973, 4996; 1974, 4823; 1975, 4775; 1976, 4700; 1977, 4703; (b) 1972, 390; 1973, 441; 1974, 419; 1975, 467; 1976, 446; 1977, 445. (c) 1972, $216,600; 1973, $946,500; 1974, $936,800; 1975, $921,800; 1976, $918,400; 1977, $917,300.

3. "B" licences were available to salmon fishing vessels that recorded landings in 1967 or 1968 but did not meet the required level of landings to quality for an "A" licence.

4. (a) 1972, 897; 1973, 934; 1974, 697; 1975, 642; 1976, 623; 1977, 597. (b) Indian licences are designated as Indian "A" licences. Indian fishermen do not take out "B" licences. (c) 1972, $1,600; 1973, $7,340; 1974, $6,970; 1975, $6,420; 1976, $6,230; 1977, $5,970.

CFB GAGETOWN—CIVILIAN EMPLOYEES

Question No. 907—**Mr. Howie:**

1. How many civilian personnel were employed at CFB Gagetown on December 1, 1977?

2. Do any plans exist to increase the number in view of the anticipated increase in military personnel?

Hon. Barney Danson (Minister of National Defence): 1. Nine hundred sixteen.

2. There is a tentative plan to increase the number by five.

CFB GAGETOWN—PUBLIC RELATIONS OFFICER

Question No. 908—**Mr. Howie:**

On December 1, 1977, was there a position for a Public Relations Officer at CFB Gagetown and, if not, are there any plans to create such a position?

Hon. Barney Danson (Minister of National Defence): No. There are no plans to create such a position. Public relations is one of the duties of an officer of the base headquarters.

CONSUMER AND CORPORATE AFFAIRS INSPECTORS

Question No. 994—**Mr. Howie:**

Since January 1, 1977, were any stores in Fredericton, New Brunswick visited by representatives of the Department of Consumer and Corporate Affairs to check against possible infractions of the law and, if so, approximately how many?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Yes, during calendar year 1977, Consumer and Corporate Affairs Canada visited 265 stores in Fredericton, New Brunswick, to check against possible infractions of the legislation enforced by CCAC.

Order Paper Questions

CONSUMER AND CORPORATE AFFAIRS PROSECUTIONS

Question No. 996—**Mr. Howie:**

Since January 1, 1977, has the Department of Consumer and Corporate Affairs conducted investigations or provided any information leading to the prosecution of any person or firm in New Brunswick for the violation of any federal law or regulation?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Since January 1, 1977, Consumer and Corporate Affairs Canada has conducted investigations which led to the conviction of 15 persons or firms for violations of federal legislation enforced by CCAC, in the province of New Brunswick.

CONSUMER AND CORPORATE AFFAIRS GRANTS

Question No. 999—**Mr. Howie:**

Since September 1, 1976, did the Department of Consumer and Corporate Affairs give grants to persons or organizations in New Brunswick?

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Yes:

1976-77	$5,000	Northumberland Information and Referral Centre, Chatham
	3,500	CHIMO Information Centre—Fredericton
	11,000	Centre de Communication et d'Information Mobile—Bathurst
1977-78	$11,660.	Centre de Communication et d'Information Mobile—Bathurst

CONSUMER AND CORPORATE AFFAIRS—PERSONNEL

Question No. 1,000—**Mr. Howie:**

Since January 1, 1977, did the Department of Consumer and Corporate Affairs employ (a) part-time employees (b) outside consultants (c) advisers (d) other non-permanent staff persons in New Brunswick or administrative personnel other than clerical and, if so, how many?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): (a) Nil. (b) Nil. (c) Nil. (d) Three food talk officers (one each in Tracadie, Moncton, Saint John), one consumer help officer (Saint John), two summer students (one each in Fredericton and Moncton).

CONSUMER AND CORPORATE AFFAIRS—FIELD WORKERS

Question No. 1,001—**Mr. Howie:**

How many field workers of the Department of Consumer and Corporate Affairs are employed in New Brunswick?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): As at December 15, 1977: 17.

[Mr. Martin.]

CONSUMER AND CORPORATE AFFAIRS—EMPLOYEES

Question No. 1,002—**Mr. Howie:**

How many (a) full-time (b) part-time employees of the Department of Consumer and Corporate Affairs are now employed in each office of the Department in New Brunswick?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): As at December 15, 1977: (a) As follows: (including 1 casual employee) Moncton, 10; Saint-John, 9 (including 1 casual); Fredericton, 7; Bathurst, 2; St. Stephen, 1. (b) Nil.

CONSUMER AND CORPORATE AFFAIRS OFFICES

Question No. 1,003—**Mr. Howie:**

How many offices of the Department of Consumer and Corporate Affairs are in operation in New Brunswick?

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): There are three district offices and two sub-district offices in the province of New Brunswick.

GOVERNMENT ORDERS

[*English*]

PETROLEUM ADMINISTRATION ACT

MEASURE TO AUTHORIZE IMPOSITION OF LEVY ON DOMESTIC PETROLEUM AND IMPORTS

Hon. Marc Lalonde (for the Minister of Energy, Mines and Resources) moved that Bill C-19, to amend the Petroleum Administration Act and the Energy Supplies Emergency Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I think that the minister is on his way; but if he were late in coming to the House, I should seek permission to proceed with Bill C-7, and should the need arise, the minister would be in the House to introduce it.

[*English*]

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, we had a long discussion yesterday about what the order of business would be for today, and also there were private discussions. I regret to inform the Chair that no one came to me today to say that we would be doing anything but Bill C-19. The whole process breaks down if ministers or parliamentary secretaries are not ready. Is the government saying to us now that there is no one here who can handle Bill C-19? The hon. member for Calgary Centre (Mr. Andre), the Conservative critic, is here. He has inconvenienced himself to come here. He is prepared to deal with that bill.

An hon. Member: Here comes the minister.

Mr. Speaker: After that brief interlude, perhaps we can resume discussion of the question which is already in the possession of the House, namely, that Bill C-19, an act to amend the Petroleum Administration Act and the Energy Supplies Emergency Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, if I appear to be slightly out of breath—

Mr. Mazankowski: It is because you are out of shape.

Mr. Gillespie: I was downstairs at another meeting, when I received notice that Your Honour was ready to proceed with my bill. I apologize if I have caused any difficulty to the House by being a few minutes late and causing this delay.

This is a very important bill. I believe there has been some discussion between the government House leader and the House leader opposite with regard to the debate today. I am delighted that it may be possible to move expeditiously on the bill during the course of the day.

I am pleased to introduce for second reading today Bill C-19 which amends the Petroleum Administration Act.

The principal purpose of this bill is to enable the government to fulfil its commitment to provide international prices for the synthetic oil produced by Syncrude Canada Limited from Athabasca oil sands. It enables similar treatment to be extended to the production of other selected domestic petroleum sources at the discretion of the governor in council, a very important provision. By introducing this legislation, the government is taking a further significant step to ensure that Canada's net dependence on foreign oil is reduced by encouraging the development of our petroleum resources.

Canadians are beginning to recognize the severity of the problems presented by the rapid decline of our conventional petroleum reserves. The National Energy Board report on Canadian oil supply and requirements of February, 1977, projects the expected fall-off in conventional oil supply, and the corresponding need for oil from other sources. It indicates that by the early 1980's the total supply requirements of Ontario and the western provinces can no longer be met by indigenous crude oil. By 1990, the board foresees Canadian oil providing only about 42 per cent of our oil requirements as compared with about 82 per cent in 1977.

This potential growing dependence on foreign oil will not only place a heavy burden on our economy by increasing our balance of payments deficit but also endangers our oil supply security by increasing our reliance on sources which may be reduced or cut off by disruption of overseas production, as happened in 1973, by an embargo, or simply because of world demand beginning to outrun available supply.

• (1212)

It is imperative that we limit our dependence on foreign oil. It is therefore a cornerstone of national energy strategy that we restrict our net dependence on foreign oil by 1985 to no more than one third of our domestic demand or 800,000 barrels a day, whichever is lower. This means we have to take advantage of a number of opportunities available to us. We have to lessen oil consumption through conservation measures. We have to find substitute energy resources to replace oil, particularly foreign oil. We have to find new supplies. In particular we must recognize the potential of our heavy oils and of our tar sands out west. The government has already taken action to reach some of these targets. I believe it should be possible to produce close to a million barrels a day from the tar sands and heavy oil sands out west by 1990. I believe Canadian industry is gearing up to meet such a target by that date. I think the date is a realistic one. There are some who suggest it may be somewhat optimistic. Well, I think the problem we are facing requires us to reach for a target of that kind. The government has already made a commitment.

Steps which have already been taken by the government include the following:

1. A commitment to move Canadian oil prices toward international levels in order to encourage conservation and resource development.

2. The establishment of a comprehensive program of energy conservation which is already showing results in terms of reduced energy demand.

3. The creation of a financially attractive environment for oil and gas producers.

4. The conclusion of a deficiency agreement with the Interprovincial Pipeline Company which allowed the company to raise the funds to extend its system to Montreal. This gives Montreal refineries a secure supply of domestic crude oil into the 1980s.

Other measures which the government has taken include the formation of Petro-Canada to stimulate activity in petroleum exploration and development and our support for the Syncrude project by way of equity participation and the assurance of international prices for its output. The principal purpose of the legislation I am introducing for the second reading today concerns this latter step.

Consequent upon the withdrawal, in December, 1974, of Atlantic Richfield Limited as a participant in Syncrude, negotiations among the remaining participants, the federal government and the governments of Alberta and Ontario, culminated with the signing of the "Winnipeg Agreement" on February 3, 1975. As a result of this agreement the federal government acquired a 15 per cent equity interest in Syncrude, and the governments of Alberta and Ontario 10 per cent and 5 per cent respectively. In addition, the federal government undertook to assure to all participants the availability of international crude oil prices on the sale of synthetic crude from the Syncrude project.

Production is scheduled to commence this April, with daily volumes rising to 108,000 barrels a day by June, 1980, and then to 129,000 barrels a day. That is the rate of capacity on the basis of existing engineering. There is also the possibility that this production could be further expanded to a level of 200,000 barrels a day. Participants are currently considering the marketing alternatives of disposing of their shares of Syncrude output. To allow sufficient time to complete marketing arrangements before the first product becomes available it is necessary to put in place the mechanism to be employed to afford international prices to Syncrude output.

A number of mechanisms were considered. After discussion with the other Syncrude participants, including the provinces of Alberta and Ontario, it was decided that the objective could be best accomplished by permitting Syncrude output to be sold in Canada at international prices and then compensating refiners and other users as if the crude were imported. The calculation of the rate will be in line with the current methodology with respect to import compensation.

This approach will allow the international market to establish the value of Syncrude output relative to other crude oils. It will be comparatively easy to administer as it makes use of the existing compensation mechanism. The bill also authorizes the funding of this program by a levy on all crude oil refined in Canada and oil products imported to this country. This financial burden, equating to a maximum of approximately half a cent per gallon, will be placed on the consumer of petroleum products, who I believe should be prepared to pay the price to secure such development, both with respect to Syncrude and other petroleum energy projects.

I believe the mechanism I have just outlined for providing international prices is attractive, not only because it is consistent with our self-reliance objective, but also because it can be employed to encourage the future development of other energy projects.

Earlier I mentioned the need for Canadians to recognize the severity of the problems presented by the decline in our conventional petroleum reserves. We are fortunate, however, in having the option to develop the great potential of our vast non-conventional and frontier hydrocarbon resources. The oil sand and heavy oil deposits of Alberta and Saskatchewan, combined with our gas reserves in conventional and frontier areas, together give Canada a potential petroleum resource base which satisfy our country's energy needs well into the future.

I am encouraged to see that the Canadian oil industry is proceeding rapidly to develop these as yet largely untapped resources. Imperial Oil has recently announced a 140,000 B/D heavy oil project at Cold Lake. There are proposals to construct a 100,000 B/D heavy oil upgrading plant at Lloydminster. Shell is examining the possibility of a third oil sands plant with a 125,000 B/D capacity in the Fort McMurray area. And Great Canadian Oil Sands is considering an expansion of its existing facility.

[Mr. Gillespie.]

• (1222)

As I have said, the total cost of these projects runs into billions of dollars. The development of these resources may now seem expensive, but they will, as the world's conventional crude oil reserves decline, be cheap at the price. Canadians must recognize this and be willing to pay the price to ensure not only that the problems of the present are solved but also that the promise of the future is fulfilled. Moreover, by creating thousands of jobs both in their construction and operational phases, these projects will help our economy to recover from the present recession.

The bill also authorizes two other minor changes to the Petroleum Administration Act. It provides for payments of special compensation to importers of petroleum in cases of undue financial hardship. This provision would be employed in situations where the regulations did not foresee special types of circumstances faced by importers.

The bill also changes the name of the Energy Supplies Allocation Board to the Petroleum Compensation Board, which more accurately reflects the current duties of the board. That is a technical change. The board was originally established under the Energy Supplies Emergency Act to prepare and implement plans to handle shortfalls of petroleum in times of emergency. This function of the board ceased on June 30, 1976. Its current and ongoing duties involve the administration of the oil import compensation program plus the administration of the program to provide international prices for the output of Syncrude Canada, which I have just outlined.

This legislation represents another important step toward implementation of established energy policies designed to assure Canadians of adequate and secure future supplies. As such, I commend it to the House for its prompt debate and passage.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I can assure the House that the minister's reports on our discussions with regard to this bill are accurate. We have no intention of delaying this bill. We support the basic principle behind the bill, but there are a few remarks I would like to make specifically about the bill as well as about the minister's remarks.

I think it is worth reminding the people of Canada that this is the third in a series of bills resulting from the attempts of the government to come to grips with the question of petroleum pricing in Canada. The first was the emergency energy supplies bill, the second was the Petroleum Administration Act, and now we have this amendment to the Petroleum Administration Act. I wait with bated breath for the fourth of these attempts to come to grips with a policy on petroleum pricing in Canada.

I am sure the House recalls the very unpleasant history of the evolution of these bills and of this problem which goes back to September 4, 1973, when, after publicly declaring he would never take such unilateral action, the Prime Minister (Mr. Trudeau) unilaterally put a price freeze on crude oil, causing friction to develop between the province of Alberta

and the Government of Canada. This action ultimately involved other provinces as well and lead to a period of serious and debilitating friction between the federal government and the provincial governments which hurt the nation as a whole and caused severe economic hardship for individuals. It was very disrupting to the industry and resulted in some net economic loss to Canada. It is difficult to come up with a realistic price tag, but it would certainly be in the tens or hundreds of millions of dollars. That is the cost of an inopportune, politically motivated declaration by the Prime Minister during that minority parliament. I hope we will never have to go through that kind of exercise again because the economy and the Canadian fabric just could not tolerate it.

I would like to comment on some of the remarks of the minister about the so-called great things the government has been doing for Canada in terms of energy. At least that was the tone of the remarks of the minister, and I take exception to that. In his opening remarks the minister pointed out that, according to the National Energy Board, by 1990 Canadian domestic supplies will account for only 42 per cent of total Canadian consumption. If that projection turns out to be true, it will have devastating consequences for this nation.

The cost of importing the oil necessary to make up the 100 per cent we will need is enormous. It is a cost we cannot afford. It is in the order of $7 billion or $8 billion, based on today's prices. If we add that to the $12 billion trade deficit we suffer in terms of manufacturing, we encounter an incredible combined trade deficit of $20 billion. We think a 90-cent dollar is a depreciated dollar, but that is an extravagantly high priced dollar compared with the dollar we will have if we encounter trade deficits of that magnitude.

It is unacceptable and intolerable that the government should casually say that we are going to import more than half our oil by 1990. Instead, aggressive initiative should be taken by the government to ensure self-sufficiency and that we import zero per cent on a net basis. That is not an Utopian ideal; we are unique among western industrialized nations because we have the potential to do that. No other nation in the western industrialized world, with the possible exception of Great Britain because of petroleum in the North Sea, has the potential to be self-sufficient. Canada does, and that gives us a unique opportunity.

If this government were to dissipate that opportunity through inaction or inappropriate actions, that would cause great damage to future generations, and that should not be forgiven. We have that potential, and our party feels that self-sufficiency is an absolutely essential policy. It is a fundamental cornerstone of an energy policy for this country.

The minister articulated some steps he and his government are taking which are supposed to help ease our problem. The minister talked about trying to lower demand through conservation. There has been some progress, but not nearly enough. We feel that a reduction in demand to 2 per cent annual growth is possible. The minister talked about finding substitutes, but we have yet to see any concrete proposals in that regard. It is a high ideal, but until we see what the government has in mind, it is hard to comment.

The minister talked about finding new supplies, particularly tar sands and heavy oils, and he expressed the expectation of the government that by 1990 one million of barrels of oil per day would be produced from tar sands and heavy oils. Where did that figure come from? What is the basis for that figure?

The government has no policy with regard to tar sands and heavy oils. The government has stated that it will treat each project in an ad hoc fashion. How can developers allocate resources when they do not know what the rules are? Companies are faced daily with decisions on how to allocate their financial and human resources, and if they are considering tar sands and heavy oils and find a situation where the rules are not defined, they cannot calculate their returns. The government suggests they put together a plan or come up with a program, and it will talk about it, but who in his right mind is going to spend the $5 million, $10 million or $20 million which is necessary to put together this type of plan, only to come here on the odd chance that, after discussions with the minister and his officials, everything will turn out all right? That approach shows such a dismal ignorance about the operation that it is disturbing.

● (1232)

The minister apparently does not even know how many companies are interested in developing these heavy oils. He mentioned Imperial and heavy oils, that Shell is looking at another tar sands plant, and Great Canadian Oil Sands is expanding its plant. For the minister's edification I should inform him that Husky Oil and Pacific Petroleums are two other companies actively looking at heavy oils.

All these companies would very much like to have some definition of the rules so they can in fact get to work on the meaty part of their proposals. If they do not, there is not a hope in the world of achieving that goal of one million barrels a day by 1990, because the lead time in planning and putting together resources to build one of these plants is very substantial. In order to achieve the goal the minister talks about—he blandly throws out the figure of one million barrels per day by 1990—we will need one new plant every year starting next year, and there are not any that are anywhere near—

Mr. Gillespie: Way off.

Mr. Andre: Use your own figures. Syncrude is going to produce 100,000 barrels a day. If you multiply that by ten, because you said we were going to do this in roughly ten years, you are talking about one plant a year coming on-stream. When you add into that the lead times required then you realize it is time to get off one's behind and start defining some rules so these companies can begin to get to work.

We agree with the Syncrude development and the Syncrude agreement. We agree with the notion that Syncrude should be paid at world prices. We therefore understand the reasoning behind Bill C-19 to provide this subsidy to Syncrude, or to provide the government with the ability to designate Syncrude

in the same category as an importer so it can get this subsidy and sell its product at the world price. We can understand that the money has to come from somewhere, but the minister neglected to state during his remarks that there is a tax to be put on all oil consumed in Canada of not more than $1 a barrel. The estimates are 15 cents to 20 cents but, nonetheless, the consumers should recognize they are going to have another half a cent a gallon of tax tacked on to their gasoline and heating oil.

There are some provisions in the bill which cause some concern in terms of the mentality of the draftsmen or proposers of it that I should like to bring to the attention of the House, and possibly at the committee stage we could get consideration of these matters.

In particular, proposed Section 65.13 states that the minister shall, at his discretion, exempt any petroleum or petroleum products from this extra tax. That put in a flexibility which I can understand is appreciated by the minister and his officials, but in my opinion it is contrary to the responsibilities inherent to operating in a democracy. That type of discretionary ability resting with the ministers and their officials is really contrary in general philosophy, and we wonder why that discretionary power is required. Is it perhaps necessary to make certain friends of the government such as Petro-Canada look good? Who is going to get the privilege of the exemption, and for what purpose? Is this exemption to give the minister another opportunity to treat his friends, associates or party colleagues, in appropriate ways?

Mr. Baldwin: How does it relate to party contributions?

Mr. Andre: That involves another possibility, but we do not see the necessity for this sort of discretionary power.

There is another discretionary power provided in clause 3 at page seven which says that the minister may decide to provide an extra subsidy to special hardship cases. Again I find this a very strange type of clause where, at the minister's discretion, there could be these sorts of handouts.

An hon. Member: For instance, Exxon.

Mr. Andre: Yes, Exxon may be a hardship case like that. Again, there is a temptation to make some of the friends of the government look good through the use of this clause.

The minister indicated in his comments that this bill is specifically designed to allow Syncrude to receive world prices for its production. In fact the bill does not talk about Syncrude specifically. The bill states that the governor in council can designate any production as those imported and, therefore, eligible for the import subsidy. Why go through this exercise? There is no other tar sand plant that is going to be completed for years in the future. We do not know of any heavy oil plants that are coming up. Why not look at those cases as they occur?

It strikes me as strange and inappropriate that we in the House of Commons are again being asked to give this open-ended authority to the government to deem any production it chooses as imports and, therefore, eligible for the subsidy. Is the government going to deem all the production from Petro-Can's producing wells, if it ever finds any oil, as imports in order to make that bottom line look good? How is this discretionary power going to be used? We should build into this clause some check back to the House so that, as producing facilities are added to the list to be deemed as importers, the House or a committee of this place will have an opportunity to examine and consider it before the fact rather than after the fact.

The other thing I should like to bring to the attention of the House, giving it notice, is my intention in committee to introduce a firm amendment to provide a termination date for this whole program. The Petroleum Administration Act was designed to administer over that period of time during which Canadian crude oil prices were less than world prices and it was necessary to collect export taxes, to pay the subsidy on imports, and so on.

It is government policy, which we support, to get out of the business of controlling oil prices eventually and let the market place dictate. At that point there is no further need for the Petroleum Compensation Board. The government took some pride in stating it took an awful lot of work to disband the Halifax Harbour Relief Commission which had been in existence for 60 years. Members opposite suggest it is extremely difficult to disband something once it has been created within this government. For this reason, why do we not build into this bill right now a provision to allow this thing to die gracefully and with dignity when its usefulness is finished, rather than carrying it on, in a way to which we have become habituated, almost in perpetuity?

It is my intention at the committee stage, and I hope to be able to convince government members of the advisability of this provision, to introduce a clause which will provide for the demise of the Petroleum Administration Act on June 30, 1983, unless a positive resolution of the House is introduced to extend that life for another five-year period. This would allow all the flexibility in the world, while providing for the dignified death of this organization once its usefulness is finished.

• (1242)

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, today the Syncrude chickens which were hatched in 1975 are coming home to roost. Having been outbluffed and outwitted by two of the major oil companies into a give-away of public funds, the Minister of Energy, Mines and Resources (Mr. Gillespie) finds it necessary to come now and tell the people of Canada that there is a bill which has to be met, there is a price which has to be paid for the deal which was concluded in 1975.

On January 24, 1975, Mr. Geoffrey Stevens in his column in the Toronto *Globe and Mail* stated, "This is one of the highest stakes poker games in Canadian history".

On February 4, 1975, when the then minister of energy, mines and resources made an announcement, I said, "This is the greatest sellout of our natural resources in the history of Canada". Every day which has passed since has reinforced

those two opinions. It has been the "highest stakes poker game". There is no doubt who won the game. It has constituted the "greatest sellout of our natural resources in the history of Canada".

The time has come for the government to present the legislation by which we shall have to pay. This is not only for Syncrude, because the bill gives sweeping powers to cabinet by order in council to allow levies to be placed and taxes imposed on many forms of oil, as well as giving grants and concessions for different kinds of oil. Thus, we do not know from this legislation how big the bill is. We do know the government is asking parliament to give it the authority to pay the bill. We are being asked to sign a blank cheque. We do not know what the amount of that cheque is going to be.

We have to begin to recognize that when we talk about the oil sands of western Canada we are talking about one of the world's greatest reservoirs of oil. This legislation is asking us to pay for having it stolen from us.

In the 1973 booklet entitled "Energy Policy for Canada", reference is made to the geological survey of Canada which estimates that there are up to 700 billion barrels of oil in the tar sands of western Canada. If it could be extracted, that represents a larger accumulation of crude oil than there is in the Middle East. At the same time the estimates quoted are to the effect that 65 billion barrels of this oil can be recovered with the present known technology. It estimates that some 15 billion barrels can be recovered at a price of $5 a barrel wellhead, and 35 billion barrels at a price of $6 a barrel. The same report indicates that at a price of approximately $8 a barrel we have up to 40 billion barrels of crude oil which are economically recoverable from conventional reserves.

I ask the House to look at those figures. They were given in 1973, and this is only 1978. Approximately five years ago these were the optimistic statistics which were given to the people of Canada concerning the great unlimited reserves of oil that Canada has. Today the minister indicated that we are now a net importer of oil, that in the matter of a few years we will be able to meet less than half our oil requirements and that our bill for imported oil will be a staggering one.

Not only did the government paint this optimistic picture, the oil industry was equally euphoric about our oil supplies for the foreseeable future. The Imperial Oil Company's annual report for March, 1973, read as follows:

> In the current debate, the export of Canada's energy resources is being questioned: in effect we are being urged to bank our petroleum resources. Canada is not in any way deficient in energy resources. Our present energy reserves, using present technology, are sufficient for our requirements for several hundred years . . .

That statement was made less than five years ago. This misleading information was fed to the public assiduously for many years, deliberately to persuade a supine government to allow United States oil companies to ship 60 per cent of our oil production to the United States, despite the fact that geologists and academic authorities, who were familiar with the field, had been telling Canadians and committees of this House that within a matter of ten or 15 years Canada would have to import a very large proportion of its oil requirements. That day is already here, and we find that not only do we not have these large reservoirs of oil, which were allegedly available with the present technology, but we are now going to have to pay through the nose for companies to develop some of our oil sands.

In 1973 when the OPEC Nations acted in unison to force up oil prices, the oil industry in North America saw an opportunity to hold the public up to ransom, with the result that the wellhead price for oil has risen from approximately $3 per barrel to $12.75 per barrel, which is an increase of over 400 per cent. Certainly no one could attribute a 400 per cent increase in the price of a barrel of oil to inflation or to the cost of producing that barrel of oil.

● (1252)

Mr. Baldwin: It is the other way round—it has caused inflation.

Mr. Douglas (Nanaimo-Cowichan-The Islands): That is right. As the hon. member says, the reverse is true. It is this horrendous increase in the price of oil which reflects itself in the cost of operating a car, a truck or a diesel engine. It reflects itself in the price of electric power and of home heating. It affects our whole economy, and particularly the farming and fishing industries are affected adversely.

The rapid rise in the price of oil from $3 a barrel to $12.75 has resulted in a situation where we paid in 1977 about $1.8 billion for imported oil, and it is estimated that by 1985 we will be paying $6 billion for imported oil. We are only beginning to realize what this will do to the cost of living for Canadians when we see what the future holds for us in terms of what we are going to pay for petroleum products. We will then realize how we have squandered the large accumulation of petroleum products which we had and which we gave away at fire sale prices. One then begins to realize that we have not had in Canada a national energy policy which was devised and designed to serve the interests of the Canadian people.

Let me just take a few moments to run over quickly the history of the oil sands development in this country. In October of 1962 Great Canadian Oil Sands, which is a subsidiary of Sun Oil of the U.S., was granted permission to build a small plant to extract oil from the tar sands. Later they enlarged the size and in 1974 the plant showed its first profit on oil, which they were selling for $6.50 a barrel. They have been making a profit ever since without any subsidy. They are a smaller plant without the modern technology which Syncrude has, and yet they have been able to do quite well on the domestic price. Yet we are being told that Syncrude cannot produce for the going price, which at present is $12.75, and needs a guarantee of the world price, no matter what the world price may be.

In February of 1972 the Syncrude consortium, which was made up of Imperial Oil, Atlantic Richfield, City Services Ltd., and Gulf Oil, secured approval from the Alberta government for the construction of a plant capable of producing 125,000 barrels a day. They estimated the cost to be $750

million. In September of 1973, syncrude and the Alberta government announced that it was going to cost $800 million to build this plant and that it would commence production in 1978, with the Alberta government agreeing to invest $500 million of the taxpayers' money to build a power plant, a pipeline and all the infrastructure. In December of 1974, Atlantic Richfield announced that it was withdrawing from the Syncrude consortium because the estimated cost of the project had risen to $1.6 billion from the original $750 million estimate.

On January 16, 1975, the remaining partners of the Syncrude consortium threatened to drop the whole project unless a partner could be found who would put up $1 billion to get the plan started on its way toward completion. The former minister of finance, the hon. member for Rosedale (Mr. Macdonald), and premier Lougheed of Alberta appealed to Syncrude for a 60 to 90 day extension to give the government time to canvass the situation to see what could be done. That reasonable request was refused, and so a hasty meeting was called in Winnipeg on February 3, 1975.

On February 4, the then minister of energy, mines and resources, the hon. member for Rosedale, announced that an agreement had been reached under which Syncrude would get the following concessions. First, they would get $600 million of equity, which was to be made up of $300 million put up by the federal government, $200 million by the government of Alberta, and $100 million from the government of Ontario, plus a $200 million loan from the government of Alberta which could later be converted, if it chose, into equity.

The second concession was a remarkable tax concession by which the company could go back to the terms of the 1973 budget, by which they received greater exemptions, were allowed to charge their royalties against their income tax payments, and were allowed lower rates of tax than were imposed in the 1974 budget. These tax concessions were worth to Syncrude, and are worth today, hundreds of millions of dollars which represent a loss to the Canadian treasury and which must be replaced by levying higher taxes on the other taxpayers of this country.

The third concession was that there would be no limit on the production of the Syncrude plant in the event that any pro rata plan were introduced by the government of Alberta, and the fourth concession was that Syncrude would be guaranteed the international price for any oil that it produced, irrespective of what the domestic price might be in Canada.

May I call it one o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

AFTER RECESS

[*English*]

The House resumed at 2 p.m.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, when the House adjourned for lunch I was in the process of pointing out that, as a result of the agreement which was reached on February 3, 1975, between the Syncrude consortium and the governments of Canada, Alberta and Ontario, it was decided to proceed with the construction of the Syncrude plant for the extraction of oil from the sands of western Canada on the basis of four concessions. I was enumerating those concessions when we recessed.

The concessions were that the three governments concerned would put up $600 million, plus another $200 million loan from Alberta; that Syncrude would get special tax concessions which would take them back to the 1973 budget; that they would be guaranteed no limits on their production; and finally, that they would be guaranteed the international price for the oil they produced. I think it should be noted that when we say they will be guaranteed the international price we are really asking this parliament to give the government a blank cheque and to guarantee to this company amounts of money that we have no way of computing.

When the Standing Committee on National Resources and Public Works was discussing this matter with the former minister of energy, mines and resources, I produced a copy of one of the studies done for the government of Alberta by Foster Associates. The minister of that day took no exception to the fact that the study based the economic feasibility of the Syncrude project on the assumption that the price they would get would start at $15.50 per barrel and would go up to reach $35.00 per barrel eventually in the last year or two of the life of the plant.

I think this House and the people of Canada should be given some idea of what we are underwriting when we say we are going to guarantee this company will receive the international price. That price now is above the domestic price. The minister said today, and has said before, that he wants to see this country get to the international price. We had better know what we are talking about; we are talking about prices far in excess of anything we have ever dreamed of in this country.

● (1412)

The strange thing is, Mr. Speaker, that the Government of Canada entered into this Syncrude agreement despite the fact that it had never at any time commissioned an economic feasibility study, it had not hired any experts or called in any consulting firm to do an assessment of the project.

It is true that the province of Alberta had commissioned four studies, but none of those was available on February 3 at the meeting in Winnipeg. On the night before and on the morning they were meeting, a rapid summary was hurried to them by telex giving them a fragmentary picture of what the reports were going to say. The other two reports did not reach them until after the agreement had been entered into.

I think that the governments of that time were stampeded into entering into an agreement which was not in the public interest and for which we are now being called upon to pay. This legislation asks that parliament approve the power to impose a levy or tax on all domestic oil and on all imported oil in order to create a fund sufficient to pay the difference between the domestic price and the international price.

I notice the minister now uses the term international price. His predecessor kept using the phrase internationally oriented price. We used to try to get him to define it. It is not defined yet, and it is not defined here. One of my objections to this legislation is that almost everything is left to the discretion of the government, and its boards, and it has no real definition of what we mean by international price or on what it will be based. There is no indication at all of the types of oil to which it will be applied. As a matter of fact, if I understood the minister correctly, he said this morning that the cabinet would have power by order in council to apply it to any type of oil it wished. I assume the government can apply it to oil extracted from the heavy oil deposits in Cold Lake and Lloydminster. It can apply it to any particular company which has some problem.

There are very wide discretionary powers of taxation. There are arbitrary powers which I doubt any parliament should give to a government. But most serious of all it means that these powers will enable the government to give the same concessions to other companies which may develop the oil sands. As a matter of fact I do not see how it can refuse. The minister's predecessor kept saying that no commitment was being made with respect to other companies that might go into the tar sands to extract oil. Will it be possible to do that?

I notice from press reports that Shell Oil is now negotiating with the government of Alberta with a view to building a plant there. I hope it does. This country certainly needs the oil, and we certainly cannot afford to import the amount of oil we are importing now with the effect it is having on our balance of trade and on the Canadian dollar. But how will this government justify saying to Shell Oil, "We are not going to give you any international price; we are giving it to Imperial Oil, we are giving it to Gulf Oil because we made a mistake on February 3, 1975, when we were stampeded into reaching an agreement"? Will it say "We are not going to give it to you"? You cannot do that. There will be other companies, Husky Oil and others which may decide to build plants in the oil sands area and surely they will be able to claim in all justice that they should have the same concessions, and those concessions are going to cost the people of this country tremendous sums of money.

I think what should be recognized is the concessions which were made on February 3, 1975. First of all they consisted of these very large sums of money, some $800 million, $600 million in equity and $200 million in loans. These companies will have had and will continue to receive hundreds of millions of dollars out of the public treasury as a result of the tremendous tax concessions which have to be paid for by the other taxpayers of Canada. Now on top of that we are going to tax the consumers of this country to give to Imperial Oil and Gulf Oil a special price for oil that is not enjoyed by other companies and is not enjoyed by the only other company that is producing oil in the tar sands, namely, Great Canadian Oil Sands, which has been producing all along, producing at the domestic price and with a much less sophisticated plant.

If ever a couple of oil companies have had preferred treatment, it is certainly Imperial Oil and Gulf Oil, under this agreement. I am saying to this House that these two companies and the oil industry as a whole just do not need this kind of handout. They have had the privilege given to them by this government of increasing the price of oil fourfold over the last five years. They have made hundreds of millions of dollars out of the Canadian people from their increased revenue.

Let me draw to the attention of the House for a moment the government's own monitoring survey for 1971-1976. I will have a chance to deal with it in more detail when we come to Bill C-12. To quote from page 5 of the monitoring survey, there is one sentence which I think ought to be emblazoned all across this country:

> Over the 1971-1976 period internal cash generation for the monitoring aggregate totalled $13.3 billion. Of this total, $6.7 billion or 50.4 per cent is represented by after tax profits.

I ask the members of this House: do you know of any other commercial operation or any other industry in Canada where its profits represent over 50 per cent of its total cash revenue? Do you know of any store, any businessman who, out of his total cash take, receives over 50 per cent in after tax profits?

President Carter said a short time ago that the oil industry in the United States was robbing the American people. Well, he ought to have a look at this statement and see how it is happening in this country. The oil industry in this country has made so much money out of the profits it has had from its domestic production that I claim that Imperial Oil and Gulf Oil do not need this extra money which is going to be provided by levying a tax on the Canadian people. It depends on what the world and domestic prices are, but if the difference between the two prices is three or four dollars per year then the Canadian consumer will have to pay $140 million to $150 million a year more than he is paying now.

Mr. Speaker, everyone knows we have already put a tax of ten cents a gallon on gasoline and home heating oil in this country. We are already taxing our people very heavily. In addition, we are going to tax them because a consortium in Canada is extracting oil from the tar sands and has managed to get a commitment from the Government of Canada, not just that it will get hundreds of millions of dollars of money which the public treasuries have poured into that consortium, not just that it will get these tremendous tax concessions, but that it is going to get a guarantee of a world price, something no other company in Canada has. It is going to get that no matter what happens. It is going to be paid for by the consumers of Canada who are already paying too much for both their motor fuel and heating fuel in light of what it costs.

● (1422)

If there were any assurance that these higher prices were going to be ploughed back in to ensure supplies for the future, it might make some sense. We will get to that when we come to Bill C-12. However, there is no such assurance. All we are asked in this legislation is to give the government authority to levy a tax on the consumers so that the government can take the money and turn it over to those poor, downtrodden, poverty sticken companies, Imperial Oil Company and the Gulf Oil Company of Canada.

I say that this is an iniquitous piece of legislation. Any government which has introduced it has lost all sense of shame.

Some hon. Members: Hear, hear!

Mr. G. W. Baldwin (Peace River): Mr. Speaker, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) has put his finger on one of the real problems of this legislation. Toward the conclusion of his remarks, he suggested in so many words that what we are being asked to do is buy a pig in a poke.

In his introductory remarks, the minister dealt with the particular situation of Syncrude. It might well be that a clear examination of all of the facts, and some indication as to the probability of what will happen in the future, might persuade this House that in the interest of doing something about the energy situation in Canada a certain type of arrangement should receive the support of the House.

I consider it most improper, and I think I would not be discharging my responsibility to my constituents and to the people of this country, to accept, without something more being done to bring home to us the actual facts, the statement of the minister that we should relate the general to the particular and that this situation with regard to Syncrude justifies the passing of this legislation.

As a Conservative I thoroughly believe that the private sector in general is the best weapon, best means and best vehicle to sustain progress in our society. However, that does not mean I am automatically opposed to intervention by the state when it can be established to be essential.

I can cast my mind back a great many years to the inception of programs with regard to the development of the tar sands. Under the premiership of a very distinguished gentleman, later a law partner of mine, the late John Brownlee, the government of Alberta established a program with regard to dealing with the tar sands. The then expenditure in today's terms would appear an extremely modest amount of money each year.

A very considerable amount of the basic research and study was done with regard to the tar sands in the McMurray area. At that time the government of Alberta saw fit, in collaboration with one or two companies, to continue its basic research. This in due course led to what progress has since been made in the McMurray district.

This legislation is something entirely different. It applies to what I like to call the great skin game of 1973. Because of the actions of the OPEC nations, the blindness, and possibly the collaboration of governments with some of the larger international companies, people on the North American continent and in Europe were frightened to death. They were persuaded to intervene in assistance, to engage in programs and to sponsor and enact legislation such as the Petroleum Administration Act and the energy allocation bill.

Several bills were passed at that time, having been introduced by the then minister, who has since left this House. At that time I participated very actively in the debate, both in committee and in the House. We attempted to move amendments. We said things then which have since been repeated by the hon. member for Calgary Centre (Mr. Andre) and the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). This shows that what the opposition stated at that time has now come true. As the hon. member for Nanaimo-Cowichan-The Islands said, the chickens have come home to roost.

The legislation was conceived in panic, enacted in haste, and contained what at the time I characterized as an inordinate amount of authority given to the government. As a result of the power which the government took, against our opposition and contrary to the votes of the opposition, I never thought it would need to come back here. But now it comes back demanding an even greater degree of blanket authority on issues which may involve billions and billions of dollars.

The United States is in a very serious situation with regard to its balance of payments. President Carter has been attempting to secure enactment of a legislative package which will include, among other things, legislation dealing with the proposed pipeline coming down from Alaska, through the Yukon, into Canada. He has indicated that, if nothing is done, the United States may well have to contemplate a balance of payments deficit running into $100 billion or $125 billion in the not too distant future. I ask the House to consider what that might do to the question of inflation in the United States and, incidentally, to us, as well as the dangerous situation it would put those people in who directly rely on petroleum products for energy. We are heading down the same road.

I would like to feel that what the minister said might be correct, that a program such as he has intimated and such as has been referred to in the House might be essential in order to get this particular program going. However, we should be confronted with figures, particulars, an itemized statement, and some prognosis as to what will be involved. How will the people of the eastern provinces, who are faced with a staggering measure of inflation and unemployment, be involved, and how will they bear the burden of this particular program?

● (1432)

I know that if the production of petroleum were to cease the industrialized world would come to a crashing end because we have predicated our existence on the motor vehicle, on the internal combustion engine, and on the use of oil for fuel and heating.

I sometimes wonder whether in the excitement of these great projects which are pending we have not lost sight of their

ultimate cost and the effect this figure is likely to have on the balance sheets being presented. We have been talking about a gas pipeline coming down from Alaska through the Yukon into southern Canada. The cost has been estimated at between $13 billion and $14 billion. I notice that the other day in Washington some fairly responsible members of Congress suggested that between $20 billion and $25 billion would be more realistic. Of course that might be alarmist information given for political purposes, but I would suggest that whatever figure the minister presently has in mind he will have to double or triple by the time the pipeline is finished. What effect is the final figure likely to have on the inflationary spiral?

I, for one, am not inclined to give the government the blank cheque it is seeking in legislation of the kind before us. I will make up my mind on the issue after hearing what the minister has to say during the committee stage. So far he has not been very informative. He is a good minister. He came into this Chamber just in time to inject a feeling of excitement about this bill and he read a very good brief which had been prepared by his officials—I do not know whether he had had a chance to read it before he delivered it. During the committee stage the missing information, part of which the minister may not have been able to soak up like a blotter, will be supplied by the officials who will be present to jog his elbow and put words and figures on his tongue—

Mr. Gillespie: I have just had a holiday.

Mr. Baldwin: The minister says he has just had a holiday. I have been on holiday too, in Yucatan, looking at the ruins, and now I have come back here to look at the ruins of the government. I might say that the ruins of Yucatan with their great stone faces were much more pleasant to gaze upon; at least they did not make the kind of speech the minister made today.

I once heard it said that genius could be defined as a capacity to take infinite pains. The Prime Minister (Mr. Trudeau) should put that motto on his wall instead of the one which I imagine is there at the present time—"A Prime Minister can do no wrong". Ministers should be knowledgeable about the programs they bring before the House. They should know what they are doing, and why. There is more to this issue than the question of energy produced from oil derivatives under the present system.

Not long ago I was up in my constituency in the far north. I had a telephone call from a constituent, a farmer, who had conceived and developed a simple device for producing energy. He had a dozen cattle and he put the wastes from those cattle into a device which generated enough gas to provide electrical power for his furnace and for his lights. He has been in contact with both the provincial and the federal governments to work out a subsidy program through which the necessary equipment could be manufactured and sold to farmers at the price of $1,000 or so.

The beauty of this system is this: the end product is a valuable, highly enriched fertilizer which goes back into the field and is used to help grow feed for cattle. The cattle produce wastes, and the cycle begins again, so there is a kind of perpetual motion. By this little story I am trying to show that there are a great many sources of energy still to be developed, for example, thermal power, wind power, solar energy. I know the minister has gone through his repertoire of what the government is doing in this field, but personally I am not convinced by his statements. I do not think he knows what the department is doing, and I doubt whether the department knows either.

The minister is right in saying petroleum products are finite. There are limits. Maybe there are 180 billion barrels in the east, maybe more—we do not yet know what advances may be made in measures of recovery. Within 25 miles of my own town on the Peace River the Shell Company—and I give the company full credit for this—has been working steadily on a pilot project to develop methods of utilizing the tar sands some 1,000 feet down. It is estimated that between 25 billion and 30 billion barrels of oil are secreted in the tar sands of the area. The great virtue of this experiment is that the environmental hazards associated with the operations at Cold Lake and elsewhere are largely avoided. Therefore we may look forward to a process of recovery of a much larger percentage of tar sands energy in Western Canada than either the minister or the hon. member for Nanaimo-Cowichan-The Islands contemplates at this time. We know, however, that the time will come when these reserves will be exhausted.

We owe it not only to our constituents but to those who come after us to ensure that adequate steps are taken and that money is spent under proper supervision to bring about a comprehensive program which will permit us not only to be independent but to be generously supportive of other peoples in the world who are in need of energy. We are one of the better equipped countries in the world, because of our experience, knowledge and expertise, to offer assistance. I include my friend, the hon. member for Calgary Centre, who is very knowledgeable in this regard. He is a scientist, and in his speech he gave sure indication of his knowledge.

● (1442)

I just do not like the ad hocery which this bill puts before us. The minister says this bill is to deal with Syncrude. It could deal with any situation. I will read some of the parts which are obnoxious and repugnant to me. Proposed section 65.13 says the following:

> Where it is shown to the Governor in Council by the Board that it is in the public interest to do so—

Who decides what is in the public interest? Is it the board? This board has not shown the degree of knowledge and competence necessary to make an adjudication regarding public interest. It should be this House. It should be this parliament that should decide what is or is not in the public interest.

> —the Governor in Council may . . . exempt any petroleum or petroleum products from the charge imposed thereon . . .

If this parliament has any task at all, surely it is to tax and to relieve from taxation, and not to leave it to any board to do so. For too many years we have dribbled away our powers to

the bureaucracy. The bureaucracy and the government are not composed of bad people. I think generally all governments are bad, but we should start on the basis that the men who conduct them are well intentioned but engage too much in deceit and are incompetent. I am not inclined to give this kind of power to people of that kind.

Surely it is the duty of this parliament to say to the minister that we will grant him this blanket legislation, but let him introduce into it a clause which says that any particular device, scheme or program with regard to any special area such as Syncrude shall be brought to the government by the board, and the government may indeed approve it by order in council, but subject to an affirmative resolution by this House. It is about time we started asserting not just our independence but also the necessity that we, as a parliament on behalf of the people of Canada, say to the government that programs of this kind which could involve over a ten-year period billions and billions of dollars will not be allowed to proceed without certain assurances.

We should not allow the minister to introduce them on his own, to deceive us, and to tell us about them only when they are all over. If the minister thinks he has a good program, let him bring it before parliament with facts, figures and detail, and if it is good we will give him our support. I believe that this parliament should reassert its independence from government. Hon. members opposite should assert their independence from the government and say that they have a right to be consulted about issues which affect us. I believe if that were done hon. members opposite could go back to their constituencies and be well received.

We are delinquent in our duty if we allow legislation of this kind to pass without making speeches such as the ones made by the hon. member for Calgary Centre and the hon. member for Nanaimo-Cowichan-The Islands. There may not be profit in everything, but if we do not make those kinds of speeches, before ten years have passed I suggest that this House, this parliament and this country will be very sorry indeed for passing a bill of this kind.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, the bill we have before us which deals with a special levy or tax on oil products in order that Syncrude may be compensated at world price levels for the oil production at its plant in the tar sands of Alberta is but one further instalment in a sad record of mismanagement of energy and tax policies on the part of this government.

In a sense this bill comes after the fact. In the original agreement with Syncrude the company was promised, no matter what, that it would get the world price for the oil produced from those tar sands. That price has not been guaranteed to any other Canadian energy producing company. Therefore this bill merely confirms something that was agreed to a number of years ago. We in the New Democratic Party objected to the Syncrude deal—or sellout, as we described it—and likewise we object to this bill for many of the same reasons.

[Mr. Baldwin.]

I think it is worth while to refresh the memories of hon. members on some of the pertinent details relating to the agreement which lead to the bill before us. In late 1974 there was a crisis energy shortage in this country and in the United States, and there was great panic among consumers and government that we might see a repetition of the lineups of automobiles at gasoline stations and that people might freeze in the dark. In that panic atmosphere the government was forced into making a deal that in reality sold out the Canadian consumer and future generations in terms of assuring that our energy supplies would be controlled by the people of Canada, who own the oil or natural gas that lies beneath the surface.

In June of 1974 when oil companies only were involved in the planned project to extract synthetic oil—oil of a very high quality which costs less to refine than conventional oil—the cost of the Syncrude project was projected to be about $960 million. Then we found that by December of 1974 it had escalated mysteriously to $1.6 billion. Five weeks later, after one of the original partners in that private consortium of international oil companies operating in Canada pulled out, the cost jumped to $2 billion. By the time the government bailed out those multinational oil companies in the project the cost was well over $2 billion. That in itself should have led any astute minister of energy to question.

What happened was that not only had the oil companies manoeuvred this government; they had done so at a tremendously inflated cost. In the negotiations at that time the government was given an ultimatum; "Either pour money into this enormously costly project, or it will collapse and Canadians will be facing more serious shortages of energy, and there will be panic in the streets."

Along with the governments of Alberta and Ontario the federal government bailed out the Syncrude project by putting up tremendous sums of public money. This money was paid to the private companies. This party has argued in the past that energy is owned by the people and therefore should be controlled by the people. That principle has been accepted in every province with regard to electricity. The wisdom of having electricity owned by the public is no longer debated. Yet we still allow one of our most precious and important energy resources, oil, to remain in the hands of private companies.

● (1452)

The oil industry in Canada in terms of refining is 99 per cent foreign-owned, so not only is it in private hands, it is in private foreign hands. As a result we have the very odd situation of the governments of Canada, Ontario and Alberta pouring money in to help out these private companies. If I were a negotiator or sound businessman putting hundreds of millions of dollars into a project, I would want to get something from it in return, either in terms of ownership and control, or benefits in terms of the products produced. One would assume that the Liberal government would operate on that logical premise. But we know from the past record of this government in energy policy that logic does not prevail. In this

case it was a panic policy in a situation that helped the multinational oil companies.

Let us examine what happened. This project, involving more than $2 billion, was bailed out to the tune of some $600 million in investment money from the three governments; another $200 million in loans from the government of Alberta; another $600 million in assistance for the power plant and the pipeline from the public treasuries; and another $230 million in assistance for the building of roads and town services.

In addition to that kind of financial assistance in direct aid, the governments at both levels through their tax dollars gave the Syncrude partners tax concessions of immense dollar value; more tax concessions than private companies elsewhere in Canada were able to achieve. These included the writing off of provincial royalties, which has been denied every other company in computing taxes owed the federal government, depreciation allowances, and so on.

In return for all that capital investment and tax concession, how much ownership did we as the people of Canada obtain? I suggest it is not 50 per cent, not 60 per cent or 80 per cent, but a mere 30 per cent. We end up with 30 per cent control of the Syncrude project after putting up that kind of money.

When you total the grants and concessions and take into account the $1.4 billion of the more than $2 billion the private companies were supposed to have put in, you will find that we, as the taxpayers, are subsidizing even that amount. In reality we as taxpayers are putting up the majority of the money for the project but end up with only 30 per cent of the control. What a sellout! I do not see how the government can justify that kind of investment for that kind of control. It ends up with six directors on a board of 20, and 30 per cent ownership of a project in return for hundreds of millions in investment. The government was taken to the cleaners, and we as Canadians have, indeed, been taken to the cleaners along with it because we end up paying, in terms of our taxes, huge subsidies to Syncrude and, even more important, in terms of our consumer dollar we are subsidizing the Syncrude project.

What this means is that any refined oil product coming from Syncrude will now be subsidized to the extent of what the world price of oil will be. We are paying twice over for this project called Syncrude. Today the price of oil per barrel in Canada is $12.75. It is hard to believe that back in 1973 we were paying $3 a barrel for that oil. The world price which has been guaranteed to Syncrude is about $15 or $16, and the projections are that it will continue to increase. Therefore, because we have been able to cushion the world price for the Canadian consumer, holding it to $12.75, and the government will eventually bring it up to the world price now being received by every other oil company, we will allow Syncrude to get the world price. That is what this government has before us in this bill.

We as taxpayers have to make up the difference between $12.75 per barrel and the world price of $15 to $16. We are faced with an increase imposed in respect of other energy products we consume in order to pay Syncrude the equivalent of the world price.

We have already seen what has happened as a result of this tremendous escalation in the price of energy in the form of oil, from $3 a barrel five years ago to $12.75 at this time. It has been reflected in the cost of heating our homes, in the cost of public and private transportation, in the cost to the farmer for his machinery, which in turn is reflected in the higher cost of food, and in terms of unemployment. High energy costs have driven some of our industries into a non-competitive position. This has meant less sales and the layoff of many people.

We are paying many times over for this horrendous deal negotiated by the Liberal government. In return we are getting 30 per cent ownership and have to pay the world price for the oil produced by the Syncrude project. If ever there was an argument for full public ownership and control of the energy industries in this country, the Syncrude project is that argument.

We as the people of this country own the resources, but the policies of the Liberal and Conservative governments have been to pay the multinational oil companies large subsidies with our tax dollars and allow them to charge us the high world price for our domestic oil. What a ludicrous and ridiculous situation we have to face! It seems to me that the logic of seeing our oil industry as a public utility, as we do in respect of our electric industry, is very evident.

We now have this bill which will levy a tax or charge on conventional oil produced elsewhere in Canada in order to guarantee Syncrude the world price. What is that going to cost us as consumers? The bill does not spell this out, and that is another of the reasons we object to it. It gives carte blanche to the government to calculate what that charge will be. Several estimates report it to be $140 million a year in extra cost to Canadian consumers in the form of subsidies to the Syncrude project until we reach the world price for oil right across Canada. This is taking place at a time when inflation is on the rise and with unemployment at record high levels. To me this is a disastrous policy into which this government has locked itself.

We as consumers and workers have to put up with this immense folly perpetrated on the Canadian people by mismanagement. In addition, this means that we are going to be paying more for imported oil as the cost continually rises at the world level, and as we continue to import foreign oil instead of moving toward self-sufficiency, as we should have years ago. This is the result of the government allowing the control of pipe-lines to be in the hands of private industry. We have never moved toward an east-west pipeline in this country to isolate ourselves from the necessity of having to import oil from Venezuela and the Middle East. We will end up paying at least $1.8 billion a year for imported oil, as we do now, with the prospect of it going up to $6 billion by 1985. Already we have seen what this deficit in the balance of payments has done to the Canadian dollar. It has reduced its value to 90 cents. That will worsen, and indeed the consequences for our economy are very grim when one looks ahead. This legislation provides Syncrude with the world price, and one must worry about the projected world price a few years down the road.

● (1502)

Along with some of my colleagues in this House, I had the privilege of visiting the United States, specifically Washington and a number of other communities. We met with American officials to discuss its energy conservation program. In one of our meetings at the energy department in Washington with some of Mr. Schlesinger's officials, charts were pulled out which projected the world price, as well as what Americans were expecting to pay in 1985 for an imported barrel of crude oil. The figures were very sobering and were corroborated by other independent forecasters. It showed that by 1985 the world price, which is currently $15 a barrel, will be $25 a barrel in 1977 dollars and approximately $40 a barrel in 1985 dollars. This piece of legislation guarantees Syncrude the world price which has been projected for the years to come. Although Canadian oil will not cost that much to produce, we will end up paying Syncrude the world price because of this iniquitous legislation. The minister should resign in shame for this kind of betrayal.

The minister places great hope on the tar or oil sands as a great supplier of energy for Canada in the future. If one looks at the projected costs of such a development, one shudders because they amount to billions of dollars. I do not think the minister has looked at the oil sands situation from an energy point of view. The tendency is always to look at it from the dollar cost point of view. Has the Department of Energy, Mines and Resources conducted a study of the energy cost of extracting energy from the Alberta tar sands? Do we end up putting more energy into the tar sands in order to get energy back out and delivered to the consumer?

There was a study conducted by an American university on the whole question of the energy costs of the different developments which are occurring in the energy field. The oil shale situation was looked at by this group. I suppose that is not comparable to the oil sands, but it is an illustrative example and I hope the minister will provide a similar study at committee stage. The study group concluded that to obtain 1,000 BTUs of energy from oil shale, at least 1,238 BTUs of oil shale in the ground is required in the first place; another 359 BTUs of energy is required to build and to operate the extraction system, the great drag lines, etc.; and then another 483 BTUs of oil shale in the ground is required to supply the aforementioned BTU energy to build the system. In other words, an equivalent of 2,080 BTUs of oil shale is required to produce 1,000 BTUs for delivery to the consumer.

If that is placed on the energy equation scale, then is it worth while to invest so much money and time in that kind of extraction system or should we not spend our time and dollars on alternative energy sources such as solar, wind or enhancement of conservation? The government's record in that regard has been dismal, but in terms of alternative development we are behind most other countries in the world. From an energy point of view, as well as from a dollar point of view, perhaps we should go slowly into the future of oil sands development and look at alternative conventional sources of energy.

[Mr. Symes.]

I reiterate our profound objections to the Syncrude project as well as the bill before us. It will continue to penalize Canadian consumers for the bad deal which was negotiated a few years ago. Indeed it gives the government and its anonymous officials a blank cheque and immense power in terms of defining the dollar levy consumers will end up paying to subsidize Syncrude. It gives wide and arbitrary power to cabinet. This cannot be allowed because the government has usurped the powers of this elected House. This will set a precedent for future oil sands development in terms of special deals, concessions, and prices for other oil companies involved in tar sands extraction, which no other energy company has in Canada. In its entirety this is a bad bill. The taxpayers will end up paying two times over for this very, very bad Syncrude deal foisted on the Canadian public a few years ago. I ask my colleagues to vote against it.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I listened with great interest to the hon. member for Sault Ste. Marie (Mr. Symes) advocating public ownership. I do not think we can say that public ownership has always been within the public good, or that it has always been the most profitable in terms of goods produced and services provided. I do not think we can say public ownership is all bad. Each case has to be examined on its merits.

The Syncrude project is a rather unique partnership between two provincial governments, the governments of Alberta and Ontario; the federal government, which came in at a later stage in order to fill a vacuum that had developed; and the private sector. In terms of the future of Canada, it is a project of some considerable value. It does not lie in the mouth of any member of this House to condemn it, because its work is important in terms of the development of Canadian energy resources.

I do not intend to give the government an inordinately large pat on the back for its incentives in energy. I would be surprised if the minister did not come before the House indicating that he and his department are the next best thing since sliced bread. Some people have said that rather than sliced bread I should have used the phrase "sliced baloney", but ministers do this kind of thing.

● (1512)

The hon. member for Sault Ste. Marie is right, however, that in terms of developing alternate sources of energy this government's record of talking on this subject in the House of Commons has been better than of taking any action. As time goes on our country will have to pay very dearly for the fact that thus far the development of alternate sources of energy has not proceeded too well.

What surprises me somewhat is the silence from the Liberal backbenchers on this bill which gives the government such extraordinary powers. I wonder how the Liberal backbenchers, who, I assume, are as concerned about the propriety of legislation as are any other members of the House, can sit by and allow a government to bring before the House a bill which may quite properly apply to the Syncrude project because of its

particular nature, but which contains provisions allowing the government access to the public taxing power with respect to private organizations and, indeed, access to public funds.

The bill is broadly based and, I think, is the product of a lazy draftsman. It is much easier to draft bills which apply to everybody, bills which grant powers which the government might not need in particular circumstances but which would give the government a lot of regulatory power, than to design legislation for particular cases. It should go against the grain of any member of parliament to accept a bill which, by its very terms, denies us the right to examine the use of public money and the use of public levying power. We are very concerned about that.

The provisions set forth in Bill C-19 may be perfectly all right for Syncrude because of the nature of that company, but this might not apply to other cases, and I think parliament should be at least in a position to be consulted about it. At present that is not the case with respect to this bill. In effect, the government is being given a blank cheque with respect to those other oil companies. That could be an advantage to the oil companies but it can also be a great disadvantage to parliament and to the taxpayers. If we have any job here as members of parliament, it is to watch that kind of matter very closely.

The hon. member for Winnipeg North Centre (Mr. Knowles) has said that the job of parliament is basically a watchdog job; that the government creates legislation and comes to parliament to take part in the enactment of it, but that the first and foremost job of parliament is that of a watchdog. I am greatly surprised that some of the watchdogs on the other side are not equally concerned.

An hon. Member: They are pussy cats.

An hon. Member: They have lost their teeth.

Mr. Baker (Grenville-Carleton): That may be so but I am surprised that it is the case.

My predecessor in the role of House leader of the opposition asked the minister in an aside this afternoon whether he was in an amending mood. The minister said, quite properly of course, that he could not amend the bill on second reading. He is quite right that he cannot do that, but the question was not put to the minister lightly, nor was it with respect to amendments on second reading. The hon. member put his question with respect to amending the bill in committee.

I think it is proper that I lay out the matters that concern us with respect to this bill. We are very concerned about the clause with the notation in the margin "deemed importation" whereby, for the purposes of administering this statute, the product of the work of certain companies, the output from certain private organizations, can, by the stroke of a pen, be deemed to be importation and have the advantages set forth in the bill. We intend to address ourselves to that provision in committee.

The other aspect which concerns us regards the special subsidy for hardship cases. We are not suggesting that there will not be hardship cases, but we are concerned about giving the government a blank cheque in that regard. Frankly, we do not want this kind of power in the hands of the government forever. When there is a difficulty which must be faced by any industry in Canada, the statutes should not be so broad as to allow the government to step in at any time and expend public funds without first coming to parliament. That is why we are here. If we do not believe we have the right to review this kind of expenditure—and this could be a massive expenditure—then I assume we should not be here. We intend to bring forth amendments at the committee stage so that this power, which the government clutches to its breast in this piece of legislation, is not granted to it forever.

We are also concerned about the length of time that this measure will be in existence. The life of this legislation can go on forever and ever until the government decides it is time to come to parliament and repeal it. In the whole period of time that I have been here the only bill I have heard repealed in the House is one dealing with the Halifax disaster. Governments do not repeal bills because they do not wish to denude themselves of power. We hope to advance during the committee stage an amendment in the form of the bill which will permit the House to determine, by way of an affirmative resolution, whether within a reasonable period of time this bill and its powers should continue in existence.

The answer to that might be that we will be taking up all our time debating these affirmative resolutions in the House. I want to say to the minister that it is not our intention to do that. If the government were to agree to this limitation in time, I would be prepared to advance the proposition that the affirmative resolution be dealt with without debate, and that would end the matter there. I do not think it is appropriate that the government should garner this power to use public funds forever on such a broad scale without this parliament having an opportunity to step in at some stage and have the government come to the House to justify why it should continue to have such powers. It is a very simple matter, and on the terms and conditions I have mentioned I think ought not to offend the government if it cares about the operation of this parliament.

● (1522)

I rise only to lay out in this general way, the conditions that will apply. We do not regard the matter of second reading as of too great importance in this case. In fact, it is not our intention to stand in the way of the bill going to committee, but rather to help propel it to committee, where we hope the government will accept and see the reasoning behind our amendments. That, of course, is without prejudice to the position we may take after the committee has dealt with our proposals. If it deals with them in the way that I hope the minister will recommend, then the government may find us in an unusual position, with respect to what I have said, on third reading. I do not want the minister to think that because we hurry the bill to committee we will necessarily support it on third reading. We will look at the bill when it is reported from

committee, we will consider the attitude of the government in committee and then make our decision on third reading.

I want the minister to know that we take exception to the may I say lazy draftsmanship of the bill or the easy route approach that has been taken. This is repugnant to the parliamentary process and it is time it came to an end.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I decided to participate after listening to the response of the hon. member for Grenville-Carleton (Mr. Baker) to the speech of the hon. member for Sault Ste. Marie (Mr. Symes). It seems to me that the hon. member for Grenville-Carleton needs a lesson in the rudimentary principles of private enterprise and capitalism. For the moment he will have to take that lesson from a socialist.

It has always been my understanding of sound business principles and of private enterprise and capitalism that whoever puts up all the money owns all of the project, and whoever puts up the majority of the money owns the majority of the project. I could hardly believe my ears when the hon. member for Grenville-Carleton said that it was all right for this project we are dealing with to remain what he called a partnership; the public partners put up most of the money and the private partners have the majority ownership. I am sure his business friends would be horrified if he asked them to participate in that kind of deal. Perhaps I should find some investors and set up a plant to manufacture bologna slices and ask the hon. member to put up 70 per cent of the money and take only 30 percent of the ownership. I wonder if he would agree to that.

The Conservative party should be reminded that the Syncrude project is just another CPR; we are going to pay for it twice and still not own it. I read the debates of the 1880s in *Hansard* when the then Conservative government proposed putting up most of the money for the CPR. The Liberal opposition wanted to know why, if the government put up most of the money, they did not own it. When their leader was reminded that this would amount to public ownership he was horrified and, of course, when the Liberals took office they kept the deal going. The same thing is happening now. Twenty or thirty years from now our children and grandchildren will say the same things about Syncrude as have been said for almost 100 years about the CPR.

The government should blush when putting a proposition like this before us. And if the official opposition would only stick to the principles that I know they have, the bill would read differently. It would be bad enough if the government agreed to a limit on the world price to be received by Syncrude. Even if it were today's world price and nothing more, the company would still be laughing all the way to the bank and would end up owning the plant that we are paying for. That would be difficult enough to swallow but what they are offered is the world price on into the 1980s and 1990s. Mr. Speaker, how many times are the taxpayers to pay for a project they do not own? They do not even have a majority interest although they put up the majority of the money.

[Mr. Baker (Grenville-Carleton).]

Many Liberal backbenchers have argued with me on occasion on the subject of sound business practices. I would be delighted to hear them object to this unsound business practice of a majority of public money going into an operation in which the public will have minority ownership. No self-respecting businessman would have anything to do with such a proposition.

How can a private enterprise government and a private enterprise official opposition who advocate sound business practices accept and perpetuate the nonsense offered in this bill? When I tell the Regina Chamber of Commerce about this they will be horrified. I do not understand how my colleagues in the official opposition and the Liberal backbenchers can hold still for this.

This is an economic tragedy, Mr. Speaker, and it will perpetrate social tragedy. It is a tragic example of "sell-out." It is a betrayal of new nationhood and sovereignty. I am a strong nationalist—not the old nineteenth century kind of nationalist—but by the gods of war, if we cannot control and run the development of our natural resources, particularly energy, I say we show weakness and cowardice. The government allowed itself to be held up to economic blackmail because of the threatened withdrawal or cancellation of the Syncrude project. There was a panic meeting in a motel room in Winnipeg when they gave away the store. What kind of Canadian nationalism is that? That is betrayal and leaves me ashamed and insulted. It is embarrassing for all of us but the minister and his colleagues. It would be nice to be a little mouse in the boardrooms of Imperial Oil, Gulf Oil and City Services and to be present during their cocktail hour to see them chuckle and rub their hands in glee at this marvellous return on investment they are receiving at the expense of the Canadian public as well as the concessions that they will receive through taxes and other benefits for years to come.

● (1532)

That, Mr. Speaker, is a real private enterprise deal for them, but it is not for us, and it is not for Canada. However, this government did not have the guts or the backbone to stand up and tell a few corporations: "Look, you either do the job or get the hell out of the way and we will do it ourselves." We can still tell them that, so that not only the government but the rest of us will be able to hold up our heads as Canadians with some measure of pride and say that we are developing and running our own resources for Canada first.

This kind of national betrayal which has occurred throughout the history of our country commenced with the CPR and now they are foisting on us another CPR. When I look at the hon. member for Grenville-Carleton (Mr. Baker) and the Minister of Energy, Mines and Resources (Mr. Gillespie) I am reminded of the photograph of R. B. Bennett that Bob Edwards carried in the Calgary *Eye Opener*. Underneath the heading was "Another CPR Wreck". That is what we have in this legislation with the Syncrude project. I say to the Minister of Energy, Mines and Resources and also to my hon. friend for Grenville-Carleton that you cannot stand up, support private

enterprise, sound business practice and principles, and then support an operation whereby we, the public, put up the majority of the money and have a minority of the ownership and a minority of the say, if any say at all. Surely we should have some backbone to put a stop to those kinds of supine and weak-kneed activities by a government which should know better, and does know better. It should be made to act better. This is an opportunity for all of us to do something constructive on behalf of our fellow Canadians, rather than ignore the weakness of some cabinet ministers who are carrying out an effort that will cause all of us to rue the day and pay the bill many times over.

Mr. Stanley Knowles (Winnipeg North Centre): I rise only for a moment, Mr. Speaker, to indicate what may happen in a moment or two.

First of all, I should like to thank my hon. friend the hon. member for Grenville-Carleton (Mr. Baker) for quoting those words he attributed to me concerning the fact that it is our role here to act as watchdogs. We find in this party that we have to be watchdogs with our eyes not only on the government of the day but on the members of the official opposition. They are just as ready to give away to private enterprise the people's heritage as are those who are on the government side right now. Watchdogs we are, looking both ways.

As my colleagues the hon. members for Nanaimo-Cowichan-The Islands (Mr. Douglas), the hon. member for Sault Ste. Marie (Mr. Symes) and the hon. member for Regina-Lake Centre (Mr. Benjamin) have indicated, we are opposed to this bill. I wish to say that in a moment or two, if the debate is over, we intend to ask for a recorded vote. In that connection I might point out that there was an agreement yesterday among the House leaders that if any votes were called for today they would be deferred until next week at a time or times to be settled by consultation.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): All those in favour of the said motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Accordingly the vote stands deferred until next week.

Petroleum Statistics

PETROLEUM CORPORATIONS MONITORING ACT

MEASURE TO PROVIDE FOR COLLECTION OF CERTAIN STATISTICS RELATING TO PETROLEUM INDUSTRY

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources) moved that Bill C-12, to require the reporting of certain financial and other statistics relating to the affairs of certain petroleum companies carrying on business in Canada, be read the second time and referred to the Standing Committee on National Resources and Public Works.

He said: Mr. Speaker, I am very pleased this afternoon to introduce for second reading a second bill, being a companion bill to the bill that has just finished its second reading debate and which will be voted upon next week.

Bill C-12, the petroleum corporations monitoring bill, concerns the vital matter of energy self-reliance. As I have indicated, it too is concerned with the increasing of Canadian supplies of hydrocarbon energy. As the title suggests, the purpose of the bill is the monitoring of the expenditures made by petroleum companies to search for and develop new energy supplies, which is a vital factor in our policy of achieving self-reliance.

From time to time members opposite, members from my side and the public generally are asking whether the oil companies are reinvesting their revenues so as to increase our own supplies of hydrocarbons and related energies in this country. If so, to what extent and how? The aim of this bill is to obtain the relevant data necessary to assure Canadian consumers, who must pay increasingly higher prices for petroleum products, that an appropriate proportion of the increased cash flow accruing to the Canadian petroleum industry is being reinvested in domestic energy related projects. This bill provides for a standard method of reporting of relevant capital expenditures and cash flow items by all petroleum companies in Canada which have gross revenues exceeding $10 million or total assets in Canada exceeding $5 million. It provides specific penalties for non-compliance or falsification of data.

Over the past three years there has been a great deal of discussion and debate about the energy crisis following the first round of crude price increases initiated by OPEC. In the winter of 1973-1974, for some countries, because of the embargo imposed by OPEC, the energy crisis was more than a crisis of price, it was a crisis of supply. It has been well documented that those countries, finding themselves in a position of near absolute dependence on this international cartel for petroleum supply, found themselves most vulnerable.

That supply crisis was underscored this past winter in the northeastern parts of the United States. Because of severe weather conditions and possible misjudgment by certain gas utilities, many cities in that region found it necessary to close schools and shut down industries in order that sufficient fuel could be allocated for the heating of private homes and hospitals particularly. The cost of this shortage in economic terms was enormous and served as a warning to both Americans and Canadians that any significant interruption in energy

supply is potentially catastrophic. Many Canadians were made all too aware of that catastrophic event because they were thrown out of work. Many of the parts manufacturers in the United States for the automobile industry are located in Ohio. Those plants had to shut down for the reasons I have mentioned. Energy supplies were feeding Canadian manufacturing plants and assembly plants just as they were feeding American plants; therefore, Canadians suffered also. The energy crisis was brought home, albeit in a very discriminatory way, to Canadians as well.

● (1542)

The question of more secure supplies in the future and the need to reduce our independence on foreign imports, as I said earlier this afternoon, which is related to moving our prices up both for reasons of conservation and new supply, needs to be examined against those cash flows which are being generated by the higher prices. This nation too is dangerously vulnerable to any interruption of energy supply, particularly of oil supply, in the future.

Major steps have been taken in order to achieve this goal of self-reliance. There was discussion this morning that self-reliance was not a particular objective which the lead-off Tory spokesman would like. I remind him that self-reliance is a much larger concept than the narrow one he has chosen. He has chosen to pin his faith on a very narrow concept.

The hon. member talked about self-sufficiency. It sounds great. However, when you look closely you see it implies all sorts of things such as supplies at any cost regardless of where they come from. I suggest to him that self-reliance is far more sensible and a far more effective objective of Canadian energy policy because it has a flexibility built into it. It recognizes that if we can get supplies from other sources and get them at a lower price than we can develop them in Canada, then we should take advantage of that option. His particular articulation of self-sufficiency would clearly rule that out.

If you push the hon. member's theme on self-sufficiency to its logical conclusions, you could not take advantage of cheap electrical power from the United States during the winter season. It would deprive a large proportion of Canadians of the advantage of cheap electrical power during the winter season in the same way that it would deprive the American consumer of power from Canada during the summer season when they have their peak load. I suggest the hon. member re-examine this from the narrow view that he has with regard to the objectives of the energy policy in this country.

To return to the goal of energy self-reliance, it is to allow for domestic petroleum and natural gas prices. One aspect of our policy to achieve the goal of self-reliance is to gradually rise toward international levels, to promote conservation, and also to provide the necessary financial resources required to develop an adequate supply base. That clearly is based upon the present fiscal system which is aimed at making a large flow of internally generated funds available to oil companies so that they can be invested in the search for and development of domestic energy sources.

[Mr. Gillespie.]

In order to assure the accurate and useful measurements needed to assess the performance of this policy in stimulating increased exploration, a carefully designed cash flow monitoring program as stipulated in this bill is essential. The bill provides for a standard method of reporting for those petroleum companies to be surveyed on a semi-annual basis. A monitoring questionnaire, which reconciles our need for detailed information with our desire to minimize the administrative burden on the respondents, has been designed by the Department of Energy, Mines and Resources in consultation with industry members. Much of the information required in this questionnaire is available from no other source.

While the information obtained will, as a rule, be treated strictly confidentially, it will be the prerogative of the minister to disclose any or all of the individual company data in the House of Commons or elsewhere if, in his opinion, such disclosure is in the national interest. The moral value of the minister's powers to expose companies which do not use their financial resources provided by the Canadian consumer in the search for new energy must not be overlooked. An exception will be made where such disclosure will, in the opinion of the minister, impair the competitive position of a company. The minister will give every opportunity for a company to make representations as to the effect any disclosure might have on its competitive position before the final decision on this subject is made by him.

Certain penalties for non-compliance are prescribed within the bill and there is provision for selected spot audits of company records to be made at the discretion of those administering the bill. Officials conducting the monitoring survey will not disclose individual company data to any person other than the minister. The bill is an integral part of what we believe will prove to be a far-sighted energy policy that results in maximum net benefit not only to present but future generations of Canadians.

The cash flows accruing to the industry as a result of the increasing prices will doubtless continue to come under attack by many energy critics. It is understandable that, as allowed semi-annual price increases become reflected in pump prices, the Canadian consumer will perhaps become more concerned that the additional sacrifice he is asked to make should be a positive contribution in securing energy supplies for our economy, and rightly so. We believe that the readjustment entailed by the rising prices is inevitable for our society, and while it is important to minimize the disruptive effect of large price increases, through a gradual phasing-in program, the problem of future shortages in domestic energy supplies should be faced now.

The United States of America recognizes the potential havoc which any interruption of crude imports would have and is presently developing strategic petroleum storage reservoirs which will be filled largely with imported oil.

The strategic reserves of Canada can be developed at home. I refer in large measure to the tar sands and the heavy oils. The vast deposits of crude oil locked up in the tar sands, the heavy oil deposits of our western provinces and the untapped

potential resources of our frontier areas can supply this nation with the security of supply which Canadians in future years will require. However, that is going to require very substantial investment.

We believe that investment should be made by the private sector. We also believe that while the private sector has shown every inclination to re-invest those funds, it is essential in the public interest that parliament and the Canadian people have the legislative right to examine how those cash flows are being spent and whether they are being spent to the advantage of Canadians. It is the purpose of this bill to ensure that such surveillance can be carried out to the satisfaction of the Canadian public.

● (1552)

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I shall naturally begin my remarks by straightening out the minister, if I can, as to the importance of terminology and as to the importance of understanding why self-sufficiency is an important policy objective. Based on the figures he gave this morning, by the year 1990, or perhaps earlier, we shall, given a continuation of the present policy, be facing a fuel bill with the Arab countries and Venezuela of $6.5 billion at today's prices. We shall have to generate this amount by means which are not obvious at this point in time because we are already running tremendous trade deficits in the manufacturing sector.

Since this $6.5 billion is being used to pay for consumer imports, the expenditure represents a direct loss to the Canadian economy, one which can be translated into lost jobs and so on. What will happen to the value of our dollar when the nation is subjected to a continued drain of that nature? It might well drop to 85 cents or to 80 cents. What will be the effect on the cost of living of the increased price of the goods we are obliged to import?

Canada has the geological potential to be self-sufficient, to be independent of the political intricacies of the Middle East oil trade. Since we are not obliged to pay out these large sums of money, every opportunity for self-sufficiency should be seized and pursued. The minister has suggested we would be opposed to importing cheap oil from secure sources. That is an absurd statement. But would the hon. gentleman like to tell us where we can find cheap oil from secure sources today?

Mr. Gillespie: Do you disagree with swap arrangements?

Mr. Andre: Not at all, if the minister is talking about trade back and forth.

Mr. Gillespie: That is self-reliance.

Mr. Andre: That is producing as much as we consume and it means a change in priorities. In my opinion the attitude of the government has not changed since 1973, when the first energy policy was produced. It still holds the view that the prime function of the oil and gas producers is to be a source of revenue for the federal treasury. An examination of policy statements, an examination of the motivation behind this bill, leave one with the impression that the role of government is considered to be that of taking as much of the pie as possible. Of course, to change the metaphor, they do not want to kill the goose altogether, but their attitude remains unchanged: it is to take as much of the pie as possible. A government which views the issue in this way is guilty of distorted perception, because the first priority is to achieve self-sufficiency—to produce as much as we consume. We are, of course, dealing here with the total package, not just with oil and gas.

This is not the type of bill we welcome with great enthusiasm but it is not one which invites very much opposition either, so we shall not hinder its passage. Nevertheless, there are aspects which cause concern. To begin with, I question the motives for bringing it forward in the first place since the information which the government now seeks to compel companies to provide is already being given voluntarily. This has been the case for five or six years. Why bring out the whip when, all this time, the carrot has proven to be effective? Why these compulsory tactics?

Then again, the clause which would permit the minister to disclose confidential information when he deemed it to be in the public interest is abhorrent on philosophical grounds. Is the next step to be the disclosure by the Minister of National Revenue (Mr. Guay) of confidential information supplied by taxpayers on the ground that it would be in the public interest to do so? Corporations are not anonymous bodies despite the inclination to regard them as such. There are people involved—employers, workers, shareholders. If the minister were to use the blackmailing capability provided by the clause to which I have referred, it might be a comfort to him to think he was using it only against corporations, but he would be using it against people, the people who own and manage and work for these companies. As I say, the clause is abhorrent.

Another clause which I find abhorrent is that which would allow officials to burst in and seize records should the minister believe there was reason to do so. We know what happens when officials are armed with powers of this sort; I hardly need to explain why provisions of this kind should be opposed.

In our opinion, this bill is another candidate for a "sunset clause". We see no reason why this legislation should still be on the books 50, 60 or 100 years from now after we have used up all our petroleum and are relying on solar power or nuclear fission. We do not like the idea of some official sitting in a back room compiling forms and having them filled out simply because that is what the law says. Let us limit the life of the bill to five or six years; if the government thinks its operation should be extended it could be done at that time. I have no doubt parliament would agree to consider whether it should be extended or not.

I see, Mr. Speaker, that it is four o'clock.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise to ask the parliamentary secretary whether we shall be proceeding to

finish this bill on Monday, and, if that is the case, what order of business we shall be following thereafter.

● (1602)

[*Translation*]

Mr. Pinard: Mr. Speaker, we will follow the order of the bills indicated yesterday in the House by the Deputy Prime Minister (Mr. MacEachen), but I must specify that, barring unforeseen circumstances, we will resume study of the bill first thing on Monday.

PRIVATE MEMBERS PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Turner): It being four o'clock p.m., the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, notices of motions, private bills.

Mr. McGrath: Mr. Speaker, I rise on a point of order. I will interrupt the proceedings for only a moment. There has been consultation on this matter.

A group of private members' bills were discharged and their subject matter referred to the Standing Committee on Justice and Legal Affairs. The motion referring these bills was moved by the hon. member for Kenora-Rainy River (Mr. Reid) prior to the Christmas recess. A bill was omitted from that grouping, and it is my purpose to attempt to have that bill included. If the House will give its unanimous consent, I wish to have Bill C-239, in the name of the hon. member for Selkirk (Mr. Whiteway), discharged and its subject matter referred to the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Turner): Is there unanimous consent?

Some hon. Members: Agreed.

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

That Bill C-239 be withdrawn, the order discharged, and the subject matter thereof referred to the Standing Committee on Justice and Legal Affairs.

The Acting Speaker (Mr. Turner): The House has heard the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

The Acting Speaker (Mr. Turner): Agreed and so ordered. I am advised that there is unanimous consent to stand orders Nos. 2, 4, 8, 9, 10, 13 and 16. Is that agreed?

Some hon. Members: Agreed.

[Mr. Baker (Grenville-Carleton).]

SENIOR CITIZENS COMMISSION ACT

STUDY AND IDENTIFICATION OF NEEDS OF SENIOR CITIZENS

Mr. J. Robert Howie (York-Sunbury) moved that Bill C-218, respecting senior citizens, be read the second time and referred to the Standing Committee on Health, Welfare and Social Affairs.

He said: Mr. Speaker, senior citizens of Canada, working in far more difficult times than we have experienced, have created for us a better way of life than they themselves enjoyed. For many senior citizens living in their golden years the sands of time are running swiftly. The opportunity for us to recognize their contribution to our society is limited in time, and every day we wait this opportunity decreases dramatically. That is why I have introduced this bill.

I suggest that there is a need for a commission as a full-time job to identify the needs of senior citizens. These needs are very visible and large in number. I would like to mention a few of them.

The first problem that comes to mind is that of poverty. Many senior citizens grew up in the hungry thirties when pension plans were few and old age security was difficult to buy. Pension plans that were available did not envisage today's high prices and dramatic increases in the cost of living. Large numbers of our senior citizens are living below the poverty line, and the sole source of income for many of them is the old age pension and supplement. Their meagre incomes are ravaged by inflation. The cost of living, particularly food, clothing, shelter, energy and heat costs, have risen very rapidly, causing economic hardship and mental anguish. These costs increase faster than the increase in the old age pension and supplement. For workers who are being retired earlier than age 65 the present old age pension system offers no assistance, and these early retired workers suffer an unfair hardship.

How do we define poverty? There are four poverty lines defined by three independent organizations. They each provide unofficial measures which are useful in assessing poverty by income level. The Economic Council of Canada in its fifth report used the Statistics Canada approach to measuring poverty: a family is poor if it spends 70 per cent or more of its income on food, clothing and shelter. The Special Senate Committee on Poverty judged that this criterion was not satisfactory as a permanent yardstick of poverty.

In 1973 Statistics Canada revised its poverty line. It decided that family is poor if it spends 62 per cent or more of its income on basic essentials.

The Senate committee formula and that used by the Canadian Council on Social Development put poverty levels at 50 per cent of average Canadian family income with varying adjustments for inflation, taxes and gross national product.

There is no official poverty line; at best, any measure will be faulty. Last March Senator David Croll, Chairman of the Special Senate Committee on Poverty, put on record the 1976 poverty line using the four bases.

In the year 2031 there will be 8 million elderly Canadians. Those people are alive now. Some 2 million Canadians today are old age pensioners. In eight years' time that figure will rise to 3 million. Some two thirds of them, according to a recent Global Television feature program, are living below the poverty line. In its July, 1976 paper on the changing age structure the Science Council notes at page 3 the following:

> The most glaring fact in regard to the distribution of income by age, and one which promises to be perpetuated in the future, is the relative poverty of the aged, compared with other age cohorts—
>
> In 1974, 26 per cent of old age pensioners received the full GIS and 32 per cent received a partial supplement. Thus over one half of Canada's elderly needed supplementary income to bring them at least to the poverty line.
>
> It is true that the apparent poverty of the aged is somewhat mitigated by the fact that many of the elderly own outright such assets as a home or car. However, these tend to be of older vintage and thus have a greater likelihood of incurring maintenance costs. In inflationary times, the burden of escalating repair costs and taxes can be nearly intolerable to a person on a small fixed income (i.e., pension).

The aged are our poorest population group, women being the worst off. Kevin Collins, senior economist for the Canadian Congress of Labour, says of his recent study for the Canadian Council on Social Development that, and I quote:

> If you look at all the different population groups, like young people, single parents, the elderly, it's the elderly who are the poorest. But among the elderly, it's the women who are the poorest of the poorest.

Mr. Collins said that in an interview published in the *Globe and Mail* on January 13, 1978 at page 12. Mr. Collins was the program director of income securities at the council. His year-long study on women and pensions was his last council project. Rather than recommending pension reforms that relate exclusively to women, the study calls for changes in the private and public pension plan systems and slams the federal government for its old age security and guaranteed income supplement benefits program. Mr. Collins said of this program:

> It guarantees a level of income for the elderly that is inadequate. It's below any realistic poverty line. In other words, it guarantees poverty.

● (1612)

One of the study's many recommendations calls for the combined income guarantee for the elderly to be substantially increased to meet 1977 poverty lines, which the Canadian Council on Social Development has estimated at $4,400 a year for a single person, and $7,300 for a couple.

Statistics Canada's booklet "Income Distribution by Size in Canada", published in October, 1977, reports that in 1976 31 per cent of single persons over 65 and of families headed by persons of that age, taken together, earned less than $4,000; half of them received less than $3,000 yearly. About 62 per cent of individuals aged 65 or more earned less than $4,000; 42 per cent earned less than $3,000.

If we agree that this is a legitimate problem of senior citizens, what do we do about it? I personally feel for one thing that the old age security pension should be increased to $200 per month immediately and that the guaranteed income supplement should be increased proportionately. I feel too that old age security should be made available to persons 60 years of age and over who are retired and that the supplement be paid to those who otherwise qualify at that age.

The cost of living index should be amended to fully reflect the increase in the cost of living to senior citizens. The basic requirements of senior citizens pretty well gobble up their slender incomes and it is these basic requirements, food, heat, light, shelter and clothing, that should be used as the criterion for indexing the old age pension and supplement. I am suggesting that the increase in these staple items should be averaged and form the multiplier for indexing the old age pension and supplement.

I feel too that the spouse's allowance should be continued for any spouse aged 60 and over who is widowed. The spouse of a public service pensioner gets one-half of the pension when the pensioner dies, but the fixed costs of living, including real property, tax, heat, light, repairs, telephone, all continue unabated. This is a cruel and merciless provision that should be rectified.

It is a blot on the conscience of this nation that our disabled war veterans did not receive the full increase in their pensions related to parity with the control group of five categories of public servants, instead of the increase being related to the much lower consumer price index. I sincerely hope this tragic error in judgment will be rectified.

The world of the senior citizen is sometimes much smaller and shrinks much faster in terms of friends and acquaintances that it does with younger people who are more active and make their way in the world.

Barbara Reynolds, in a paper entitled "Problems of Aging", produced by our own research library, May 3, 1974, reports that only about 5 per cent of those aged 65 or more need to live in institutions and that most elderly persons are reasonably healthy. Hence feebleness, sickness and other mental or physical handicaps are not the dominant obstacle to the good life for most elderly poor folk. Their critical need is for a chance to better themselves.

The Special Senate Committee on Poverty commented that Canada has spent billions on income security and welfare programs to little purpose. They have "only made the lives of the poor a little less desperate". The committee's report continues:

> While the poor lack many things, their most fundamental lack is one of opportunity—of the liberty to exercise meaningful choice in our economy and our society. If they had that liberty, in ampler measure than today, they, or at any rate their children, would perform the greater part of the job of lifting themselves out of poverty.
>
> In short, we cannot expect major accomplishments unless we guarantee the necessary preconditions of sufficiency and opportunity.
>
> In each generation there are some poor people who are able to escape from poverty against all the odds and obstacles. But for most, it is simply impossible to control their economic destinies.
>
> It will continue to be impossible unless we find the means to increase their choice, to expand their liberty . . . and to convince them that they were not born to the "small loaf".

It seems to me, with high vacancy rates in our air carrier and land transportation systems, that senior citizens should be encouraged to do some travelling to visit friends, relatives and

see our great country, and that when they travel in Canada they should enjoy a 50 per cent reduction in fares.

Another basic need of senior citizens is accommodation, but there surely can be no substitute for senior citizens remaining in their own homes as long as they wish and are physically able to do so. Competent but poor old folk often end up in nursing homes because they cannot pay for low-care or no-care housing. In 1976 in Ontario, according to provincial health minister Frank Miller, there were 35,000 persons in homes for the aged who should not have been there.

In earlier times they might well have been with younger members of their family, looking after grandchildren with a room of their own in the bigger homes of those days. But today the families are smaller, houses have shrunk and costs have climbed. The system tends to discard older persons.

Even elderly people living in their own houses are forced to sell because they cannot keep up the property taxes. They get a good price in inflated dollars for the family house but, in Ottawa, many have to pay more than $600 monthly for board and a shared room in an old folks' home subsidized by the province. It is a "no-win" situation especially for a childless person who has paid school taxes for decades and now is forced out by taxes.

It may be hard for older persons to keep a house; even harder to buy one if they need financing. Banks and trust companies generally do not issue mortgages on properties if the sum of the applicant's age and the term of the loan exceeds 80.

City planners and developers appear to favour destroying whatever has lost the glitter of newness. They raze the old to make way for sterile, costly apartments renting at prices beyond the reach of the elderly. Governments too seem mesmerized by the passion to plant huge office buildings in city cores, whether or not there is a valid demand for offices. Kicking out the poor and old on the pretext of upgrading an area is more fashionable than renewing accommodation so that the elderly may stay in districts they know and love among friends of a lifetime.

I suggest strongly one need that can be identified is the need to meet expenses and be financially able to continue living in one's own home on a slender retirement allowance. Personally I think this type of living should be encouraged and, if necessary, financial assistance should be given to senior citizens to enable them to do this. One goal of our nation should be to see that our senior citizens receive at least the average of the minimum wages established across the country.

For disabled senior citizens who require nursing home care, existing facilities are not sufficient to meet the demand. The financial technique presently used to build these facilities is to borrow money from CMHC, obtain federal grants where they are available and construct the facility. About 80 per cent of the cost of operating these facilities in New Brunswick is paid for by the provincial government through social assistance programs. In making these operating payments the provincial government in effect repays the CMHC mortgage to a great extent.

The federal government has not come to grips with this problem to the financial degree it should, and I would think the great need for facilities like this would attract the early attention of the commission that I propose be set up by this bill. I can indicate that in my own riding, areas such as Stanley, Millville, Nackawic, Oromocto and Fredericton come quickly to mind. There are many others as well. I would like to see greater use made along these lines of the Victoria Health Centre in Fredericton. Wherever possible senior citizens should be located in or near their own communities.

One project that appeared in the Canada Works program in my constituency and which I should like to share with the House is one involving a one-on-one service by volunteers for senior citizens. The volunteer under this program would be available to assist a senior citizen, who perhaps is unable to get out of his or her home, with such things as grocery shopping or shovelling out a front walk on a bad winter day. This type of service I find extremely useful and is appreciated by senior citizens.

Mr. A. Allentuck in "The Cost of Age", Toronto, Fitzhenry & Whitside, 1977, prescribes single-issue politics as a powerful weapon in the hands of the elderly of the future. "More for the elderly now" might be their motif. Their platform contains the following elements:

● (1622)

1. No compulsory retirement.

2. Private pensions openly managed and properly insured against mismanagement and fraud.

3. Public pensions, principally the Guaranteed Income Supplement, increased to levels adequate to support lives that are comfortable and secure.

4. Relief from real estate taxes.

5. Construction of more and better nursing homes.

6. Reduction of the cost of eyeglasses, hearing aids and other prosthetic devices either by subsidy or government intervention into the respective industries.

In the same book Mr. Allentuck suggests the following:

1. Patients shall be treated, dressed, clothed, housed and cared for in a manner befitting their stature as adults.

2. Patients may refuse medical treatments and medication to the extent permitted by law.

3. Patients shall not be compelled to participate in any experiments of any nature.

4. Patients shall be given explanations of their conditions, care and treatment, and such explanations shall be phrased in terms comprehensible to them.

5. Patients shall not be restricted to their beds or to their institutions unless their medical conditions so warrant.

6. If patients or their families make supplemental contributions to their institutions as entrance contract payments, such payments shall be refunded if they withdraw in protest against service rendered.

7. The patient's religious and cultural preferences shall be respected.

Mr. Reuben Baetz, when executive director of the Canadian Council on Social Development, had the following to say about the elderly:

Retired persons must themselves be engaged in the planning and implementation of programs, services, recreation, education, from which they are to derive

benefit. Why can't the aged be more involved in the operation of homes for the aged? The revolution against paternalism is now well advanced on the university campus. The students are no longer ready to have handed down to them an education which the university fathers feel is best for them. They insist on being involved . . . . It is therefore high time that the aged assert clearly and forthrightly that they too want to be masters of their own destiny. They should make it perfectly clear that they too have human rights which must be protected and enhanced, and that these rights are more than a pension sufficient to keep body and soul together. They include the right to dignity and self-respect. In many cases, to protect these rights, they must have the opportunity to continue to make meaningful contributions to society. The decision as to when, how, and how long an individual should continue to participate in the mainstream of society must be made by that individual, and not by some computer clock which "rings down the curtain" at age 65.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise in support of this bill because I am so well aware of how terribly difficult it is for most senior citizens to live on what is provided for them now. It is difficult especially for them at a time when there is an increase in the cost of living on a year to year basis of 9.5 per cent. They despair when they see the cost of living increase to some 11.5 per cent, which is what happened during the last three months.

The basic amount of old age security is presently up to a little over $150 per month, and there is a $105 per month guaranteed income supplement for those who have nothing to live on. Therefore, $150 a month is paid to everyone 65 years of age or over, and $255 is paid to those who have the supplement. During these times of very high cost of living, the least one could hope for is an increase in the basic amount of old age security from $200 a month during this year, with a goal of $250 or $300 by 1980.

The guaranteed income supplement should be raised also this year to at least $130 a month, with a goal of $175 by 1982. This would be no great fiscal or financial burden on the nation, since the Minister of Finance (Mr. Chrétien) has indicated that the growth in real terms this year will be 5 per cent. These figures would be the minimum amount of rough justice the younger citizens of Canada owe to older people who are no longer in the labour force. Just as young union employees are often hesitant to vote for increases in the pension plan under the collective bargaining process and prefer immediate wages, we find creeping into our social thinking the notion that the nation is doing about as well as it can for those citizens who built this country during extremely trying times and suffered greatly during the depression and wars.

There are a great number of senior citizens, some of whom are veterans of World War I and others veterans of World War II. On June 28, 1973 royal assent was given to Bill C-202, which provided for an increase in the basic war disability pension to an amount equivalent to the composite of five public service categories. At that time it was felt that the Department of Veterans Affairs finally had arrived at an equitable basic rate of pension. A recent announcement by that department indicated an increase of 7.2 per cent. That fails to fulfil the spirit of the legislation passed in June of 1973, because the government did not repeal section 58.1 and 58.2 of the Pension Act. Bill C-202 increased the basic rate for veterans in an amount which was equal to the average wages of the composite group I have referred to. However, the provision remained in the Pension Act for increases in the years following the approval of Bill C-202 to be based only on the Consumer Price Index.

In comparing the basic rate of pension of a war disability pensioner, who is totally disabled, with the average wages for the composite group of five in the Public Service of Canada, there is a differential of approximately $600 to $700 on a yearly basis in favour of public servants. The government should take steps this year to close this differential, if it has any sense of gratitude for the veterans. Whether the government uses this during a political campaign or not is of little importance; the fairness and the spirit of the June 1973 legislation should be adhered to by the government.

A few weeks ago I was surprised to hear the Minister of National Health and Welfare (Miss Bégin) say, in reply to a question before the House, that the spouse's allowance providing for a payment to either a man or woman between the ages of 60 and 65 would apply only to a spouse who is married to, or living with, an older pensioner and would not be changed to include single people, whether widowed or unmarried. This is completely ridiculous when one considers that the total cost of including these categories would be approximately $4 million a year.

Recently in my constituency office a spinster, who was 62 years of age, said: "If I lived in a common law marriage with someone, I could get this allowance". People feel incensed about this kind of discrimination with regard to the present spouse's allowances. The Minister of National Health and Welfare (Miss Bégin), in answering the question, said that one of the reasons for her refusal to include these people would be national pressure to reduce to 60 the age at which old age security benefits are granted, and she said that the government could not afford that. This is a lame excuse for not including the above categories of people who are now being discriminated against.

● (1632)

Like Sweden, Canada should have a national study which would embrace the notion that people should be allowed to retire at various pension levels between the ages of 60 and 70, if not 75. Many senior citizens in Canada, including women who are heads of households, are suffering badly under our national and provincial assistance system. The low income groups in this country, such as, for example, the bottom 20 per cent of our income earners, receive only 4.4 per cent of our national pie, called the GNP, while the top 20 per cent skim some 40 per cent off that pie. That should concern us as parliamentarians and we should determine to really do something about it. I do not care if it is done in an election year or at another time. There is a great need for us as Canadians to provide a sufficient income for senior citizens who have done so much for this nation. Let us as parliamentarians accept the responsibility for bringing in needed reforms, not next year or the following year, but now, in 1978.

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, I am pleased to have

the opportunity to speak on Bill C-218 which was introduced by the hon. member for York-Sunbury (Mr. Howie). Like him, I too have great concern about the needs of the senior citizens, but in reading Bill C-218, one wonders what the proposed senior citizens' commission could be expected to accomplish. The bill states that the commission is to study and identify the needs of senior citizens and make recommendations concerning these needs to the governor in council.

The establishment of a commission such as that proposed in the bill would more appropriately be a matter for action by the provinces. Indeed, some provincial governments have appointed bodies to identify the needs of older people, make recommendations on how these needs can be met, serve in an advisory capacity in the establishment of programs and services to meet the needs, identify gaps in information and services, promote research, and, in some cases, carry out research. Called by any one of several names, such as senior citizens commission, advisory council, or provincial senior citizens council, these bodies are appointed by government and responsible to a provincial minister of the Crown.

Several provinces have bodies operating under voluntary auspices either as independent councils on aging or as divisions of provincial social planning councils. In some urban centres, similar structures have been organized locally. In addition, some provinces have an office, bureau or division on aging, usually located in the department of social services. All these bodies are engaged in identifying the needs of older people and in establishing, in co-operation with other bodies, services for them.

Such developments are not surprising when the needs of older people are considered, namely, economic needs, physical and mental health, nutrition, living arrangements, transportation, leisure activities, education, employment, retirement and spiritual wellbeing. The federal government's responsibility in the economic sphere is fully recognized. Furthermore, federal financial participation with the provinces in the development of health and social services as well as the construction of housing and institutional care facilities has been in effect for many years. But the fact is that health and social services, housing, institutional care facilities, education and so on, are all under provincial jurisdiction.

There are those who argue that if older people were provided with enough money, they could look after their own needs. We have heard some of that rhetoric this afternoon. This is a fallacious argument. It assumes that the services needed are available, that they are accessible, and that whatever their cost old people could afford to pay for them regardless of the quantity required or the length of time the services are needed. The recognition of the lack of supportive services to help elderly persons to live independently in their own community, despite socioeconomic and physical problems, was the motive behind the federal government's initiative in introducing the social services act in Bill C-57 during the second session of the thirtieth parliament.

Mr. Knowles (Winnipeg North Centre): What happened to it?

Mr. Andres: The announcement by the province of Quebec of its opposition to the cost sharing arrangements between the federal and provincial governments, and the lack of enthusiasm of a number of other provinces including Ontario, resulted in the bill's withdrawal. Admittedly, there was no guarantee under the proposed social services act that the provincial governments would include or extend services, but the federal government had opened the door for the development, with federal participation, of services as wide ranging as those of homemaker or home help, handyman or handywoman, preparation of meals, laundry, counselling services, day care for adults, special transportation, volunteer visiting and information and referral.

The problems of the aged and aging are as diverse as those which afflict all of society. We know, however, that the aged of the 1970s are very different from those of the 1950s and 1960s. Those of the 1980s will show even greater differences. It is estimated that about two-thirds of those aged 65 and over have no single identifying characteristic except age—they mingle largely unnoticed in the community. Indeed, the majority of older people can function in the community if society permits and encourages them through the provision of special services. Thus, an integral part of the planning process should be the provision of services and resources which would provide opportunities for senior citizens to participate in the community.

The New Horizons program of the Department of National Health and Welfare was established five years ago to help and encourage retired people to engage in activities of benefit to themselves and other members of their community. The result has been a dramatic increase in the number of community groups established by, and for, retired and elderly persons. Many of these groups have joined provincial and national senior citizens organizations, and these organizations have become extremely effective in speaking on behalf of their members. No one could be more thoroughly familiar than they are with the needs and aspirations of retired and elderly people.

On many occasions these organizations met with the former minister of national health and welfare, the present Minister of State for Federal-Provincial Relations (Mr. Lalonde), to discuss their concerns and to present their recommendations for improving the quality of life for retired Canadians. Many of their proposals have been incorporated in government programs for pensioners, and there is a continuing dialogue between the department and the spokesmen for senior citizens organizations. Ways of making this dialogue even more effective are being considered.

The Department of National Health and Welfare has recently granted funds to one New Horizons project group, composed of very knowledgeable seniors from across Canada, to undertake an independent look at the kinds of structure that might be most effective as a focus for the concerns about aging at the national level. Furthermore, they are presently considering with the provinces the merits of holding a national symposium to examine a range of issues related to this very

important subject. So you see, Mr. Speaker, that a great deal is already being done, and I do not believe that the appointment of a senior citizens commission at this time would contribute anything to the measures which are already underway.

● (1642)

The paradox in respect of the older population is the tendency to view success as a problem. It is a particularly frustrating irony that progress in man's search for a longer life should produce the problems of aging. In fact, the very successes in economic, social, medical and industrial progress that now permit such a large number of people to reach old age have also produced the changes that make elderly people a generally dependent group and have robbed them of their most important and traditional functions, roles, and statuses.

Since World War II, scientific and technological advances, with increasing industrialization, have changed both the way people live and the way by which they earn their living. The impact of population growth, urbanization and industrialization on the lives of older people has been heightened by the fact that these changes are occurring rapidly. Coupled with these rapid changes has been a new phenomenon—retirement. For the first time in the history of the world, thousands of persons each year leave the labour force and enter retirement.

It is here that difficulties have arisen. The right of persons to spend their later adult years not tied to the demands and responsibilities of the working world has become accepted, but we have failed to take steps to provide people with systematic preparation for their retirement years. Preparation for adulthood, and particularly for work, is an institutionalized part of the system; preparation for the later adult years is left to the individual and as a result is haphazard and often incomplete. With the end of the work role, the value of the older person's contribution to the family, the church, the neighbourhood, and voluntary associations has been downgraded. Society has developed negative attitudes towards the aged and aging; older people now carry these attitudes, developed earlier in life, into their own retirement with the result that they have negative attitudes about themselves and their peers.

Each of us must develop positive attitudes toward our own aging and old age. It will be necessary to supplant the misconception that many incapacitating illnesses, either physical or mental, are inevitable and irreversible characteristics of the aged. Good health and a clear mind are as much the right of persons over 65 as they are of adolescents, or younger and middle-aged adults.

Overcoming the negative attitude society has concerning the aged and aging is the challenge we face. Like all age groups, older people have problems and we must continue in our efforts to solve them. But we must not allow our efforts to aid the helpless to become synonymous with the whole spectrum of aging. Stress on the negative side of aging has contributed to the stereotypes and myths which have grown around it. Most of us have in some way contributed to the false picture that has been created. Until we come to terms with our own aging and accept it, we will continue to endow the later years with all the misconceptions and untruths that society has built up, particularly over the past 30 to 40-some years—insidious and ultimately disastrous in terms of society's acceptance of its older citizens.

There are older people, many who are frail and not in the best of health, who are demonstrating that chronological age, in itself, is a meaningless measure. They continue to contribute to society, to their families, and to grow as individuals. When we see them, aging takes on a new dimension. Mr. Speaker, we all know such people; indeed some are in this House.

Changes in attitudes cannot be legislated. These will come about only through teaching in the homes, the schools, in the training of professionals who will be working in the community with the aged as well as other age groups. Each of us as individuals has a responsibility in this. Older people themselves have a responsibility. Increasingly they will have to demonstrate that they remain socially responsive and responsible, that they can and do continue to contribute to society, that there are new roles which they are able and willing to assume. We have to help them find these new roles; we have to provide the aged themselves with opportunities to do so.

Leadership is necessary to effect the kinds of developments required to allow older persons their rightful place in society and provide the services they need. Quality service, in the quantity needed, is essential. Effective leadership planning in aging requires real commitment for meeting the concerns and needs of older Canadians. Further, to enable a genuine exercise of leadership necessitates statutory authority, funds, energy and creativity, and status. Obviously it is only within the appropriate jurisdictions where the necessary statutory authority can be granted that authentic power lies.

Anyone familiar with the reports of the president's task force of older Americans of 1968 will know the problems there in respect to this whole matter. As we know, jurisdictional responsibilities are quite different in the United States from those in Canada. Besides some 20 agencies in the federal government in the U.S.A. with statutory responsibility for an extensive variety of programs and services for the aged and aging, there are dozens of additional federal operations that have considerable, if indirect, relevance. Co-ordination is therefore difficult to achieve, as is leadership planning. The result in 1968 was recommendations for new structures—thus adding to those already in place.

The 1970 task force explored the same range of issues as did the one of 1968. By the time of the 1971 White House conference on aging, leadership planning in aging was still more of a goal than a reality—a situation which continues to be of great concern. Various mechanisms, including some proposed mechanisms, have been given a variety of responsibilities for leadership planning in aging, but there have been difficulties in developing effective means to provide the appropriate authority to carry these out.

The president's council on aging serves as one example. Composed of very able members, its mandate limits what it can do in guiding federal efforts in aging. Its work has centred

around such matters as determining that certain programs for the aged require more financial support, upon occasion developing a proposal for a demonstration project, and issuing an annual report. Although these reports provide evidence of the concern of the council about the problems of older people in the United States, and of the time and attention devoted to discussion of them, they unfortunately cannot be said to reflect a policy focus for the government's work in aging.

The U.S. federal government agency which receives the most attention from Canadians is the administration on aging. It has gone through many changes; from time to time efforts have been made to strengthen it. Its actual accomplishments have been limited because it has been difficult for it to assume a role of leadership. Its national visibility, prestige and power within government are limited. Its budget is relatively small in comparison with those of other activities of importance to the aging in the U.S.A. Preoccupation has centred around administering its grants-in-aid program to the states, its research and demonstration programs and the like. Staff resources devoted to government-wide activities and issues of over-all federal government policy on aging are not significantly emphasized.

I have a purpose, Mr. Speaker, in making these few brief comments about developments on aging in the U.S. federal government because these are so frequently referred to in Canada. That many departments of government in the U.S.A. have staff devoting time to aging, and that many commissions, task forces and the like are all operating on a continuing basis, is a fact. But recommendations for something else that will be effective are still being made. Some are acted upon, resulting in the emergence of another new structure; those already in place continue and the new creation establishes but another layer. To date we have avoided such proliferation in Canada.

I am not saying that some specific structure charged with responsibility in aging at the federal level should not be established. I am saying that before it is established we should define its role, its goals, and establish the appropriate authority, statutory or otherwise, under which it should operate. It should not duplicate the work on aging presently being done within several departments of government. Presumably it might serve to co-ordinate this work. Certainly it cannot assume, even by implication, the responsibilities which belong to other jurisdictions in Canada.

● (1652)

No one denies that there is much to be done. No one denies the challenge which faces us as such a large segment of our population continues to age. However, I do not believe that a senior citizens commission such as is proposed in Bill C-218 would resolve the tasks which are required to identify the needs of our senior citizens in this country.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, I would like to indicate at the outset that I am pleased to support the proposal that has been made by my colleague from York-Sunbury (Mr. Howie) which would create a commission. This commission would be unpaid and it would not cost the taxpayer a penny. It would make recommendations and study the problems of senior citizens and suggest to the government what should be done to come to grips with those problems.

An hon. Member: That would embarrass them.

Mr. Beatty: I am disappointed, Mr. Speaker, to learn that the government is in opposition to this proposal. It is a matter, as I have said, which would not cost the government a penny. The time has come to recognize that priority has to be given to the problems of senior citizens in Canada. They should not be forced to wait until election time, when the government will rediscover senior citizens and their problems. Action should be taken now.

In a very few minutes it will be evident whether this bill will go forward or whether the government will talk the legislation out and refuse to allow it to come to a vote. If the government has the courage and the desire to allow this bill to go ahead, two priority items should be dealt with by this commission. The first one is the question for spouse's allowance for widows.

Nothing during the time I have spent here has been more disgraceful or more disconcerting than the treatment accorded to widows in Canada between the ages of 60 and 65 who are heartlessly cut off by this government from their allowances. I am sure that every government member has received telephone calls, as I have, from widows between the ages of 60 and 65, as well as letters from them, respecting spouses' allowances, finding that upon the death of the senior pensioner those spouses allowances are cut off cold.

Most of these calls and letters come anonymously because the pensioners concerned are so ashamed. Their dignity and pride is attacked, and they are so frightened they will not identify themselves. The government has done nothing to alleviate this problem. The government should recognize that under the spouses' program in Ontario it is possible for the neediest in our society, the neediest pensioners, to receive over $500 a month. However, upon the death of a pensioner over 65 years of age whose spouse has yet to reach that age, that $500 is cut off cold. They just receive a letter from the government and they are told they are to fend for themselves. The widows are told to go out and get a job. This government just does not care.

On March 29 the then minister of health and welfare told the health committee of parliament that the savings made by the government in cutting off widows whose spouses have died amount to only $4 million a year. If the benefits were to be continued for these spouses the cost to the average Canadian would be 25 cents per year. What cruelty! The government is not even prepared to do that. Some 200 widows receive letters from the government informing them that their spouse's allowance will be cut off because they have had the misfortune to be married to someone who has died before reaching the age of 65.

I suspect the government will rediscover the spouses and the widows in Canada when election time comes. They will discover that they can find that $4 million. But action should be taken today. It should have been taken long ago to provide

those benefits. These people are entitled to them. Surely those of us in society who are working and drawing incomes should recognize with appreciation the contribution that has been made by Canada's senior citizens through two world wars and a depression. We should not begrudge them what is necessary to grow old in dignity and without fear.

As was disclosed today this government can afford to spend $1 million in advertising for the UIC, on one program. Surely that money would be better directed in paying for the spouses' allowances for widows. There are numerous other examples of where this money could be found without asking that this government's extraordinary deficit be increased at all.

There is one other area I would like to touch on before closing and that is the question of the government's handling of the economy and the effect it has had on the weakest and poorest in our society. The cruellest tax imposed by any government is the tax of inflation. Take, for example, a couple who retired in December 1968, the year the Prime Minister (Mr. Trudeau) came to power and who had life savings of $25,000. In December, 1977, that money would have been worth only $13,710. Literally thousands of senior citizens and pensioners have found their life savings stolen from them by the cruel tax of inflation, an inflation that this government has been unable to control.

Surely the time has come when the government must get serious about inflation. It must recognize that we cannot continue to have a year over year inflation increase of 9.5 per cent. We must recognize that inflation most cruelly attacks the weakest and the least able to look after themselves, such as people who will have their spouses' allowances cancelled if the senior pensioner dies. I think that all Canadians and certainly all members of this House should be made aware of the hardships—

The Acting Speaker (Mr. Turner): Order, please. The Parliamentary Secretary to the Minister of State (Multiculturalism) is rising on a point of order.

Mr. Andres: Mr. Speaker, I was accused by the member of talking this bill out. I have given him an opportunity to speak. The member on the opposite side is talking the bill out.

Some hon. Members: Shame!

Mr. Beatty: Mr. Speaker, that is a spurious point of order and it is beneath the dignity of the House to put up with that. I ask that the question be put and support given to this bill.

Mr. John Campbell (LaSalle-Émard-Côte Saint-Paul): Mr. Speaker, I have only a few seconds to rebut some of the foolishness which has been tossed towards the government. When hon. members realize all of the services that have been provided for senior citizens in past years, I am sure—

The Acting Speaker (Mr. Turner): Order. It being five o'clock p.m. this House stands adjourned until Monday next at two o'clock in the afternoon, pursuant to Standing Order 2(1).

At five o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, January 30, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

RECIPROCAL AGREEMENTS BETWEEN CANADA AND U.S. ON CERTIFICATION OF AIRCRAFT—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Because of the importance of United States federal aviation authorities granting certification to the Challenger jet—our multimillion-dollar, government-owned and sponsored program—if it is to succeed in world markets, and in view of recent reports which I have heard in Washington and elsewhere of the resentment and concern of American aviation authorities and companies arising from the rather bizarre test project insisted upon by the Canadian Ministry of Transport, Walter McLeish, proprietor, which took place on September 28, 1977, in California involving a U.S. commercial aircraft, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the Minister of Transport clarify on motions at an early date the basis of the present status of existing reciprocal agreements regarding certification of Canadian and American commercial aircraft.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

LEGISLATIVE PROGRAM—STATEMENT OF DEPUTY PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Last night, on "The Nation's Business" television broadcast, the Deputy Prime Minister (Mr. MacEachen) seriously misled the Canadian public concerning the business of this House and the important role of the opposition in its deliberations. Therefore, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House inform the government House leader—

This is something which he ought to have known in the first place, namely:

—that the bill establishing an employment tax incentive program was passed by this House on Thursday, and that members are waiting impatiently to deal with substantive economic matters rather than the list of insignificant housekeeping legislation the government has placed before us in an effort to hide their completely inadequate legislative program.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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NORTHERN AFFAIRS

YUKON—REQUEST FOR RESIGNATION OF COMMISSIONER—MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a motion under Standing Order 43. Whereas the Minister of Indian Affairs and Northern Development (Mr. Faulkner) instructed his commissioner of the Yukon Territory, Art Pearson, not to assent to a bill to amend the inquiries ordinance of the Yukon territory which had passed all three stages in the legislative assembly of the Yukon and which would have enabled inquiries into the conduct of his commissioner, and whereas subsequent to the minister's action such an inquiry was established for the purpose of, *inter alia,* examining the conduct of his commissioner in instructing that a certain charge then pending in the Supreme Court of the Yukon territory be withdrawn, concerning which charge the judge of the Supreme Court had already stated that there appeared to be a prima facie case to be met, and whereas the said inquiry was established by the minister's commissioner who altered the terms of reference requested by the elected members of the assembly after first discussing such alterations with Commissioner Stratton appointed by Commissioner Pearson to head the inquiry, and the minister's commissioner having contemptuously—

Some hon. Members: Order.

Mr. Speaker: Order, please.

Mr. Nielsen: —described the inquiry now under way in the Yukon as "a crock of bullshit"—

S.O. 43

Mr. Speaker: Order. With all due respect, I think the hon. member is extending himself well into argument in the preamble. He should put the motion.

Mr. Nielsen: I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the government require the Minister of Indian Affairs and Northern Development to give immediate consideration to calling for the resignation of his said commissioner of the Yukon Territory.

Mr. Speaker: Such a motion can be presented only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1412)

EFFECT ON NORTHERN WILDLIFE OF RADIOACTIVE DEBRIS FROM SOVIET SATELLITE—MOTION UNDER S.O. 43

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I wish to raise a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the grave concern expressed by the Inuit of Baker Lake and the Keewatin region that radioactive debris from the Soviet satellite may represent a serious hazard to caribou herds and other wildlife and may contaminate the lakes and rivers, all of which are essential to the survival of the Inuit, I move, seconded by my hon. friend from Moose Jaw (Mr. Neil):

That the Minister of National Defence or the responsible minister outline on motions today what is being done to determine the extent of the contamination and what contingency plans are in place to clean up the debris and minimize the risks.

Mr. Speaker: The provisions of Standing Order 43 require unanimous consent before such a motion can be put. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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TOURISM

RECOMMENDATIONS OF INDUSTRY—LACK OF GOVERNMENT ACTION—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise under the provisions of Standing Order 43 with reference to the ailing condition of Canada's tourist industry which is expected to register a $2 billion deficit for 1977. As the Minister of Industry, Trade and Commerce (Mr. Horner) has failed to introduce his promised measures to encourage more Canadians to spend their holidays at home, and as the minister has failed to act in connection with the 13 problem areas in Canada identified by the tourism industry at the one-day session with the federal government's office of tourism, I ask leave to move, seconded by the hon. member for Provencher (Mr. Epp):

[Mr. Nielsen.]

That this House direct the Minister of Industry, Trade and Commerce to appear before the appropriate standing committee to explain his lack of action in dealing with the 13 recommendations presented by the tourism industry, and to state what policies he proposes to overcome the record $2 billion deficit.

Mr. Speaker: Such a motion requires the unanimous consent of the House before it can be presented. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

CRIMINAL CODE

QUEBEC—REQUEST GOVERNMENT NOT GIVE FINANCIAL ASSISTANCE TO ABORTION CLINICS—MOTION UNDER S.O. 43

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, under the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an important and urgent matter.

As the Quebec Social Affairs Minister, Dr. Denis Lazure, announced on November 23 last the opening of some twenty clinics across the province of Quebec where abortions will be performed, I move, seconded by the hon. member for York South (Mrs. Appolloni):

That the government immediately stop giving financial assistance to those clinics.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to the provisions of Standing Order 43, the motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

PENSIONS

REQUEST FOR EQUAL TREATMENT FOR WOMEN—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I suppose it is too much to hope that some Liberal will not say no, but I shall try anyway—and I shall keep trying until we win. I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House calls on the government, now that we are nearing the midway point in the United Nations Decade for Women, to expedite the introduction of legislation to establish equality for women, and that as a step toward this goal special emphasis be placed on pension equality, including full rights for women under the Canada Pension Plan, equal pension rights for all women between the ages of 60 and 65, regardless of marital status, increasing the pensions paid to widows under various government plans to at least 75 per cent, and the continuing payment of pensions granted to widows regardless of any subsequent change in marital status.

Mr. Speaker: The provisions of Standing Order 43 require unanimous consent before I can put the motion. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

ADMINISTRATION OF JUSTICE

KEABLE INQUIRY—MINISTER'S AFFIDAVIT RESPECTING DOCUMENTS NOT PROVIDED TO INQUIRY

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question was intended for the Solicitor General. I very much regret that he is not here, but possibly the Minister of Justice has informed himself of the situation resulting from the serious accusations, or implications, of the article which appeared in the *Globe and Mail* this morning. I ask the Minister of Justice whether on September 15, when the Solicitor General executed the affidavit referring to the 26 documents which he refused to turn over to the Keable inquiry, one or more of those documents referred to operation "Ham," which refers to the code name for the break-in to secure statistical data on the Parti Québécois.

Hon. Ron Basford (Minister of Justice): Since reading that article I have not had an opportunity of discussing it with the Solicitor General, nor of reviewing all the documents. I think the House can appreciate that. I have had the opportunity to meet with and be briefed by senior officials of the Department of the Solicitor General and the security service, all of whom assure me that the Solicitor General did not know about Operation "Ham" before late October, 1977, and that his statement to the House on October 31 was correct.

● (1417)

Mr. Jarvis: A supplementary question, Mr. Speaker. I appreciate the difficult position in which the Minister of Justice finds himself. I ask him if those officers indicated whether the words "operation Ham" were referred to in any of the 26 documents that formed the subject matter of the Solicitor General's affidavit of September 15.

Mr. Basford: Not specifically, Mr. Speaker, simply because I have not had an opportunity to review it that closely. They gave me the assurance—which I gave to the House—that there must be some mix-up in the story with regard to the documentation involved.

Mr. Jarvis: A final supplementary question, Mr. Speaker. In view of the inability of the Minister of Justice to obtain exact details on this matter, would he undertake to determine whether any of the 26 documents which formed the subject matter of the September 15 affidavit referred to operation "Ham" specifically?

Mr. Basford: Yes, Mr. Speaker.

WITHHOLDING OF INFORMATION BY SOLICITOR GENERAL—APPLICATION OF FEDERAL COURT ACT

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a supplementary question. I should like to ask the Minister of Justice if he can provide the House and the country with some information which justifies the Solicitor General withholding information under the provisions of section 41(2) of the Federal Court Act. Can the learned gentleman say, for example, whether this is done on the basis of information known personally to the Solicitor General, based on reading the relevant files and material, based on reasonable information in the sense of permanent jurisprudence, or does he just sign these declarations under section 41(2) on the basis of some vague representations to do so?

Hon. Ron Basford (Minister of Justice): No, Mr. Speaker. Any minister signing a section 41 declaration does so after careful examination of the documents in front of him, and by exercising his judgment as to whether such action fits within the criteria of section 41.

Mr. MacKay: A further supplementary question, Mr. Speaker. Based on the undoubted concern that the Minister of Justice has for this very important matter which has occupied the attention of the country for some time, can he assure the House and the country that in fact that is what the Solicitor General has done in every case where he has withheld information, in view of the statement made by Mr. Julius Koteles, a well known Winnipeg lawyer, in connection with the Laycraft commission, that as far as he is concerned he sees no relevance at all in the material withheld under section 41(2) in this regard?

Mr. Basford: Mr. Speaker, I think the Solicitor General has already outlined to the House the manner and method by which he signed such declaration. It is done, obviously, on the advice of officials as to the nature of the material and its sensitivity, requiring a section 41 declaration.

Mr. MacKay: A final supplementary question. I gather the minister is saying that he cannot give the House the assurance that the Solicitor General personally read and acquainted himself with the material.

Mr. Basford: Mr. Speaker, I can give the House the assurance that the Solicitor General pays very close attention to documents submitted to him under section 41. I am quite sure of that.

Oral Questions

ROYAL CANADIAN MOUNTED POLICE

BREAK-IN AT PARTI QUÉBÉCOIS OFFICES—GOVERNMENT REFUSAL TO PROVIDE DOCUMENTS TO INQUIRY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I regret the absence of the Solicitor General. I checked with his office this morning and was told that he would be in for question period. He has obviously changed his mind. I will put my question to the Prime Minister. Since RCMP staff-sergeant François d'Entremont, of the Montreal detachment, asked RCMP headquarters, by telex on December 23, 1972, for confirmation that the break-in which took place on January 9, 1973, to obtain information about the Parti Québécois was legal, as the staff sergeant sent the request by telex to Ottawa to find out, before involving himself, whether he was about to do something legal or illegal, and since the reply he received authorized him to take what has turned out to be, transparently, an illegal act, could the Prime Minister tell the House why the government has refused the Keable inquiry access to the reply sent from Ottawa?

● (1422)

Surely, the reply was other than a straightforward "yes" or "no" and contained important information that I, for one, cannot believe would have any security implications.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Solicitor General has been detained on a personal matter, and I regret his absence from the House at this time. I will gladly take notice of that question and make sure he provides an answer.

ALLEGED ILLEGAL ACTIONS OF FORCE—MINISTERIAL RESPONSIBILITY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my supplementary question is also directed to the Prime Minister and concerns the notion of ministerial responsibility. In view of the fact that Superintendent Nowlan of the RCMP, the man who conducted the internal inquiry established last June into wrongdoings of the RCMP, was personally and deeply implicated in the illegal break-in to obtain information about the Parti Québécois in January, 1973, and since the Solicitor General indicated he was not told until late last fall about this activity, is it not the Prime Minister's view of ministerial responsibility that such a person should be sacked from his position if, in fact, he did not provide the Solicitor General with the information he requested last June?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, this appears to me to be the type of argument the hon. member should make sure is familiar to the McDonald commission. I think this is a pleading of responsibility. We set up the McDonald royal commission precisely to look into the matter of responsibility of the RCMP and the government, and we are anxiously awaiting its report.

Mr. Broadbent: Mr. Speaker, I am asking the Prime Minister, as the head of the government, what I think is an important question on the principle of ministerial responsibility. Is it not his view that if a senior official of the Solicitor General's Department, or of any other department, is requested to conduct an inquiry and systematically misleads the minister in terms of the report he makes, that person should be dismissed or other, equally severe punitive action should be taken? Is that not at least what ministerial responsibility is all about?

Mr. Trudeau: Mr. Speaker, there is an allegation contained in that question that an RCMP officer systematically misled his minister.

Mr. Broadbent: I said, if that is the case.

Mr. Trudeau: The member is asking a hypothetical question, Mr. Speaker. I am telling him that the responsibility of the McDonald commission is to look into the facts to see if there was any systematic misleading.

Mr. Broadbent: Three years from now? The minister will be back tomorrow.

Mr. Trudeau: It is our opinion that there was no illegal or improper conduct on the part of RCMP officials. But we are trying to satisfy ourselves, through the royal commission, whether or not this is the fact; that is why we are waiting for its report.

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[*Translation*]

AGRICULTURE

INQUIRY WHETHER BEEF WILL BE MARKETED IN SAME FASHION AS OTHER FOOD PRODUCTS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Minister of Agriculture.

Further to the report of the commission of inquiry into the marketing of beef and veal in Canada, has the minister determined or is he in the process of determining what steps can be taken to implement the recommendations of the commission, and does he also intend to act upon the amendment to Bill C-76, allowing beef to be marketed on the same basis as the other foods covered by that act?

[*English*]

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I can say to the hon. member that approximately 50 per cent to 60 per cent of the recommendations of the beef commission, and the Senate committee which studied the beef marketing system in Canada, have been or are in the process of being implemented. Also, some of the others are about to be put into place. The legislation suggested by both the Senate committee and the beef commission will be presented to the House in the near future. Work is being done on this legislation at the present time. With regard to the suggestion that we amend Bill C-76, there is no intention of doing that unless the beef producers ask for it.

[*Translation*]

Mr. Lambert (Bellechasse): I would like to ask a supplementary question, Mr. Speaker. Since the adoption of the legislation known as Bill C-76, did beef meat producer associations make any representation to the minister about their desire to have a marketing board for beef meat in Canada, as well as for quantities of imported beef from other countries?

● (1427)

[*English*]

Mr. Whelan: Mr. Speaker, there have been some representations by some beef producers indicating that they want this kind of marketing system. I believe the vast majority would rather have—at least, it appears to me—the system we have at the present time, with some protection against imports, etc. They have protection against imports; they had it last year. They have it again this year under the import-export act. All beef producing countries which sell beef to Canada are under a permit or quota system at the present time.

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NORTHERN AFFAIRS

YUKON—REQUEST FOR RESIGNATION OF COMMISSIONER

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. In view of the fact that the Stratton Inquiry now under way in the Yukon, established to inquire into the conduct of the minister's Commissioner of the Yukon, Art Pearson, among other things, in directing that a charge before the judge of the Supreme Court of the Yukon territory be withdrawn, has been referred to by the minister's commissioner in these terms, "I think the whole thing is a crock of bullshit", and notwithstanding Art Pearson's statement, which was not under oath, to attempt to escape the consequences of such a rash and contemptuous declaration, has the minister considered calling for the immediate resignation of his Commissioner of the Yukon?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): No, Mr. Speaker, I have not. I will await the outcome of the inquiry.

Mr. Nielsen: Mr. Speaker, since the minister must bear ultimate responsibility for the actions and statements of his departmental employees, in this case Commissioner Pearson, and since this entire affair is far more serious than the conduct of the hon. member for Westmount during the judges' affair a few months ago, when the hon. member for Westmount took the only honourable course open to him and tendered his resignation as a minister of the Crown, does the minister not feel obliged to his government, to his office and to the people of the Yukon to call for the immediate resignation of his Yukon commissioner?

Mr. Faulkner: No, Mr. Speaker. I feel an obligation to let the judicial process of the Yukon, now under way, complete itself. As the hon. member is a lawyer, I thought he would have respected that.

Mr. Nielsen: Mr. Speaker, it is a pity that his commissioner, in withdrawing the charges before the Supreme Court, did not follow that course. My supplementary question is: Since the Commissioner of the Yukon is appointed by the minister, holds office at the pleasure of the minister, reports and is responsible to the minister, does the minister not consider it to be a serious conflict for the Commissioner of the Yukon to establish an inquiry into his own conduct and set the terms of reference for that inquiry after restricting those terms of reference to what his commissioner wished from those requested by the elected members of the Yukon legislature?

Does the minister not believe he has any responsibility, in view of his Yukon commissioner's contempuous references to the inquiry set up by him, to intervene as I have suggested, particularly in light of the judges' affair of a few months ago?

Mr. Faulkner: Mr. Speaker, if the hon. member had reservations about the setting up of the terms of reference for this inquiry, he could have raised them some time ago.

Mr. Nielsen: I did, in the House.

An hon. Member: He did.

Mr. Faulkner: I believe the inquiry is well established, and it is presided over by the very distinguished Mr. Justice Stratton. I am confident it will do the job it was originally established to do. I am prepared to wait for the findings of Mr. Justice Stratton.

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FINANCE

REQUEST FOR INVOKING OF ANTI-DUMPING LEGISLATION RESPECTING STEEL BEAMS

Mr. Ron Huntington (Capilano): Mr. Speaker, in view of the absence of the Minister of Finance I will direct my question to the Parliamentary Secretary to the Minister of Finance. As the Minister of Finance is now aware of the serious disruption to the British Columbia construction industry and the threat to the jobs of 1,000 steelworkers in British Columbia caused by the decision of the anti-dumping tribunal on the Algoma Steel appeal, can he advise the House if steps will be taken to alleviate this serious example of regional discrimination by asking the governor in council to invoke section 7 of the Anti-Dumping Act exempting wide-flange steel beams from dumping duty when entered through the port of Vancouver?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, members of the British Columbia caucus have made representations to the minister in this regard. No decision has been taken as of this date.

Mr. Huntington: Again I direct my question to the Parliamentary Secretary to the Minister of Finance. Has the minister, or have his colleagues, the Minister of Industry, Trade and Commerce and the Minister of National Revenue, initiated studies to overcome the lengthy hearing process of anti-dumping tribunals? In other words, is he, or are his advisers, considering what are called fast-track procedures for some of these more important issues; and is the minister doing anything to improve the priority of regional considerations and protection for regional payrolls in the decision-making processes of anti-dumping tribunals?

● (1432)

Mr. Lumley: As the hon. member knows, there is a great deal of evidence to be put forward at any anti-dumping tribunal hearing. Although the minister is not happy with the processes of all the hearings, by and large he is doing everything he can to expedite matters in this regard.

Mr. Huntington: Mr. Speaker, would you allow me to ask a question of the senior minister from British Columbia in order to obtain information on what he is doing to represent the interests of the west coast in this matter?

An hon. Member: He is doing nothing.

Mr. Speaker: Order, please.

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AIR TRANSPORT

PACKAGE TOURS FOR AIR CANADA—REQUEST FOR STATEMENT ON GOVERNMENT POSITION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Transport. In view of the urgent need to balance this country's huge tourist trade deficit of around $2 billion a year, would the minister take the first opportunity on motions to outline to the House what the government is doing to make sure that the government's airline, Air Canada, makes available the same number and kind of package tours, which include hotels, car rentals, etc., to those who wish to visit places of interest within Canada as it makes available to those wishing to visit places of interest in other parts of the world?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, of course, many operators in the business of offering package tours require aircraft to operate under all-charter policies which are now available for domestic travel or for travel into Canada from other countries. I can tell the hon. member that this year Air Canada and Canadian Pacific are coming close to tripling the number of seats they are making available on charter, with competitive fares, during the peak months of the year. That is in addition to the very large number of charters which may be offered domestically under the revised charter policy approved recently by the cabinet.

[Mr. Lumley.]

Mr. Hees: Would the minister take the first opportunity on motions to tell the House how the number of package tours which will be made available this year by airlines in Canada compare with the number of package tours made available by Canadian airlines to those wishing to travel to other parts of the world, especially in view of the great need to overcome the tremendous tourist trade deficit of this country?

Mr. Lang: I will be glad to obtain that information as soon as it is available and make it available to the House, although I doubt it would constitute the substance of a statement on motions. In saying that the number of seats on a charter competitive basis has tripled, I can tell the hon. member that between CP Air and Air Canada together, during the main months of the summer 465,000 seats will be available. I should like to remind the hon. member, also, that the tremendous advantage of these seats is that they are available from almost every city in Canada to every other city, whereas much of the main charter business which may come will tend to be between the principal or larger cities only.

Mr. Hees: I have a final supplementary question, Mr. Speaker. Does the minister not realize that the reason this country has a yearly $2 billion tourist trade deficit is that whatever we are doing is being done far better and far more extensively by airlines, hotels and other governments around the world, and there is need for Canada to get off its seat and get going?

Mr. Lang: Mr. Speaker, what I realize, and I hope the hon. member does, is that the question is far more complicated than simply pointing at one particular aspect such as airline travel. The facts show it is not that kind of travel which has changed dramatically: I am referring to Canadians travelling abroad. There is a significant drop, however, in the number of Americans coming to Canada and their length of stay here. One of the most important reasons for this is that some of our accommodation is more expensive than in the United States. That is due to a whole range of factors, including the level of the minimum wage set by the provinces, which is significantly higher in Canada than in the United States.

These are matters to which we must address ourselves earnestly and not, as the hon. member probably would, as simply a political matter of always being in favour of higher and higher minimum wages, as are his colleagues in provincial governments, but recognizing the serious impact of these factors on the whole economy.

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PUBLIC SERVICE

PROPOSED RAISE IN RETIREMENT AGE—CAPPING OF INDEXED PENSIONS

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, I have a question for the President of the Treasury Board. In a report in the business section of Saturday's *Globe and Mail*, it was reported that at the federal-provincial finance ministers' meet-

ing the minister proposed, first, raising the minimum retirement age of public service employees from 55 to 60 years of age and, second, the capping of indexed pensions for those in the public service. Did the minister make these proposals and, if so, had he previously consulted the staff associations representing public servants?

Hon. Robert K. Andras (President of the Treasury Board): Those proposals were not made at the conference on Thursday and Friday.

An hon. Member: Where were they made?

* * *

GRAIN

QUOTAS ON TOUGH WHEAT—GOVERNMENT INTENTIONS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Minister of Transport. It has to do with the snow and rain conditions last fall in the prairies, the result of which is that we have a great deal of damp and tough wheat. I should like to know whether there are any points in the west where tough wheat is on quota, because in northern Saskatchewan last week in particular the situation was serious in that there is no quota on that type of wheat and there is no purchasing by the elevator companies.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the Wheat Board has opened certain quotas on tough and damp wheat. The Wheat Board has to do this very carefully, however, and many farmers are taking the trouble to dry the grain themselves. The Wheat Board made it clear that with the lower grades of wheat, particularly with 3-CU, it would be wise for farmers to consider drying the grain themselves, because delivery opportunities for such grain will not be as great as for higher grades.

Delivery opportunities may open up, but only in the last quarter of the crop year. Of course, this is because the Canadian Wheat Board made very successful efforts in selling the higher grades which they knew were available and could only now, after the harvest, begin to fit the program for selling 3-CU wheat into their other programs. That is the message which the Canadian Wheat Board gave the farmers, and I think this matter is best left in the hands of the Canadian Wheat Board so they can be sure to move the grain which is required for what may be a record year.

Mr. Diefenbaker: I am interested to know that there are some areas of the west in which tough wheat is being accepted. But that certainly does not apply to constituencies in Saskatchewan which are represented by other than Liberal members. I ask the minister whether he will do something about this situation. He suggests that farmers themselves should engage in drying operations. Will any assistance to that end be forthcoming from the government of Canada? Furthermore, will he look into this matter again, because it will be a very serious situation a couple of months hence when the break-up takes place in the spring: farmers who have damp or tough wheat will suffer terrible losses unless action is taken?

Mr. Lang: We considered, with the advisory committee of the Wheat Board, whether cash advances for drying grain were a desirable thing to invoke. We have put it into permanent legislation so it is there on a standby basis. It was thought the extent of the problem was not such that we should invoke it. Cash advances available for 3-CU come close to the total value of the grain, because they are based on two-thirds of the value of the grain so that farmers, generally speaking, receive adequate cash advances.

I think it is abhorrent for the right hon. gentleman to suggest that quotas might be issued by the Canadian Wheat Board on the basis of representations in parliament by any particular hon. members. I do not know if it reflects how things operated when he was prime minister, but I assure him that in no way and at no time would any political interference take place regarding quotas of the Canadian Wheat Board.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: The minister's annoyance indicates that the truth hurts. I say to him that there was never any interference as there is today through him, and by him, all too often.

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ADMINISTRATION OF JUSTICE

WIRETAPPING OF MORE THAN ONE TELEPHONE—GOVERNMENT POLICY

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Justice. It concerns the evidence given last week before the Laycraft inquiry about the use of wiretaps. The evidence was that the RCMP felt, when authorization was granted by a judge for wiretapping, they had the right not merely to wiretap the telephone identified in the authorization but also any telephone connected to it. I think that is called spin-off wiretapping. The evidence, also, was that that practice was widespread in western Canada. Can the minister advise whether there was any political authorization for this activity, or whether the RCMP were acting on legal advice in coming to the conclusion that they could use this spin-off wiretap technique following passage of the wiretap law in this House?

● (1442)

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I will determine those two things.

Mr. Leggatt: When the minister is looking into that question, will he also advise us how many of these spin-off wiretaps have taken place since we passed the law; and can he give us a commitment that this practice is not now being used in Canada?

Mr. Basford: Mr. Speaker, one of the amendments was designed to require more precise identification of which telephones were to be tapped, in affidavits requesting wiretaps. That amendment is, therefore, a response to the question the hon. member raises.

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HOUSE OF COMMONS

REQUEST FOR STATEMENT ON ANTICIPATED CHANGES IN MINISTRY

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister. Can the Prime Minister tell the House whether he is contemplating or anticipating any immediate changes in the composition of his ministry?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, that is always a possibility, and I believe the House is usually informed when it happens.

Mr. Clark: Can the Prime Minister indicate whether it is the intention of the present Solicitor General of Canada to make a statement on motions, or to raise a question of privilege at the end of this question period, which might relate in some way to the composition of the ministry?

Mr. Trudeau: Mr. Speaker, the question period ends in 16 minutes, and I think it is not too much to ask that the Leader of the Opposition wait for that.

Mr. Clark: Let me be more direct. Has the Prime Minister any reason to believe that he may be receiving, and that there may be communicated to the House of Commons today, an indication of the intention of the present Solicitor General of Canada to resign from his position?

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition is obviously basing his question on rumour. If the rumour is founded, he will know very, very soon. If it is not founded, I think it is a mistake to ask the question.

Mr. Clark: Does the Prime Minister have any information in his possession now, relative to the composition of his ministry, which will be released to the House of Commons at a later time? It is the business and the right of this House to know when the matter is raised.

Mr. Trudeau: Mr. Speaker, of course the House of Commons will know if the Solicitor General raises a question of privilege. If he has such a question, I suggest that he be allowed to speak for himself. I do not think it is too much to ask the House to wait for 15 minutes.

Some hon. Members: Hear, hear!

[Mr. Leggatt.]

MISREPRESENTATION IN HOUSE BY HON. MEMBER—NEED FOR RESIGNATION

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Prime Minister related to this matter and to the questions initiated by the hon. member for Perth-Wilmot in light of recent revelations. Is it the policy of the government that a finding by a commission of inquiry into the RCMP that a member of the government, no matter how eminent, may knowingly have misrepresented facts in this House would be a ground for calling for the resignation of that minister, pursuant to the Profumo incident in the United Kingdom?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the question is not only hypothetical but it is absolutely unfounded and, I suggest, malicious.

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CANADIAN CULTURE

GOVERNMENT POLICY RESPECTING FEATURE FILM INDUSTRY

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State. On October 27 of last year, in response to a question concerning the feature film industry, the Secretary of State replied that distribution was key to a resolution of the serious problem facing that industry. He indicated that he hoped to make an announcement of major government policy before the end of the year. Since that announcement has not yet been made, can the minister indicate the reason for the delay? Can he say that he will make such an announcement, that when it is made it will be made in the House, and that it will be more than just a continuation of the present voluntary agreements which are obviously hopelessly inadequate?

Hon. John Roberts (Secretary of State): Yes, Mr. Speaker, policy decisions have been taken. There is a minor amount of redrafting to be done. I am waiting for an appropriate occasion to make an announcement of the policy which the government intends to implement. It will be much more extensive than a continuation of the voluntary agreements which the hon. member described.

Mr. MacDonald (Egmont): Mr. Speaker, I hope that assurance from the minister means he will be making a statement in this House and that he will make it shortly, because there is a good deal of uncertainty and fear in the industry. Since it appears that the key element in the minister's new policy may be a voluntary agreement with American distributors to reinvest a portion of their profits in film production here, is the minister assured that this will not undermine the creative and financial control by Canadians of their own film industry, similar to what happened in Great Britain or to what exists in our recording industry? In other words, will this measure promote film-making by Canadians, for Canadians, rather than just bringing about greater loss of autonomy and cultural identity in a very important industry in this country?

Mr. Roberts: Yes, Mr. Speaker.

PUBLIC SERVICE

REMOVAL OF HIGHLY PAID EMPLOYEES FROM BARGAINING UNITS—GOVERNMENT POSITION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the President of the Treasury Board, since the hon. member for Ottawa West referred to Saturday's *Globe and Mail*. Is the government considering the removal of highly paid civil servants from bargaining units? Was this a position which was placed before the provincial finance ministers on Friday, or at any other time, in order to learn their views in this regard?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the conference among the finance ministers and, where they did not coincide, Treasury Board ministers on Friday morning was devoted to the subject of public service compensation. There were literally dozens of people in attendance. We discussed the general topics of compensation, comparability, ability to pay, and certain other matters. The specific question referred to by the hon. member was not discussed.

Mr. Alexander: Mr. Speaker, I understand, as well, that a question was raised about government spending, and that either at the conference or at some time in the past the federal government indicated it would restrict its spending to an increase of 3.6 per cent per year. As I understand it, the province of Ontario would rather see it restricted to 2 per cent and, if I am not mistaken, Manitoba and B.C. want it to be even less than that. Would the minister advise whether that type of discussion took place, and whether it is the position of the federal government that spending should be increased by no more than 3.5 per cent or 3.6 per cent per year?

Mr. Andras: Mr. Speaker, these percentages were discussed among several of the finance ministers, including our own Minister of Finance. This was related to certain aspects of expenditures and did not apply to the totality of budgetary or non-budgetary expenditures, capital or non-capital expenditures, and so forth. As I recall, papers were made available and were public. The hon. member could have the research group of his party pull them together and find the distinctions I am making, because the implications of his comments are not totally accurate.

Mr. Alexander: Mr. Speaker, I might as well carry this thing through to its conclusion. I understand there are now three positions with respect to indexed pensions. One is that the federal government is thinking about capping them. The Prime Minister is in favour of indexing. Even though the Tomenson-Alexander report has not yet been tabled, it indicates dissatisfaction with the form of indexing which exists. That report recommends that pension increases be made on an ad hoc basis.

Can the President of the Treasury Board indicate whether the government has reached a conclusion, particularly in light of what the Prime Minister has stated? Is the minister waiting for the other four or five reports from the province of Ontario, the province of Quebec, and the intergovernmental task force? Is he waiting for them before making up his mind with respect to the position toward which the government might lean?

Mr. Andras: Mr. Speaker, no decisions have been taken. The Tomenson-Alexander report is a very complex actuarial study. It is now available, but its translation and printing have not yet been completed. As soon as those requirements are satisfied, I intend to make it available to the House. Our position will require a great deal of analysis and thought. We have a commitment to consult with the bargaining agents and the advisory committee on public service pensions. I will be very interested in the hon. member's views as to what position should be taken, when he has access to the report.

● (1452)

Mr. Alexander: We will be in the government soon.

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[*Translation*]

FISHERIES

GOVERNMENT POLICY RESPECTING FOREIGN TRAWLERS IN GULF OF ST. LAWRENCE

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I would like to direct a question to the Minister of Fisheries and the Environment.

In his press release of January 24, the minister announced that the government might charter foreign vessels to catch deep water fish in North Atlantic zones. Because of an agreement between the Canadian government and the French government, plants in Gaspésie are periodically supplied by French trawlers and one captain said recently that it will be possible one day to fish in the Gulf of St. Lawrence. My question is this: is the minister prepared to tell the House whether or not he will authorize foreign ships to fish in the Gulf of St. Lawrence even though their catches are delivered to Canadian fish plants?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, at the present time the Canadian fleet is quite capable of catching useful species in the gulf. Apart from the treaty governing our relations with France, I do not intend to allow any foreign vessels to penetrate in the gulf.

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[*English*]

NATIONAL DEFENCE

DISINTEGRATION OF SOVIET SATELLITE OVER CANADIAN SOIL—NOTIFICATION TO U.S.S.R.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. With respect to the Cosmos satellite, has the Canadian government notified the U.S.S.R. of the discovery on our soil of a space object, or its component parts, believed to be of a hazardous or deleteri-

ous nature, as we are required to do under article 5 of the international agreement on the return of objects launched into outer space?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, first of all the object has to be correctly identified. There is contact among the Department of External Affairs, the Soviet embassy and our embassy in Moscow, as well as Soviet officials, so they are fully aware of the current situation. Also, I am sure they are reading the press as this matter evolves.

Mr. McKinnon: My supplementary question is for the same minister. Paragraph 5 of article 5 of the same treaty requires the launching authority, in this case the U.S.S.R., to pay expenses incurred in recovering and returning a space object. Has the government contacted the U.S.S.R. in this regard and, if so, what was the result?

Mr. Danson: Mr. Speaker, the costs are not yet known. We are keeping a record of all the costs involved, which are rather significant I must say. The owners of the material, when identified, will certainly be well aware of the costs. They are fully aware of the treaty. The international régime will meet its responsibilities, as was indicated to the Department of External Affairs by the Soviet ambassador.

Mr. Paproski: Why didn't you tell us that last week?

Mr. McKinnon: My final supplementary question, Mr. Speaker, is to the same minister. If he casts his mind back prior to the launching of the satellite, the preamble to the treaty provides that the nation launching the satellite shall, upon request, furnish identifying data prior to the landing of an object it has launched. Did the government make such a request of the U.S.S.R. before the landing of the satellite? If so, what was the answer?

Mr. Danson: Not to the best of my knowledge, Mr. Speaker.

DISINTEGRATION OF SOVIET SATELLITE OVER CANADIAN SOIL—INFORMATION PROVIDED MINISTER

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, Admiral Falls, Chief of the Defence Staff, is quoted as saying that he knew Cosmos-954 carried a nuclear package and was likely to fall to earth, but did not inform the minister because "they say he is a busy man". Has the minister discussed this matter with Admiral Falls recently, and has any new system of priorities been established in the minister's office which will establish the confidence of competent senior Canadian defence officials in the adequacy of the minister of defence regarding such information?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, first of all, perhaps I may complete my answer to the previous question. Of course, before the spacecraft, or vehicle, or any indication of landing took place, we did not know it was going to land in Canada, which made it difficult. There was communication between Mr. Brzezinski and Soviet authorities, because they were the ones involved in this problem. With respect to the second question, there is complete communication. With respect to items of priority, there is no question that I was advised, as soon as it was helpful for me to be advised, of the situation regarding the space object.

Mr. Paproski: Before, or after, it landed?

Mr. Danson: I have responsible officers who are properly carrying out their roles. It would be foolish to interfere with their day to day work. They call upon me, when it is necessary, as a matter of course.

Mr. Wenman: Mr. Speaker, the time they called upon the minister indicates the confidence they had in his course of action. On Tuesday, the minister said there was a 98 per cent chance that the satellite would not reach the ground. On Wednesday, the minister told reporters there was a 90 per cent chance that they had found the satellite. He said they had found either a piece of satellite debris or the greatest uranium mine in the world. On Friday, Admiral Falls said it was neither.

Can the minister tell to the House whether he and the Chief of Defence Staff have totally separate sources of information, or does the minister simply prefer to spread his own pandemonium, without any source?

Mr. Danson: First of all, Mr. Speaker, my staff and senior officials have sufficient confidence in me to come at very short notice and receive wise, fast action and decisions. The Chief of Defence Staff and I are working in close concert. I think that is quite an inappropriate question. Any difference is only one in timing: the same information comes to both of us. It comes to me through the Chief of Defence Staff, and we are in constant communication. I was out of communication for a short period of time when I was on an aircraft at the time there was an exchange of information, but it was not conflicting information.

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AIRPORTS

EDMONTON INTERNATIONAL—GOVERNMENT POSITION ON IMPROVEMENTS

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Minister of Transport and concerns the Edmonton international airport. Has the minister reconsidered his decision to make only cosmetic improvements to the international airport, when in fact the government's own study shows that structural changes are urgent to meet the growing demand reflecting increasing passenger and commercial traffic?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we have not been able to review the decision concerning major improvements to the Edmonton international airport which we have in the plans. Those improvements will be made as soon as we have financial provisions. We have, however, authorized

very important changes, not merely cosmetic ones, to the airport which will improve it for the convenience of passengers. We have done that particularly with the Commonwealth Games in mind.

* * *

PARLIAMENT HILL

OCCUPATION OF EAST BLOCK AFTER RENOVATION

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, my question is for the Minister of Public Works. As the renovations in the east block of the parliament buildings are progressing, I wonder if the minister could advise the House who is going to occupy those offices upon completion of the renovations? Specifically, will it be the senators.

Mr. Speaker: Order, please. With all due respect to the minister, that matter seems to fall under my area of responsibility.

* * *

ENVIRONMENTAL AFFAIRS

KITIMAT PIPELINE—TIMETABLE PROPOSED FOR CONSTRUCTION—CONSIDERATION BY NATIONAL ENERGY BOARD

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Fisheries and the Environment. According to a CBC report, the minister made a statement on the west coast over the weekend indicating that the National Energy Board will probably complete its work on the Kitimat pipeline by September, but no action will be taken until the Thompson inquiry has completed its work. I would ask the minister if that is an accurate report. If it is not, will the minister give us some idea of the timetable which the four ministers responsible for this matter have in mind?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I do not believe my words were reported accurately. I did indicate that following the request of my colleague, the Minister of Energy, Mines and Resources, the National Energy Board would address itself to the question of supply and requirements, and that the Kitimat proposal would not be looked at by the National Energy Board until such time as the NEB had looked at these initial questions. I have been away for a week travelling in British Columbia, so that some details may have escaped me.

With respect to the Thompson inquiry, the ministers have not yet had a discussion as to when or whether it will be continued. As the hon. member knows, it was recessed at Dr. Thompson's request. He is writing an interim report, and obviously we would want to see that report before going any further.

● (1502)

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I direct my supplementary question to the Minister of Energy, Mines and Resources. In view of the fact that it would seem virtually impossible for the National Energy Board to make an intelligent assessment of the proposed Kitimat pipeline until they receive the report of the Thompson inquiry, can the minister assure the House that no action will be taken and no decision reached by the National Energy Board until the Thompson inquiry has completed its work and reported its findings?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, my colleague indicated that the future of the Thompson inquiry, the further work it may be called upon to do, and when we will receive its report, is still not known. It is important to emphasize that before the Energy Board considers the application for the Kitimat pipeline it should examine the question of how important it is to Canada, and how important it is to British Columbia, that there be an oil port of entry on the west coast. That is what they have been asked to do, and that is what they are going to turn their attention to before they examine the Kitimat pipeline application.

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GRAIN

POSSIBILITY ELEVATOR AT MOOSE JAW ABLE TO SERVICE CHURCHILL—REQUEST FOR STUDY

Mr. Doug Neil (Moose Jaw): Mr. Speaker, my question is to the minister in charge of the Canadian Wheat Board. In view of the fact that studies regarding a new terminal elevator at Yorkton to service the port of Churchill, as recommended by the Hall commission, have concluded that such a terminal is not viable, and in view of the fact that the government elevator at Moose Jaw has the capacity and facilities to service the port of Churchill and is only some 150 miles farther removed than Yorkton, is the minister prepared to carry out a feasibility study to determine whether the facilities at Moose Jaw can be used to service the port of Churchill?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, we will certainly be looking at all the ways in which we will be able to improve the use of Churchill. The use of inland terminals is one of those ways. It does pose certain problems in terms of the gathering of grain in the district surrounding the terminal. We will have to weigh that as well. I do not quite accept the hon. member's use of words in saying that the study found the terminal in the Yorkton area not to be viable. It said there were some very high costs in connection with that terminal, but the viability of it in improving Churchill will depend upon an assessment of many other matters, including the relative rail costs and the relative advantages to the Canadian Wheat Board of being able to sell grain through Churchill. That work will also continue.

Mr. Neil: Mr. Speaker, I direct my supplementary question to the Minister of Agriculture. In view of the fact the government elevator at Moose Jaw has a capacity of some five million bushels and presently has in storage 203,000 bushels, while the average over the year is 50,000, has the minister carried out any studies regarding the use of that elevator? In particular, has he discussed with the minister in charge of the Wheat Board the feasibility of using the drying facilities at the Moose Jaw terminal elevator to dry some of the grain that is damp in the northern part of the province, in order that there will be sales of such grain?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I am sure the hon. member is aware the Minister of Agriculture has visited the Moose Jaw elevator. From time to time expenditures have been made on that elevator to keep it modern and up to date in order that it can do the job it may be required to do, as stated by the hon. member. We have looked at these matters to see how it can be used. We must also keep in mind that there is a private elevator system in the western provinces. This is a government elevator. If the hon. member is suggesting that we put it in direct competition with the private elevator system, he should suggest that and we will bring in an amendment to the bill immediately to allow just that. That is, if he wants that kind of operation of the elevator.

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PRIVILEGE

MR. FOX—REASONS FOR RESIGNATION FROM MINISTRY

Hon. Francis Fox (Argenteuil-Deux-Montagnes): Mr. Speaker, I would like to inform the House that I resigned from the cabinet on Friday. I would like to tell the House of the events that led to my resignation.

A few years ago, before I entered the cabinet, I was involved in a brief liaison with a married woman who became pregnant. She subsequently applied for and secured the required permission for a therapeutic abortion. On her admission to hospital, I signed the name of her husband to an admitting document.

This fact has become known in the last few days. I discussed it with the Prime Minister (Mr. Trudeau) and tendered my resignation, which he has accepted. I have today instructed my counsel to advise the attorney general of the province concerned so that he may be apprised of the matter.

These are the facts which the House should know. I take full responsibility for them. I would implore hon. members and the media to let these facts speak for themselves and not seek further details which would only cause harm to other individuals and families.

This incident in no way affected the work I undertook as Solicitor General, nor was it known to any official with whom I have worked.

I deeply regret the difficulty that my resignation may cause to the Prime Minister and to my colleagues in the cabinet. I consider it a great personal honour to have served during the past 16 months as a member of the cabinet and, through it, the people of Canada. I leave the office of Solicitor General of Canada under circumstances which I deeply regret but with the hope that the ministry and its agencies will have been well served during my tenure. Thank you.

QUESTIONS ON THE ORDER PAPER

[*English*]

(Questions answered orally are indicated by an asterisk.)

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, the following questions will be answered today: Nos. 451, 693, 702, 823, 834, 988 and 993.

[*Text*]

EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 451—**Mr. Leggatt:**

In each fiscal year since 1970, what amount was spent in the Constituency of New Westminster by the Department of Public Works and those agencies that report to it?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works):

Fiscal Year	From Department of Public Works Appropriations
1970-71	444,864
1971-72	448,381
1972-73	891,539
1973-74	712,040
1974-75	781,125
1975-76	2,041,176
1976-77	3,820,884
1977-78 (To October 31/77)	591,788

DEPARTMENT OF PUBLIC WORKS—OUTSIDE CONSULTANTS

Question No. 693—**Mr. Howie:**

From January 1, 1977 to date, did the Department of Public Works hire outside consultants and, if so, how many?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works): Consultants were hired for projects funded from the Department of Public Works appropriations and the Department of Public Works Working Capital Advance. From January 1, 1977, to November 16, 1977, the Department of Public Works hired 820 outside consultants primarily in the architectural and engineering field.

POULTRY PRODUCTION ASSISTANCE

Question No. 702—**Mr. Howie:**

Since April 1, 1977, what amount was paid to farmers in New Brunswick to assist with poultry production?

Hon. E. F. Whelan (Minister of Agriculture): In so far as Agriculture Canada and its agencies are concerned, the answer is: $156,895.00 (estimated).

WOMEN IN GOVERNMENT EARNING SALARIES OVER $20,000

Question No. 823—**Mr. Howie:**

On November 1, 1977, how many women in the government, excluding Crown corporations, were earning (a) $30,000 and over (b) $20,000 to $30,000 annually?

Hon. John Roberts (Secretary of State): I am informed by the Public Service Commission as follows: (a) 17 women; (b) 392 women.

DEPARTMENT OF VETERANS AFFAIRS—NEW BUILDINGS

Question No. 834—**Mr. Marshall:**

1. What is the projected cost of the buildings in regard to the move of the Department of Veterans Affairs Headquarters to Charlottetown, Prince Edward Island?

2. Have tenders been called on any aspect of the construction of such buildings?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works): 1. The projected cost of the building which will accommodate the Department of Veterans Affairs, headquarters, in Charlottetown, Prince Edward Island, will be $18,200,000.

2. No tenders have yet been called.

REGIONAL HEADQUARTERS FOR RCMP

Question No. 988—**Mr. Howie:**

Has the Department of Public Works completed plans for a regional RCMP headquarters at Fredericton, New Brunswick and, if so (a) what is the estimated cost of construction (b) on what date will construction begin (c) what is the estimated completion date?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works): To date, Department of Public Works has not received a request from RCMP to commence design and construction for a headquarters building in Fredericton, New Brunswick.

DOMINION FIRE COMMISSIONER—PERSONS UNDER CONTRACT

Question No. 993—**Mr. McKenzie:**

Are there persons under contract to the Dominion Fire Commissioner and, if so, what (a) are their names (b) is the nature of their work?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works):

Order Paper Questions

(a) Names	(b) Nature of Work
D. S. Watts	Fire Training Consultant in the Pacific Region.
Claude Lamothe & Associates	Take-over of all sprinkler systems at MAPP projects, St-Laurent, Centre Ville.
Amyot, Bahl & Brown	To evaluate fire safety systems in high rise buildings.

[*English*]

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

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POINT OF ORDER

MR. COSSITT—DELAY IN ANSWERING QUESTION NO. 45

Mr. Cossitt: Mr. Speaker, I wish to raise a very brief point of order with regard to question No. 45. This is a point of order I raised before. This question has not only been on the order paper since October 18 when this session began, but for a year before that. It asks how many public servants in the Public Service of Canada have been fingerprinted since January 1, 1972, an operation which the government, in answer to previous questions with regard to one department, the Unemployment Insurance Commission, has acknowledged is going on. I ask this question because it seems that those being fingerprinted are not just those in security positions such as in the Armed Forces and other security conscious positions, but people who are not in any way involved with security matters. Therefore it is a very serious question.

It is an invasion of the right of privacy of public servants of Canada that this is taking place. The government owes this House an accountability for having carried on and for still carrying on the business of fingerprinting public servants, many of whom have literally refused to go along with the procedure.

If the parliamentary secretary cannot supply the answer today as to when this can be answered, will he take it as notice and notify this House tomorrow when this question will be answered?

Mr. Andres: Mr. Speaker, I will certainly take notice of this question. All these questions are serious. We will have the answer for the hon. member.

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PETROLEUM CORPORATIONS MONITORING ACT

MEASURE TO PROVIDE FOR COLLECTION OF CERTAIN STATISTICS RELATING TO PETROLEUM INDUSTRY

The House resumed, from Friday, January 27, consideration of the motion of Mr. Gillespie that Bill C-12, to require the reporting of certain financial and other statistics relating to the affairs of certain petroleum companies carrying on business in Canada, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, as I indicated in my very short remarks last Friday when this bill was initially called for second reading, I will not be taking up a great deal of the time of the House.

● (1512)

We have no serious quarrel with the intent of this bill. As I said when I last spoke on this subject, we question the reason for its introduction because it is our understanding that the information which the government is seeking to acquire through this legislation is in fact already available and is forthcoming on a voluntary basis. We wonder why the whip is being brought in while the carrot is working adequately.

It is our intention to allow the bill to go to committee though we have a number of reservations with regard to specifics, in particular the clause which would allow the minister at his discretion, should he deem it to be in the public interest, to release some of the confidential information gathered as a result of the application of this law, provided its release would not seriously hurt the competitive position of the company concerned. We find it unacceptable that discretionary power of this kind should be given to a minister; we wonder whether the next step will be to give the Minister of National Revenue (Mr. Guay) the power to release details of tax returns filed by individuals.

We question the structure of the clause. The phrases "if in the public interest" and "provided the position of the company is not adversely affected" are difficult to reconcile. Our view is that if disclosure is in the public interest, that should end the matter. The clause is poorly drafted and should not be there in its present form.

Another thing we object to is the "break and entry" clause which would allow officials, at the discretion of the minister, to seize files and documents of companies affected by the legislation. We find such "Gestapo" clauses totally unacceptable and out of keeping with the atmosphere which should prevail in our society.

One last point. I recall that during the debate leading up to the incorporation of Petro-Canada, one of the main reasons given by the government for establishing that corporation was that it needed a window on the industry. Spokesmen opposite argued that the government needed to know more about the industry and its affairs, and that the establishment of an operating company would make this possible. Well, Mr. Speaker, looking at the bill before us which would compel the industry to provide certain information to the government, one can only reach the conclusion that either Petro-Canada is providing no information at all or that the glass in that window is awfully dirty. If that observation is correct, then in the light of the arguments put forward when Petro-Canada was established, one can only assume the Liberal party will have no objection when we seek to remove the government's involvement in this oil corporation.

One last word. We intend to add a "sunset clause" to this legislation since the government has omitted to do so. We agree with the policy favoured by the cabinet, that of getting out of the business of pricing oil and gas eventually, and ceasing to involve ourselves in the day to day operations of the industry. In keeping with this philosophy we see no long term need for a bill such as this, so the clause we shall be proposing in committee is that the act should cease to be enforced after June, 1983, unless the government of the day wishes to take affirmative action at that time to sustain it for an additional five-year period. We do not think this is unreasonable. The government has all the flexibility in the world to extend the date if the situation requires it. On the other hand, under our proposal the economy would not be burdened in perpetuity with one more agency, one more level of bureaucracy costing the taxpayers money and imposing an added strain on the economy.

We shall be seeking from the minister in committee some estimate as to the cost of this program. Every time governments introduce measures like this affecting any aspect of Canadian business, a cost is associated. It is estimated that in Canada the cumulative cost of this sort of interference is a sum in the order of $5 billion to $6 billion. I believe it is time we started to cut back. It is time we began to limit this type of interference with the activities of Canadian business, especially small business which finds government bureaucracy and regulation a serious handicap to growth. We do not intend to vote against the bill on second reading, but we shall be putting forward in committee proposals for improvements and we trust the government will be amenable to these suggestions.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, the purpose of this measure, Bill C-12, is to make it mandatory upon the petroleum industry to provide the government with all the information necessary to ascertain whether the additional revenues they are receiving from rising prices are being reinvested in exploration and development in Canada.

After five years of rising oil and gas prices we do not need any further information in order to answer the question: are the oil and gas companies' profits being reinvested to find new sources of supply? On the basis of all the figures readily available it is clear that the answer is a resounding "No".

The facts are indisputable. The petroleum industry has not increased its expenditures on exploration and development in Canada at a rate commensurate with the tremendous revenues

acquired from a 400 per cent increase in the price of oil. Ever since the OPEC nations faced the world with the prospect of steadily rising prices and the present government began to increase the price of oil and gas, we have been assured regularly and systematically by the oil companies that these increases were necessary to provide funds for the exploration and development of our resources.

When the government first proposed bringing the price up to $4 a barrel at the wellhead, we were assured in this House that the money would go into increased exploration and development in this country. When we expressed some skepticism the then minister of energy, mines and resources, the hon. member for Rosedale (Mr. Macdonald), promised in this House that the government would monitor the oil industry to ensure that the very large profits they received would be reinvested in exploration. For three years we have waited in vain for results of this promised monitoring, Mr. Speaker.

● (1522)

It was not until 1977, four years after the price increases began, that we got a monitoring survey which covers the period from 1971 to 1976, and which covers only some 82 per cent of Canada's crude oil production. The information from this first monitoring survey, done in 1977, is sketchy and inadequate. I should like to know why it has taken three years to get a monitoring survey and why it covers only 82 per cent of our oil production.

If the oil industry was not co-operating, why was legislation not introduced much sooner to make it mandatory on the oil companies to respond to the government questionnaire? It is very apparent that the oil industry did not co-operate quickly or willingly. It is also quite evident that the government has dealt with the oil industry with kid gloves.

I hope you will notice Mr. Speaker, how much different the story was in 1974 when the oil industry virtually went on strike and reduced its drilling program in order to force the government to agree to a further increase in oil and gas prices. The oil industry in Canada sent their drilling rigs to the United States and virtually brought drilling in western Canada to a standstill until the government caved in.

The position taken by the New Democratic Party has been clear and consistent ever since this crisis came upon us in 1973. We have said that, apart from increased production, transportation and refinery costs, we see no justification in these price increases unless the additional revenues generated are used to find new supplies of oil, gas, coal, or for research and development in renewable resources such as solar energy and tidal and geothermal power. We think this was a logical position to take five years ago, and we think it is a logical position to take today.

I should point out that the stand we have taken is not confined to this party. A former cabinet minister, the hon. member for Windsor West (Mr. Gray), said in this House on July 12, 1977, as reported at page 7613 of *Hansard*:

> If the purpose of the increase is to bring about increased production of our petroleum resources, why should the oil companies get any additional revenue, even one dollar, that is not used for exploration and development, to bring about such increased production?

To ensure that these greatly increased revenues were applied to exploration and development in Canada, the New Democratic Party proposed that all additional revenue from production of oil and gas, after making allowances for increased production of costs, should be placed in a national resources fund. This money, we contended, should then be used to finance exploration and development, both in non-renewable and renewable resources, by either private companies or Crown corporations which may be created from time to time by federal or provincial governments. If this proposal had been followed, several billion dollars would have been available for the development of our energy resources, rather than having this siphoned off by the oil industry while a subservient government stood idly by unable to get even a monitoring system set up until three years after the price increases had taken place.

An examination of the figures by the monitoring survey shows that the exploration and development program has fallen about $2.2 billion short of what would have been available had the proposal we made in 1973-74 been put into effect. I believe history will condemn this government for its failure to ensure that the billions of dollars extracted from the consumers of Canada were reinvested in the development of Canadian energy resources.

There is conclusive evidence that the increased oil revenues have not been used for the development and exploration of our resources to the extent that the increases which were granted have been made available. I refer, for instance, to the statement of Mr. Maurice Strong, chairman of Petro-Canada, as reported in the *Globe and Mail* of October 6, 1977. The article begins as follows:

> Maurice Strong, chairman of Petro-Canada, says the oil industry is not carrying out enough exploration with the 'tremendous amounts of money' built up through dramatic increases in the price of gasoline and home-heating oil.

The penultimate paragraph reads:

> 'Tremendous amounts of money are building up in the coffers of the oil companies,' Mr. Strong said. The money came from price increases justified by the industry on the basis it needed the cash to develop new supplies.

Referring to a criticism by the Leader of the Opposition (Mr. Clark) that Petro-Canada had spent $100 million on exploration, Mr. Strong said:

> —'but that's peanuts compared to what the private oil companies are spending of Canadian taxpayers' money'

He pointed out that after an oil company has spent $5 million in the north, 95 cents of every dollar are provided by the Government of Canada through the tax breaks devised to help oil companies.

I think few people realize the extent to which the taxpayers of this country finance oil and gas exploration. In the Arctic, if $20 million were spent on one well, the oil company would pay 12 per cent of the cost and the Canadian taxpayer 88 per cent. On page 36 of the pamphlet "An Energy Strategy for Canada" issued by the Department of Energy, Mines and Resources, we find that of an increase of $1 per barrel of oil,

the industry will receive 25 cents even if it does no exploration at all. If it spends 50 cents per barrel on exploration, then its share of the increase goes up to 53 cents. If it spends 57 cents per barrel on exploration, the provincial government gets 44 cents, the federal government gets nothing, and the oil industry gets 56 cents. That is how generously they are treated. Few people in Canada realize the extent to which they are paying for any oil and gas exploration that takes place in Canada.

The significant thing to be noted is that even if the oil companies do not invest any of their additional revenues in exploration, they will still receive 25 cents out of every dollar increase in the price of a barrel of oil. This means that $1 billion in additional revenue will accrue to the industry and, since the government is now committed to a $1 per barrel increase every six months until the price reaches the world price, this will mean that the oil industry can increase its gross revenue by $2 billion a year without reinvesting any of its price rise in exploration and development. That seems to me to be an horrendous situation, and one of which I am sure the Canadian public is not fully aware.

● (1532)

It is an inexcusable deception to tell the people of Canada that this long series of price increases is being used for the purpose of finding new energy sources when our tax laws allow the companies to do nothing and at the same time pocket 25 per cent of the price increases.

The most damning indictment, however, of the oil industry's performance is the government's own monitoring survey which was issued in 1977 and covers the period from 1971 to 1976. We find that the cash generation in the industry from 1971 to 1976 rose from $1,300 million to $3,059 million, an increase of 135 per cent. In the same period of time net profits increased from $560 million to $1,536 million, an increase of nearly 170 per cent. However, total Canadian capital expenditures rose from $1,143 million to $2,338 million, an increase of only 104 per cent. At the same time, oil industry investments in foreign lands went up from $34.7 million to $231.8 million, which represents an increase of 568 per cent.

The report sums it up by saying that from 1971 to 1976 the companies reporting took in $13.3 billion, and that of this amount, $6.7 billion, over 50 per cent, is represented by federal tax profits.

I apologize to the House for using so many statistics, but when we are asking questions on this subject the minister keeps saying that members are being selective in quoting figures from the monitoring survey, that we have picked out items here and there. As a matter of fact I would be very glad if the minister would table the entire monitoring report as an appendix to *Hansard* so that everybody could read it. It is only a few pages long.

In order to clear up the matter once and for all regarding what is contained in the monitoring survey, I think it is necessary to put some more figures on the record.

Let me further examine the extent to which these tremendously swollen revenues have been devoted to exploration. The facts prove they were not re-invested into development to the extent the public had been led to believe they would be. To make a fair comparison, the survey compares the total Canadian capital investment in each year as a percentage of the industry's total cash receipts. Table I on page three makes the following comparison, and I will give you the year and the percentage of the total cash revenue which was spent on total Canadian capital investment: 1971, 87.9 per cent; 1972, 75 per cent; 1973, 66.9 per cent; 1974, 65.8 per cent; 1975, 71 per cent; and, 1976, 76.4 per cent.

I want the House to note that the percentage for total capital expenditure varied from 87.9 per cent to 76.4 per cent in 1976, but did not in any of the five years examined equal the proportion which was invested in 1971.

If we take only the money invested for exploration, the figures are even more revealing. They are: 1971, 30 per cent; 1972, 29.8 per cent; 1973, 25.7 per cent; 1974, 23.4 per cent; 1975, 21.8 per cent; and 1976, 24.6 per cent. Here again we see that exploration investment as a percentage of growth revenue at no time in that five year period equalled the 1971 level. As a matter of fact, the report itself sums the matter up very clearly on page 8, and I quote:

> Although the monitoring sample has enjoyed a substantial increase in over-all revenues (and profits) over the 1971-1976 interval, certain negative influences have resulted in domestic capital expenditures failing to maintain the same relative growth throughout the period.

Nothing could be more clear than that, Mr. Speaker. The survey has shown very clearly that the percentage of the gross aggregate income of the oil industry which has gone into exploration has not increased but, as a matter of fact, has declined, and this is something about which the government has done absolutely nothing until now.

I am sure it will not be lost on the Canadian public that while the amounts of money re-invested in Canada from greatly increased revenues and profits did not increase proportionately, the oil majors managed, in the period under review, to invest over $832 million in foreign exploration and development. This is money which was taken out of the pockets of the Canadian consumer on the pretext that it would be spent to find oil and gas in Canada, but instead found its way into foreign oil and gas ventures. During all this time the government, which imposed the price increases, has stood idly by while this money was siphoned out of the pockets of the Canadian consumer.

Let me close now by turning to the bill. What does this bill do? First of all, Bill C-12 does absolutely nothing to improve the situation. We may get more complete information as a result of making it mandatory for oil companies to report semi-annually, although that is doubtful unless the government is prepared to examine the books of these large oil companies and the books of their parent companies. I am not very optimistic that the monitoring system is going to give us all the information we need. Certainly the monitoring that has been done to date, which amounts to only a dozen or more pages, is sketchy and inadequate, and making this mandatory without the government asking for much more detailed information

will not help the situation, with the exception that the part of the industry which so far has refused to answer questionnaires and supply the data will be compelled to comply.

● (1542)

The legislation the House is being asked to pass does not require the government to tell the oil industry what part of its swollen revenues should be devoted to exploration and development for our energy needs.

It is now five years since the government started a program of moving the price of Canadian oil and gas steadily toward the world level. During this period we were told regularly that the increased revenues to the companies, apart from their normal increased costs for transportation, refining and processing, would go into exploration and development. It has not happened. There is nothing in this legislation to make it happen.

I hope the minister will show us one clause in this bill which requires the oil and gas industry to spend a specific percentage of its aggregate income upon exploration in Canada. The minister does not even request that power. He is asking for what should have been requested in the first place four or five years ago, namely, that companies must fill in questionnaires providing the government with information as to how much of their aggregate incomes have gone into exploration and development. It was taken for granted that it would be done in the first place. When companies do not comply with the proposition that their increased revenues should result in increased expenditures for finding energy sources, whether renewable or non-renewable, then that requirement should be in the act. It is not there.

This legislation is typical Liberal legislation. It is designed to give the impression that the government is doing something when, as a matter of fact, the government is doing nothing. This is too serious a time for being polite about this question. The energy situation in the world is serious. The energy situation in Canada is serious.

Only a few years ago our nation was an exporter of oil, and is now a net importer of oil. In a matter of only a few years, Canada will be required to import half its oil requirements from outside the country and will pay five times as much per barrel as we received for the oil we shipped to the United States in the days when 60 per cent of Canadian oil went across the line. This is a serious situation.

This country must and can find new sources. There are supplies of conventional oil and gas, as well as great potential supplies of oil in the oil sands and in heavy oil, as technology for extracting the oil is developed. This will require great quantities of capital. The only reason given by the government for allowing oil companies to take billions of dollars out of the pockets of Canadian consumers was on the ground that the capital would be found. The fact is that it has not been spent on a proportionate basis, yet the companies have increased their expenditures for oil research outside Canada.

I see no reason why Canadian consumers should pay more for oil, gasoline and home heating fuel; why farmers should pay more for gasoline for their tractors or the fisherman for fuel for his fishing boat; or why utilities should pay more for their oil in order to generate electricity, when the government enables multinational organizations to take those profits and spend them in foreign ventures in the Middle East, the North Sea, Guatemala, and other parts of the world.

This piece of legislation is merely a sop. It is merely intended to inform the public that the government is on the job watching the oil companies, and to give the impression that some power will be given to the minister in order to carry out the government's commitment to see that increased prices result in increased exploration. There will be no results, because this legislation does not provide the government with the power to compel oil companies to set objectives and goals as to what percentage of their increased revenue will go into exploration and development.

I am glad the President of the United States apparently has become seized of the seriousness of this question. Last October during a press conference he indicated that the energy situation conjures up problems which are just as serious as war. Also he indicated that in many ways it is a moral equivalent of war. In his statement he said:

> As is the case in time of war, there is potential war profiteering in the impending energy crisis. This could develop within the passing months as the biggest rip-off in history.
>
> The grabbing for the financial rewards is what I deplore in the oil industry.

Whether the President of the United States is able to resolve the energy crisis there or not, we do not know. All of us wish him well. At least he has identified the problem, has put his finger on the culprit, and pointed out those who are to blame for the situation which faces the United States and will face that country in increasing measure.

I am disappointed the Canadian government failed to identify the problem and point out the culprit. Instead, it has brought in legislation which ignores the problem and will only serve the purpose of covering up the real problem so that people will think the government is in control of the oil industry when, as a matter of fact, it is the oil industry which increasingly controls the government.

Some hon. Members: Hear, hear!

● (1552)

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, Bill C-12 now before us to establish a control over oil companies to know how in the future those companies will be able or have to spend the money received from consumers through the sale of oil products is a bill which is undoubtedly important in the eyes of the government but which I think will have to be considered very carefully in the committee of the House of Commons with a view to bringing in certain amendments. I am under the impression after perusing this bill that perhaps it will not give the anticipated results.

Mr. Speaker, we are faced with increasingly important problems in the area of energy. Not so long ago the problem of

energy was not in our discussions. It raised no questions, supplies seemed inexhaustible, and all of sudden we find out that there might be a shortage of energy. Last Friday, the minister reminded us in his speech that in the United States last year, as a result of a very severe winter and perhaps a miscalculation on the part of certain networks of distribution, schools and plants had to be closed in many U.S. cities, particularly in eastern cities where fuel had to be allocated for heating homes and hospitals. That allowed us to realize how dependent we are on oil energy in both the United States and Canada, and just a few minutes earlier the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) pointed out that not so long ago Canada was a net exporter of cheap oil, and we are now becoming an importer of high cost oil.

I think there is nothing good about this, and it is important to know what our energy supplies are in Canada, where there are chances of finding oil and natural gas supplies on the Canadian territory. I think surveys have been made, some are now under way and others will have to be made. I do not think that in a country as vast as Canada we have looked everywhere, we have surveyed everywhere to find sources of energy. There are still many areas to be explored to find oil supplies in Canada.

Mr. Speaker, controlling the expenditures made by oil corporations for the search for and development of new energy sources means knowing how the oil companies intend to spend the dollars they receive from Canadian consumers. We often see on television or in newspapers advertisements telling the Canadian consumer: Consume now and pay later. Travel now and pay later. For the past few years, in the case of the sale of petroleum products, the opposite has been done. The consumer has been told: Pay right now to enable the oil companies to accumulate profits in order to search for oil, and presumably to make it available to the consumers. The oil companies did not want to operate the way finance companies ask us to do, namely to commit ourselves financially to search for oil deposits and put them on the market. On the contrary, through the government, they have compelled the consumers to pay for those oil products in advance and at ever growing prices in order to be able to carry out petroleum exploration.

When I hear the Minister of Energy, Mines and Resources (Mr. Gillespie) telling this House that the aim of these half-yearly increases in oil product prices is to curb the consumption of such products among the population, I say this is a joke of monumental proportions, because the minister knows quite well that the Canadian consumer has definite needs. He has habits which he will not give up, and the minister knows quite well that the rate of oil product consumption will go on as before.

In short, Mr. Speaker, I contend that these petroleum price increases really aim at allowing oil companies to accumulate ever growing profits in order first to satisfy the shareholders of these companies and only then, as I mentioned earlier, to invest in exploration. Yet one often wonders whether this exploration is actually done where it should be and why the announcement of the results, is always made at times which are advantageous to these oil companies, for instance on the eve of petroleum product shortages.

I am convinced that, since the time explorations were started just about everywhere, oil companies already know places where oil deposits can be found. Yet they delay the public disclosure of the result of these explorations, at least at the government's level. So, Mr. Speaker, if this Bill C-12 aims at allowing the government to know those places where oil can be found, it ill be for the greater good of the government and the Canadian people.

For some years, explorations have been carried out in certain Arctic islands, namely King Christian and the Melville Islands. Explorations have also been carried out to determine the most economical or the shortest way to transport the natural gas found in these islands to the places where it will be used. Yet, according to information in my possession, it seems that these natural gas deposits found in these Arctic islands would be sent to the eastern United States or eastern Canada, mainly to the province of Quebec where a supply in natural gas is most needed.

Here is what *La Frontière* reported under date of November 15, 1972:

> Natural gas, an important element in industrialization, represents only 4 per cent of Quebec's energy, while in Ontario, it reaches 20 per cent. The overall percentage for Canada is 22 per cent.

Needless to say, therefore, it is most important that the province of Quebec should find a source of supplies in one of the finds of natural gas recently made in the Arctic islands. Still, according to the planned route which has just been published, it seems that the pipeline will run through the west, through Hudson Bay, across the Northwest Territories, part of northern Manitoba and Ontario, and then reach the existing pipeline; it seems this gas is intended only for the eastern United States, market, at a time, when Canada is in urgent need of natural gas for its own development.

I therefore ask the minister to have a close look at the natural gas needs of the province of Quebec, the route planned to take the Arctic gas to eastern Canada and the eastern states, to make sure that the industrialized part of Quebec is not overlooked in terms of those sources of gas in the Arctic islands, which, being Canadian sources should serve the Canadian people first. As for surpluses, we do not object to their being exported to our friends south of the border.

I insist on that last point with the minister: the situation warrants a very close look.

● (1602)

[*English*]

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, there are one or two matters I would like to discuss with regard to this bill. It is a fairly innocuous bill, but it begs the question: does an industry have to invest in itself? Does this bill mean that because oil companies make money on oil and gas they should be required by law to invest in their own industry? If so, should they invest in solar energy, nuclear energy, or in the coal industry? A good many American companies are diversi-

fying because it is not clear whether the government of that country will demand that they invest in uneconomic ways.

The food policy the government is talking about seems to imply that farmers should grow food which is cheap for the consumer but which also allows farmers an adequate return. Does this mean that a farmer who makes money raising pigs should invest in more equipment for pork production, or is he entitled, for example, to buy Canada Savings Bonds or take a well-earned holiday in the south?

It is felt by many people that funds from pension plans should be invested in such things as the housing industry where they would earn reduced rates of interest, although communities would benefit from this kind of investment. However, what is the responsibility of oil companies and other companies to their shareholders?

In the 1972 election campaign the matter of so-called corporate bums was raised, but corporations are made up of shareholders, management and workers. When management personnel receive increases in remuneration, those increases are quickly taxed by the Department of National Revenue. The same is true for workers. If a company expands its operations, presumably more workers and more management will be employed.

Are shareholders entitled to a return on their investment? Funds from private pension plans are invested in stocks, bonds and mortgages, and private pension plans bring in only about 3 per cent. If there is such a great amount of money being made in the oil industry, why are pension plans and registered retirement plans not investing in the oil industry? In many instances there is very little response by corporations to shareholders; that is perhaps because governments direct the management of corporations to expand operations in order to create more jobs.

People with private pension plans are finding that their plans are not keeping up with the cost of living, and some argue that government pension plans are better than any private pension plan in this country.

It was mentioned today that the President of the United States has berated American oil companies, implying that they are something akin to thieves. I think he is taking this stance to cover up the lack of an energy policy in the United States. The American energy policy is a mass of inconsistencies and contradictions. The vice president of the United States, Mr. Mondale, was here recently, and he spoke to the Minister of Energy, Mines and Resources (Mr. Gillespie), but many problems were left unsolved. The price of gas flowing through the Alaska pipeline is not clear. In the United States there is argument about whether United States companies should be allowed to buy much needed gas supplies from Mexico and Algeria. The Carter administration does not like the Mexican price, $2.60 per thousand cubic feet. It also does not like the Algerian price, which is about $4.50. The Algerian source is considered to be insecure. The American administration is telling United States companies that they may not be allowed to buy it.

Furthermore, the American administration will not let artificially low domestic prices rise to more realistic international levels. If it did, that would boost domestic exploration and production in the United States, where gas supplies are low. The United States cannot have increased domestic supplies; nor can it increase imports. These contradictions in U.S. energy policy create difficulties for Canada. By roadblocking the Algerian LNG project the American administration is jeopardizing the success of the multimillion dollar processing plant which it is hoped to be built at Lorneville, New Brunswick, and which would give that part of Canada some investment clout.

If $4.50 for Algerian gas is too expensive for the United States administration—although apparently customers are willing to pay that much—what does that imply for Alaskan gas shipped via the proposed Alaska Highway pipeline? That gas may cost more than $5.

Regular prices for gas now being sold in the United States range from 50 cents to $1.50. The President of the United States has implied that he does not foresee the price going beyond $1.75. How can Alaska Highway pipeline investors raise money when it is unclear what the eventual price will be? Perhaps the minister can tell us whether Mr. Mondale told him how a $5 Alaskan gas price will be integrated into the American system if the price is to be kept below $1.75. There seems to me to be no feasible way that Alaskan gas at $5 can be integrated with lower priced American gas in the near future. Without some arrangement as to how Alaskan gas will be priced, there does not seem to be means whereby we can assess whether the pipeline is viable, at least within the next few years.

● (1612)

Energy was high on the list of topics and the minister has not stated as to whether the Alaskan pipeline will be built in full or how the Americans will get the price so that it can be built without government assistance. I believe last week the hon. member for Hamilton West (Mr. Alexander) suggested that the price of the pipe line could reach $15 billion to $20 billion. I do not believe that was disputed. Mr. Speaker, it seems to me the solution lies in the price of energy. It is a difficult one but it is to allow the domestic price to rise to world levels. Whether we like it or not the Arabs seem to have a corner on the world with respect to the supply of oil and gas, and only through a rise in price will we be able to diversify and obtain energy from other sources.

During the Christmas holidays I was very interested to note that in my riding practically everyone has a wood stove now. Previously they were using oil stoves or electric heat. There is no gas in that part of the country. Obviously because wood is plentiful they have solved their heating problems by using this commodity and it is very cheap for them, particularly if they are willing and have the incentive to cut it themselves.

It is also significant to me that Japan, Germany and Switzerland are paying world prices for oil, yet they are the hard currency countries of the world. Share prices in companies in

those countries indicate what has happened. They are at an all time high. Last year in the United States share prices were off 20 per cent and Canada was off 33 per cent. In fact if holding down the price of oil is advantageous to a business economy, then the hard currency countries such as Japan and Germany which pay world prices for oil should be in trouble and we should not.

If there is any value in further statistics, perhaps the minister will inform us in committee. But it seems to me if we are looking to a demand that oil companies, along with other companies, are required to have a specific amount invested in their particular industry, we are courting trouble. After all that is how the Russian system operates. It is based on attempting to assess by government decree what each factory and what each industry should produce. The U.S.S.R. has not given its citizens as nearly as high a standard of living as that in the western world where there is much more flexibility.

I wait with considerable interest to hear an explanation concerning some aspects of this bill. I do believe that if this is the thin edge of the wedge to attempt to tell industry what it should do, it will not in the long run solve our problems.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on National Resources and Public Works.

* * *

AIR CANADA ACT, 1977

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

Hon. Otto E. Lang (Minister of Transport) moved the second reading of and concurrence in amendments made by the Senate to Bill C-3, respecting the reorganization of Air Canada.

He said: Mr. Speaker, I should like to say a few words concerning the amendments adopted by the Senate and indicate our support for them.

A good number of amendments as printed in *Votes and Proceedings* are indeed simply editorial changes and renumbering of particular sections to improve their order. There are, however, several amendments of substance. A group of these deal with the manner of reporting and considering matters in parliament. They are very easy for members to agree to and support. One amendment makes clear that any direction given to the corporation would be by order and, therefore, automatically come within the purview of the statutory instruments committee.

[Mr. Ritchie.]

The Senate also noticed that a provision in the bill indicated that reports could be tabled and made available to committees of the House of Commons. They thought it appropriate that this should read parliament, and that also seems unexceptional.

The Senate also thought it desirable to be sure any orders made in connection with Air Canada would also be tabled in parliament. That now appears in the amendments.

The most important change in substance was the remaining amendment which was the repeal by the Senate of section 6(2) which had been incorporated in the original bill. This was the section which would enable us to make quite sure that any activities which might not at this moment be contemplated as part of appropriate airline business, or indeed related to it, be within the power of Air Canada to carry out, but with the control that governor in council would first have to approve it. There was some concern about the breadth of this in the Senate. However, I see no real difficulty in removing it and we are also recommending concurrence in this amendment.

It is true that sections of the bill incorporating Air Canada's powers as written are very broad and should allow for almost anything that might have been contemplated to have been undertaken by Air Canada in relation to airline activities. I see no great difficulty in saying that if doubt had to be resolved beyond that, we could be back in parliament dealing with it and specifically assuring Air Canada had the power. I should say that Air Canada is, of course, a very major corporation and the temptation might have been to give it power simply of a natural person and avoid even this problem of whether a section such as 6(2) should have been included. The concerns of parliament as to what may be included in its operation no doubt are of consideration in holding the limit on that.

Air Canada has been operating increasingly effectively, and a recent preliminary analysis of its position for the year 1977 confirms that. The corporation will make a significant profit on its 1977 operations compared with a loss in 1976. It is interesting too that the preliminary analysis shows that increases in costs were really of sufficient size that the increase in revenue to Air Canada from the various fare increases which did take place really only offset those increases in actual cost. Therefore, if nothing more had happened, Air Canada would have once again been in a loss position. Two things did happen which are a credit to the direction in which the corporation is going. One is an improvement in income from certain subsidiary activities such as computer operations in reservations which is being used by other companies. This would pretty well have offset the 1976 loss.

● (1622)

The profit would in fact be almost entirely attributed to the fact that in the course of 1977, with improved efficiency of schedules, route management and aircraft management, the number of passenger miles will have increased while the number of people actually involved and employed in carrying out the service will have decreased. This combination of

savings on the one hand and improved revenue by better use of aircraft on the other produced the profit.

It is indeed a substantial profit, as we will see when the final report comes before us, but not one which is in any way out of proportion. It certainly will not be an end to the challenge for Air Canada, its employees and management because there is a very large investment here. The profit will not yet look like an adequate return on capital. That is something which may over time be solved.

I did want to take this opportunity in a preliminary way to congratulate the management and all the employees of Air Canada for this job which they have done and to wish them full success in their continuing development of better air service, increased convenience for passengers and at the same time good management and good operations which produce a better profit for the long term credit of the Canadian people, the owners of the airline.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I thank the Minister of Transport (Mr. Lang) for outlining the thrust of amendments proposed in the other place and the report the government has rendered thereto.

When this bill or a version of it, Bill C-17 in the last session of the House, was first introduced, it was done with a considerable amount of urgency. Thus it is rather startling that we should still have it before us now. Just to recap, the bill was introduced in this House on October 28, 1976. It sat on the order paper until May, 1977, and was considered in this House and in committee during June and July. At that time we were told it was an absolute must to have the bill passed by summer. But in spite of the pressure and co-operation of the opposition to expedite passage, we find this bill still before us.

I wanted to point this out, particularly after watching the government House leader on "The Nation's Business" last night. He attempted to blame all the failures of the government on the opposition. He implied one of the reasons there is high unemployment is because there is a Conservative opposition. I do not know how many Canadians he expects to believe that. I just want to make the point that the fact that this bill is still before the House is certainly not our fault. It can be said that we exercised more than reasonable give and take. However, the fact it is before the House probably has some justification. I think the Senate has done a very commendable job in this instance.

My colleagues and I welcome the amendments proposed by the other place. We have no difficulty accepting the general thrust of the three substantive amendments, and certainly no problem with the others which are primarily consequential on those three.

The deletion of clause 6(2) certainly meets with our approval. The amendments to clause 17 having to do with the referral of the annual report is, as the minister pointed out, simply a change in wording, from House of Commons to parliament. The immediate tabling of any orders in council under the provisions of clauses 6 and 8 is an excellent amendment. We welcome these amendments and will certainly support them.

I continue to be perplexed by the attitude of the minister. There can be no doubt about our apprehension in committee with regard to clause 6(2). We expressed a great deal of reservation, taking exception to the wide powers that seem to be granted under the provisions of that particular clause. The minister stood firmly and said it was right with might.

We have now been treated to a new attitude of accommodation. I suppose it is because there may be an election in the air. This new attitude of accommodation can only be related to political considerations transcending everything else. The minister probably worries that he has not really achieved all that much since taking over the portfolio. I suppose he is also concerned about his new found colleague, the Minister of Industry, Trade and Commerce (Mr. Horner), who seems to be breathing down his neck. He is not that once great western authority on all things ranging from marketing boards to air transportation to grain.

It is interesting to note that early in February the Minister of Industry, Trade and Commerce, not the Minister of Transport, will be convening a meeting with the three western provincial ministers of transport. I find that very strange. They are going to be discussing some of the recommendations of the Hall report. I am not sure whether the Minister of Transport refuses to meet with his provincial counterparts or whether they refuse to meet with him. Nevertheless, it makes for very interesting contemplation. I suppose the Minister of Industry, Trade and Commerce finds this a rather interesting and enlightening experience in that he can do two things at the same time. He can improve his stature in western Canada and, at the same time, fight one of his old foes. These are indeed interesting developments.

Getting back to the thrust of the amendments, when dealing with this piece of legislation in committee, my colleagues and I tried to eliminate clause 6(2), albeit unsuccessfully. An amendment moved by my colleague, the hon. member for Capilano (Mr. Huntington), was defeated in the committee hearings. Quite frankly, we felt at that time that clause should have been eliminated. We still feel that way. It reads as follows:

> The Governor in Council may, by order, authorize the Corporation to engage in or carry on any activities not otherwise authorized by this Act.

It is clear that these powers are very broad. This was debated at length. It appeared then and it appears now that if Air Canada wish to engage in any activities other than outlined in clause 6(1)(*a*), (*b*), (*c*), (*d*), (*e*), (*f*), (*g*), (*h*), and (*i*) that this should be done by reference to parliament. In many respects this legislation contemplates a wholesale sell-out of the parliamentary process. The powers that are extended in clauses 6 and 8 are very broad.

When you consider the growing tendency to govern in this country by order in council, the fact that in 1976 something like 3,326 orders in council were passed and only 653 published in the *Gazette*, it clearly causes alarm and consternation to those of us who want to protect, preserve, and enhance the parliamentary process. In our view it is abuse of the order in council process, a circumvention of the parliamentary process.

It results in a lack of enforcement of regular accountability procedures by the Crown corporations.

● (1632)

Along with this there is an increasing tendency to rely upon commissions, study groups, task forces and royal commissions. This, too, tends to undermine the position of the elected representatives of the people and the idea of the primacy of parliament. It becomes a form of phony participatory democracy. By and large, Canadians are becoming increasingly disenchanted by their involvement with civil servants, regulatory bodies, commissions and so on. I believe they are demanding more direct contact with the representatives they elect to the House of Commons. I believe they want governments to govern.

The procedure presently used to consider and approve departmental estimates is another example of the circumvention of parliament especially when taken together with the government's refusal to strengthen the committee system—what has gone on more closely resembles a weakening process. We seem to be moving ever closer to government by decree.

It is interesting to note that while this legislation was under consideration in the other place, Mr. L. C. Des Bois, secretary to Air Canada, had this to say about clause 6(2) when he appeared as a witness—this is from the Senate committee hearings No. 2 page 19. He stated:

The wording and the concept of clause 6(2) was not suggested by Air Canada; it was proposed by the government itself in the original drafting as a means of avoiding having to go to parliament to clarify a point which was really something that could be administered in the context of the broad powers given to the corporation—

It was not the corporation but the government which sought this provision, even though, as the minister pointed out when he dealt with the matter, it was felt the department would not be called upon very often to exercise a prerogative under this provision.

The main drafter of the bill, Mr. Jim Lyon, who is now working with the Department of Finance, told one of the Senators that the concept of the bill was that the minister was administering the prerogatives of the shareholders. The members of the other place reminded him that, according to a government discussion paper on Crown corporations, it was parliament and not the minister which was empowered to administer the prerogatives of the shareholders of the Crown corporation.

It is interesting to note the following sentence in the document entitled "Crown Corporations, Their Direction, Control and Accountability":

It is commonly understood that Crown corporations, although largely independent of parliamentary scrutiny and control, are still in the final analysis instruments of parliament. Logic then dictates that parliament should exercise what might be called the shareholders prerogative with respect to Crown corporations on behalf of the Canadian public.

Clause 6(2) clearly runs counter to that recommendation. Subparagraphs (a), (b), (c), (d), (e), (f) and (g) state in explicit detail the powers and responsibilities of the corporation, and then there is a catch-all clause which states that it

—may do such other things as are necessary or incidental to the carrying out of its activities.

After that there is, of course, a "grandfather" clause which provides that the governor in council may authorize the corporation to carry on or engage in any activities not otherwise authorized by the act. Clearly this establishes a very dangerous precedent and one which could be applied to other legislation. I certainly welcome the minister's change of heart in connection with that provision.

We applaud the sentiments expressed by Senator McElman that there is "a growing feeling in parliament that parliament should be more jealous of the powers that it extends by law to ministers to enable them to make regulations." I could not agree more. It would be well for us to bear statements like that in mind when considering other pieces of legislation and the granting of extraordinary powers to corporations such as Air Canada.

We welcome and support the other changes which have been made as a result of the Senate study of this bill. We are pleased with the support the Senate has given to our proposals having to do with the automatic reference of annual reports to the parliamentary committee. We apologize that we failed to insert the word "parliament" rather than "House of Commons". We certainly accept the amendment in good faith. The changes are welcome and I am sure that, as a result of them, the bill will serve the best interests of the airline and of the travelling public.

I should like to turn now to a few other matters which I have found somewhat disturbing, developments which have disappointed large segments of the Canadian population.

Members of this House, particularly those who serve on the transport committee, dealt with this legislation in good faith. There were some aspects of it we felt could be improved, and others about which we are still unhappy. Certain amendments have been accepted and I believe there was a general desire to give Air Canada the legislative framework it required in order that management might do its job more effectively. We made it clear we felt it was incumbent on management to accept its responsibilities to the public and to the House.

This debate comes at a time when the public is seriously questioning the structure and level of air fares in Canada. There is a feeling in many quarters that air passengers are being ripped off; there is also a consensus that in some cases fares bear no relationship to economic realities.

● (1642)

Many of us share the opinion expressed by the Minister of Transport about the management of Air Canada, that it is in the capable hands of a team of credible senior executive officers. We had hoped that this legislation would have been important in helping them carry out and even extend the mandate of one of the truly great national airlines.

Air Canada has come through some very rough periods in the last few years. Losses of $65 to $66 million were incurred over the past three years prior to 1977, so we are naturally happy that this has been reversed and hope the trend will continue. I

think most of us consider that the recent profit came about as a result of Air Canada getting the message across to the public that fares in this country are competitive when the price of fuel, landing fees, weather, replacement of equipment and such things are taken into account. Air Canada started talking about a further increase in fares before the bill was introduced, however. Many of us feel this is a mistake and that there is still a lot of productivity to be gained first. I believe we should call upon Air Canada to reconsider its request for a domestic fare increase.

The operation has been streamlined, but I believe there is still room for improvement. Recently management has seen fit to extend free pass privileges to some 20,000 employees, which has since been aborted, but this gesture was not well received by the travelling public who were paying full fare. The resulting controversy was unfortunate and caused embarrassment all around. I do not argue with offering employees a bonus, but I argue with the manner in which it was handled. It may have been good for employer-employee relationships but it was not handled in the right way. The news broke as a result of some good investigative reporting by the *Globe and Mail* not an announcement by the airline. Surely if the airline had wanted to give a bonus for a job well done in 1977, it should have made a clear public statement and given the rationale behind the decision. The reaction of the Anti-Inflation Board and of Revenue Canada should have been explored. Also, given the fact that we have a tourist trade deficit of $2 billion, it seems to me that the passes should have been restricted to travel in Canada.

It has been the policy of Air Canada and other airlines for a long time to issue passes. I am informed that Air Canada's policy is very generous—perhaps overly generous. Perhaps it should be reviewed and the details made known to the shareholders, namely, the people of Canada. The gesture certainly focused attention on the question of free passes, and there has been considerable response in the media, particularly from people who use Air Canada.

The Ottawa *Citizen* carried a headline on January 21, 1978, "Free Tickets Standard Procedure on Airlines". The article reads in part as follows:

> Most free airline passes are issued in the interests of public affairs, business, inter-airline competition and generally to promote travel by air.
>
> That's not to mention, however, the politicians, newspaper representatives, business interests, tour operators and the myriad of air-line employees hitching a free ride.
>
> 'People in high places,' says Air Canada's regional officer Hugh Riopelle, 'are eligible for flight passes, depending on the reason—and business is one of them.'
>
> Mrs. Edward Dunlop, wife of the president of the Toronto *Sun* newspaper, for example, recently accompanied her husband to England on a pass called 'Pos F status' for guaranteed seating for free first-class return travel, worth $1,502, plus $8 tax.
>
> Public affairs officers, managers, salesmen and other top representatives of the 'people's airline' are given quotas of free tickets (either first-class or economy) and it's 'up to the discretion of various offices to dispense the passes as we see fit.'
>
> A free return ticket generally would apply to any destination serviced by the system.

It is interesting that even relatives of journalists are included amongst those who are issued free passes on our national airlines. That is rather strange as journalists are usually the first to point the finger. I will not say any more, Mr. Speaker, except that I think it is incumbent upon the airline to review its policy regarding passes and to make that policy known to the public.

The third point I want to raise is the airline's attitude toward domestic air charters. In my view the airline's position with respect to promoting discretionary air travel in this country has been selfish to say the least, and certainly is not forward looking. The record will clearly indicate that the airline has responded rather negatively instead of positively in terms of exploiting this vast new discretionary travel market. It has been proven throughout the world that there is a large potential here which involves marketing and getting on with the job.

● (1652)

This is clearly exemplified by the fact that the subscription of Canadian charter class fares which was made available last year was immediately sold out. There has been a substantial increase in the allocation of these seats for this year, and this is a clear indication of a tremendous market potential. Surely it is incumbent upon the airline to get on with the job of capturing that market.

One should be reminded that Air Canada was very reluctant to get involved in a very active way in the international charter market at the beginning. It seems to have adopted the same attitude in respect of the domestic charter market.

My colleague, the hon. member for Medicine Hat (Mr. Hargrave), will be talking about Air Canada's attitude in respect of cattle charters, and I would point out that it has been certainly less than positive in this area. The airline seems to lack the innovative requirement and drive to provide a service that is optimum at a reasonable cost. Air Canada does not seem to move unless it is cajoled into doing these things.

The service to Atlantic Canada, about which some of my colleagues from that area will be speaking, is another area the airline has not served, or in respect of which it has not fulfilled its mandate.

It is interesting to note that Air Canada is not alone in this regard. The *Gazette* of this morning carried an article under the headline "Men Who Fought Laker Find Business Booming". All major airlines fought Freddie Laker and his new concept of a sky train, but what he has done really is expand a market potential which would otherwise not have been there.

The attitude of the minister does not seem to be much improved. If I recall correctly, true to his autocratic form he attempted to prevent the CTC from going ahead with its hearings. We welcome his recent announcement expanding the ABCs relative to the decision handed down by the CTC. I am not sure whether the minister has given such a directive, but I would hope that he and the Air Transport Committee would seriously consider a reduction to 30 days from the 45 days proposed by the CTC.

Mr. Lang: That has been done.

Mr. Mazankowski: The minister indicates he has done that, and I welcome that information because I think this is an excellent move. I think the ball now is clearly in the courts of the airlines of this country, and particularly in the court of Air Canada. The challenge is there for the company and I urge management to use some imagination and progressive marketing in exploiting this potential.

Our national airline must certainly be used as an instrument to promote national unity. I get the feeling from time to time that Air Canada is a bit spoiled. Because in fact it has had a captive market for far too long, it has become over-comfortable in its preferred position. It has a long way to go before reaching the status of a truly great airline. It cannot rest on its laurels and it cannot expect the continued good will of the Canadian public. The airline must improve and demonstrate that it intends to become, and will become, a great airline, fulfilling its mandate effectively and efficiently. It will then get the support it deserves.

This brings me to my fourth and final point, having to do with Air Canada's intended acquisition of Nordair. On the surface the announcement appears to reflect a continuation of the policy of a former chief executive officer of the airline, Mr. Pratte, as well as a former minister of transport. They indicated they felt we would be better off in this country with one airline. As a matter of fact I have a quotation from that former chief executive officer. It is a Canadian Press article under the headline "Travel Would Be Better With One Airline".

I believe competition keeps airlines keen, imaginative, and innovative, and I hope it will continue. The proposed acquisition of Nordair by Air Canada runs counter to stated government policy. I am not pleased with Air Canada's proposed plans to acquire Nordair. Air Canada is a national airline, a trunk airline, and not a regional carrier. Therefore its operations are not necessarily compatible with the operations of a regional carrier. It should concentrate primarily on being a truly great national airline.

Furthermore, I am not convinced that monopolization is the answer even in respect of the airline industry. The position the government has taken with regard to this acquisition is not clear. I am not sure that the minister was even informed of the intended offer to purchase. It is quite obvious that Nordair, one of the more successful regional carriers, was being harassed to death by Air Canada, and finally succumbed and offered to sell.

In this connection I should like to quote from a letter written to me back in February, 1975, by a vice president of Nordair. He stated in conclusion:

> Since the regional carrier policy and its application depends to some extent upon the delineation between the role of the mainline carriers including Air Canada and the regional carriers, it is disturbing to think that the country's largest airline has paid so little attention to this problem and is seemingly not interested in what Canada's policy is with regard to the remaining commercial carriers. Needless to say, this is bad news to the regional carriers who have been relying on the regional carrier policy as their planning base for growth and expansion.

That clearly outlines the kind of interference and harassment with which the regional carriers have been afflicted.

The government has stated regional air policy, but it really has not fostered the implementation of that policy. Having regard to what has been allowed to happen over the last few years, I think a re-examination of that policy is necessary. Is it the government's intention to rationalize, and what is the future of regional air carriers in this country? Are we to end up with one mainline carrier and one regional carrier? I do not know what the government plans. In view of the kind of rationalization that appears to be taking place, it is certainly incumbent upon the minister to look once again at regional air policy. He should perhaps delineate some guidelines and patterns for growth in order that this important segment of air transportation can continue to grow, flourish, and meet the challenges of the respective regions.

I see that my time is almost expired and we are approaching the hour for private members' business. Let me simply say that we on this side hope the legislative mechanism which is to be approved in the next little while will provide the kind of framework in which Air Canada can do the job it was intended to do, thereby fulfilling its mandate.

At the same time I want to place on record my very deep concern about this airline infringing upon the regional carriers. Before there is a conclusion of this proposed transaction currently in process between Air Canada and Nordair, I hope the minister will give this House and the country the benefit on his thinking regarding the future of regional carriers, as well as the future of third-level carriers, and give some clear outline of national airline policy in this country.

Mr. Alexander: And that includes Nordair for Hamilton.

● (1702)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: Order, please. It is my duty, pursuant to Standing 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Winnipeg North Centre (Mr. Knowles)—Veterans Affairs—Request that basic rate of war disability pension be reconsidered; the hon. member for Winnipeg South Centre (Mr. McKenzie)—Public Service—Allegation departments circumventing growth guidelines; the hon. member for Lisgar (Mr. Murta) —Agriculture—Food policy conference—Proposals of government.

PRIVATE MEMBERS' MOTIONS

[*English*]

Mr. Deputy Speaker: It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

It is my understanding that an agreement has been reached to proceed directly to motion No. 17 appearing in the name of the hon. member for Ottawa-Carleton (Mrs. Pigott). The hon. member for Ottawa West (Mr. Francis).

Mr. Francis: Mr. Speaker, motion No. 4 stands in my name. It is substantially similar to one adopted by the House on December 13, 1977. That motion gave the joint committee 90 days to bring in a report. Forty-eight days have now elapsed, and it is my hope the committee can be named soon in order for it to proceed with its work. With the understanding there will be a naming of that committee this week, I would defer for the present to the agreements which have been worked out with the spokesmen of the various parties.

Mr. Deputy Speaker: Order, please. Of course the Chair can play no part in resolving the request of the hon. member. I cannot give that guarantee. All I can do is ask for unanimous consent to proceed with motion No. 17.

Mr. Cafik: Mr. Speaker, in respect to the matter raised by the hon. member, it was discussed with me just prior to this time. Arrangements will be made for instructions to be given to our whip to negotiate the members of that committee. Hopefully that will be done tomorrow or the next day in order to put the committee in place.

Mr. Deputy Speaker: All being well, is there unanimous consent to suspend the consideration of motions Nos. 2, 4, 5, 11, 12, 15, and to proceed directly to motion No. 17?

Some hon. Members: Agreed.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, while I do not object to unanimous consent, I should like to point out to the Chair that when the majority party needs unanimous consent from all parties to amend an order of the House the representatives of every party should in common decency be consulted. Mr. Speaker, I am the House Leader of the Social Credit Party of Canada and I have always showed understanding and co-operation with all other leaders. I was very surprised when I heard you say just now, Mr. Speaker, that there was unanimous consent, since we had heard nothing about this. I do not know if anyone doubts the existence of my party but I certainly am here as the member for Bellechasse.

I have very often been told that I do not need a microphone to be heard, that my voice is strong enough to reach every corner of the House. I wish to continue to be co-operative and understanding and to facilitate the business of the House. I also wish that when there are consultations, when the President of the Privy Council (Mr. MacEachen), the government House leader, wants to have serious talks with his counterparts, he would call us to his office. I understand that sometimes there have to be hasty consultations on the floor. I understand all that. After ten years in parliament there are certain things you know. You also learn not to let others pull a fast one on you, hoping that you will run for cover like a rabbit.

Mr. Isabelle: Babbitt.

Mr. Lambert (Bellechasse): My colleague, the hon. member for Hull (Mr. Isabelle), is trying to be funny. I said rabbit intentionally, Mr. Speaker, as I have seen a TV program in which the rabbit was always nosing around, always getting into trouble and always the loser. I do not want to be a rabbit and a loser.

I am willing to go along today with the proposals that have been made, but from now on I want everyone to be aware of our existence and when consultations to get unanimous consent to change the rules are held we should be consulted. I think we will be bright enough to understand that the request is justified and will agree to it. Then, agreement having been reached by the parties in this House, Mr. Speaker will not have to lie. He will be telling the truth.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on the point of order, I understand the hon. member's position, and perhaps I might say just a word. No one spoke to me specifically about what was to be done today. What has been happening in the past few weeks is that a list of the private members' business for the ensuing week has been passed around, and we all see it. When I have received that list, I take it for granted that if I do not object to it, in effect I have agreed to it. I suppose it was taken for granted, since there was no objection by the hon. member for Bellechasse (Mr. Lambert), that his party agreed as well. Even so, I think his point is well taken. It might be a good idea for the government members who make these arrangements not just to send the sheet around and assume that is the end of it, but actually they should speak to representatives of each of the parties.

Mr. Ellis: Mr. Speaker, the list referred to by the hon. member for Winnipeg North Centre (Mr. Knowles) is posted on the bulletin boards in the lobbies. A close check of that list will indicate that there is an entirely different matter listed for this afternoon. That arrangement was made very late on Friday afternoon. Thus, the hon. member for Ottawa-Carleton (Mrs. Pigott) has been asked to fill in at the very last minute, in fact approximately four parliamentary hours before this took place. I appreciate the consternation of the hon. member for Bellechasse (Mr. Lambert), but the hon. member for Ottawa-Carleton is quite prepared to fill in during the time remaining.

Mr. Cafik: Mr. Speaker, unfortunately I was not present in the Chamber for all of the remarks made by the hon. member for Bellechasse (Mr. Lambert). In light of the comments made

by Your Honour in respect to this question which has been raised on a number of previous occasions, it is my understanding that unanimous consent implied an arrangement among the individuals who were in fact vying for time in private members' hour, as opposed to unanimous agreement among parties. That may not be an accurate understanding of this, but the comments that have been made in the House certainly give rise to a need for some discussion on how we might deal with this in an orderly manner and in a manner which is agreeable to the House leaders of all parties.

● (1712)

I think that the matter should be taken up at a later date to ensure that this kind of difficulty does not ensue and that there is a general understanding by the House leaders of all parties of the procedures to be followed.

Mr. Deputy Speaker: The last point made by the minister is quite correct. I think in the ruling given recently the Chair did request a representative of the government to consult with the interested members on the various motions. We are not actually looking at government orders. This is the private members' hour and we are addressing ourselves to motions put forward by private members. Since members are not always available for that kind of consultation, perhaps there is an alternative way of protecting the right of members and that is to approach House leaders, thus ensuring that when a member involved is not available, at least the House leader of his party is contacted and consulted.

[*Translation*]

To my mind, the point the hon. member for Bellechasse (Mr. Lambert) brought up goes beyond the scope of deliberations during the private members' hour. When there is general consultation of the House, occasionally the representative of his party or he himself are not consulted as they should be. During the period assigned to the study of private members' bills, of course we discuss bills introduced by hon. members as private members. When I brought down my decision in this regard shortly before Christmas, I recommended that the government be asked to continue to co-ordinate the business to be dealt with during the private members' period, but to do so in consultation with each hon. member individually. It may be that the suggestion of the hon. member and the criticism of the minister will take us one step further. Those consultations should perhaps include as well the representatives of the parties, to ensure that all hon. members in the House, specially the party leaders in the House, are kept informed of the debates to be held or changes in debates which can come up every day, including the debates held during the private members' period.

Having said that, I shall now submit the following motion to the House—

[Mr. Cafik.]

[*English*]

NATIONAL CAPITAL COMMISSION

SUGGESTION TO ESTABLISH STANDING JOINT PARLIAMENTARY COMMITTEE

Mrs. Jean E. Pigott (Ottawa-Carleton) moved:

That, in the opinion of this House, the National Capital Commission is not sufficiently accountable to those who live in the national capital region or the people of Canada, and exercises its powers in an arbitrary manner without adequate consultation with other levels of government and that, as a just step, there should be a permanent standing joint committee on the national capital region.

She said: Mr. Speaker, sometimes it is said that it is the last straw that breaks the camel's back, and I am certain that the government is wondering at the rash of editorials over the weekend and at the press coverage of the appointment of the new chairman of the National Capital Commission, the former hon. member for Westmount. I think it is the straw that breaks the camel's back, because one of the things the people who live and work in this city and who pay taxes have felt is that the NCC has become a political football to this government and has not taken in the cares and concerns of those who live and work in this whole region.

It was Harold L. Ickes who said "I am against government by crony". Public office is a public trust, not a political prize. The recent appointments to the chairmanship of the National Capital Commission suggest that the job qualifications for that position have more to do with partisan public relations and assembly of land than the long range development of the national capital region. It seems that candidates for this position have to be former politicians who are closely linked with the present government.

The future of this city and important relations involving many levels of government across provincial jurisdictions need strong and enlightened leadership. The federal government, however, has completely ignored any but the most partisan considerations in the appointment of the NCC chairman. The ability of the former member for Westmount and of Mr. Juneau are not the issue. At a time when the NCC is at the centre of serious problems in this region, its whole operation must be an example of justice and accountability, both in fact and in appearance.

The NCC has now become what is really a national capital corporation in which the "capital" is represented in the dollars and cents of land management and powerplays redirect millions of dollars worth of buildings without the consultation of local elected people, and not in the creation of a meaningful symbol for our country.

The National Capital Act passed in 1958 states that the purpose of the NCC is to prepare plans and to assist in the development of the national capital region "in accordance with its national significance". Is there national significance in the fact that no elected official of any of the regional or local municipalities of the national capital region sits on the NCC?

In April of 1977 Mr. Pierre Juneau said:

—it is the duty of the NCC to nurture and expand the spirit of co-operation and good will which characterizes its relationship with the community of which it is an inseparable part.

But in its 1975-76 annual report, the NCC maintained that municipal responsibilities "cannot be construed as representing the national interest". It is tragic. How is this statement expected, again in the words of Mr. Juneau, to "expand the spirit of co-operation and good will"?

For most of its history the NCC and its predecessors concerned themselves with the beautification of the capital area. During the 1950s the commission began to assume the job of over-all planning. As the owner of upwards of 40 per cent of the land in the national capital region, the NCC has exerted a strong influence here and has been able to build whatever it wanted on its land without even getting a building permit.

Local groups and politicians have faced a deaf ear when they tried to become involved in their own planning and decision making in their city. There are many examples. The situation at Carlsbad Springs is just one of them, and it is a corner of my wonderful constituency of Ottawa-Carleton.

In 1974 farmers at Carlsbad Springs who wished to discuss expropriation plans involving their lands were told to report their complaints to a tape recorder since no authorized person was available to answer questions. It is no wonder that people at Carlsbad Springs were prompted to say:

We are just not happy with the NCC's behaviour. Poor communications with area residents was the standard pattern and often we would learn of events through press reports.

Mr. Juneau made a solemn commitment to me that he would meet with the residents of Carlsbad Springs, and now he is gone. There have been six chairmen in ten years, and five general managers. The heavy hand of this kind of bureaucratic decision breaks the spirit of people who live in that area. Sometimes I really wish that I could have taken Mr. Juneau up and made him listen to those wonderful farmers who love that land out there, who produce excellent market gardens, but who only live on year to year leases, men who really care about their land ant that it be productive, but yet have no sense of future from the commission.

● (1722)

The recent relocation of federal public servants to Hull is a failure as a planning effort. We have created some of the worst work ghettos. I do not say that certain public servants should not have gone. We should have evened out development on both sides, but producing those cement work ghettos to me is like planning out of a dark age. I have repeatedly received complaints from public servants, not because they had to move to Hull, but because they have to work in giant cold buildings with no souls. If that is the kind of planning which goes on in the Department of Public Works and in the National Capital Commission, we need some fresh air.

Local municipal officials in both Ottawa-Carleton and in the Outaouais region have been justifiably critical of the lack of consultation and information which accompanied the relocation. For many residents of western Quebec the federal relocation to Hull is better described as interference. There is a sense that federal buildings such as Place du Portage are destroying the French culture and language by destroying existing neighbourhoods. I have a feeling we could have done much better.

While all of that was going on, no one thought through the planning process of what should take place here in this city. There were no plans regarding Rideau Centre: it was all talk. There is an incredible number of empty parking spots two blocks away from this beautiful building. There was no planning whatsoever.

The Auditor General has criticized the NCC for a financial arrangement it made with the Department of Public Works involving $22 million for the purchase of land in the central core of Ottawa. Rather than follow the directions of the orders in council authorizing the purchase of these properties, the NCC made an arrangement which avoided the need to seek parliamentary authority for such moves. Planning by the NCC has often been marked, not by the spirit of co-operation about which Mr. Juneau spoke, but by an inclination to move unilaterally. The regional and provicial governments have been moved to call for a reduction of NCC powers in a number of areas. They have called for a reduction of NCC power to expropriate land, for an end to federal intervention in the planning field, and for a realignment of NCC powers to make them more narrow.

It has been suggested that the NCC remove itself from planning altogether and merely be responsible for such things as cultural development in the national capital region. The NCC plan for the national capital region, called "Tomorrow's Capital", favours centralized growth in one area, but the regional municipality of Ottawa-Carleton plan favours decentralization to a number of areas. Such sharp differences between non-elected officials and elected bodies from the provinces suggest the adoption of a requirement that NCC plans agree with local and regional plans before they become official.

Under the BNA Act the provinces are responsible for municipal affairs, including planning. This planning is often delegated to regional and local officials, yet the federal government, through the NCC, seems to believe that it is the only one which has the constitutional power to plan for the development of the "national interest" in this region. What we need is a definition of what is the national interest. The lack of a proper forum for discussion of the national interest has contributed to intergovernmental tensions.

The legal mandate of the NCC to develop the national capital has become instead a mandate for secret decisions. Rather than sensing the mood of Ottawa and Hull in a spirit of open government, the NCC has operated as a remote, self-sustaining wing of the Prime Minister's (Mr. Trudeau) office. Sometimes public servants and residents of the city of Ottawa say they have canals and bike paths. We remember the famous time in history when it was said: "Let's give them

bread and circuses". That was to divert attention from the fact that in this town we pay higher taxes and a commercial industrial rate about 20 per cent higher than in any other area of Ontario. This is due to the fact that the federal government does not pay its share.

In 1972 journalist Patrick Watson, writing in *Maclean's*, described the "Cool Trippers" who exist in many government offices. Cool trippers survive and keep the great machine going, not by correcting problems, but by being consummate experts in tolerating the intolerable. Problems are not solved; solutions are not found. Long-term development has given way to maintenance of the status quo through an agency which lacks accountability, access, and openness.

Prior to Christmas there was a breath of hope that this committee would be formed and that we would be well on our way, but half the time of the committee has now gone by and we have not even decided who should be on this committee. That is the kind of thing which makes people feel that the matter of the future of the region has been shoved to one side.

At present it is unclear just what type of consultation takes place. We need a formal, consultative and co-ordinating mechanism to ensure that planning in the national capital region is thorough and based on dialogue, not arbitrary and hidden directives. That is why I believe that the federal government might well consider its commitment to consultation and accountability through a standing committee on the national capital region with representatives from all levels of government. I believe it is here in this parliament that there should be input with regard to the public interest and to the future of the national capital region.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, it is with pleasure that I support this motion. I commend the hon. member for Ottawa-Carleton (Mrs. Pigott) for introducing it to this House. I cannot agree with all the remarks she has made in the course of this debate, but I am in substantial agreement with the general thrust of her complaint about the National Capital Commission.

Contrary to the opinion of the hon. lady who just spoke, I believe that the new chairman of the National Capital Commission will make a great contribution in that position. He brings to it a very great background of experience. He is sensitive, he is a bilingual person, and he knows as much as any member of this House or anyone outside it the problems of this region and the special character of the national capital. At this stage of his career it is a challenge for him to prove that he can make this further contribution and leave his mark. I believe he is so motivated, and I look forward to a good chairmanship and a good regime under the former member for Westmount.

That is not to say that I am not without reservations about what is going on. I cannot help but express my concern about the fact that a motion adopted on December 13 in this House to strike a joint committee of this place and the other place to deal with matters of the National Capital Commission has not been followed through. It is now 48 days since the motion was passed, and the committee was given instructions to bring its report in within 90 days. This is manifestly impossible. The time will have to be extended, and there is very important work to be done.

There are many things one could say about the National Capital Commission. The very concept of running a national capital through a Crown corporation is something which has always puzzled me. The National Capital Commission is not elected, as the hon. member for Ottawa-Carleton said. There is not a single elected person on the commission. The commission talks about its mandate. I have attended public meetings at which planners for the commission talked about their mandate, as if nobody else in the room had a mandate and as if elected people had no mandate at all.

According to those planners, only this Crown corporation, the existence of which is at the decree of the executive, has a mandate to do great things. It is my hope that members of this temporary joint committee—the motion before us would create a permanent one—would go to Washington for a short visit. We can learn a great deal from Washington's experience. There is a body in Washington called the National Capital Planning Commission. That body is not permitted to have title to one acre of land. That body is restricted to an advisory and planning capacity, and that came out of the bitter experience of what happened in Washington when an authoritative federal agency tried to deal with a heavy hand and misused ownership of land in an attempt to impose its view.

No clearer example of misuse of the power of land ownership can be seen than in the present National Capital Commission. Members of the NCC and spokesmen for them appeared before the joint committee over a year ago and argued that they had a vision as to how the national capital should be planned. There was a day when they alone had the technical expertise to do planning, but the growth of planning capacity in the regional municipality on the Quebec side, Communauté Régionale de l'Outaouais, and in the Regional Municipality of Ottawa-Carleton on this side has brought an entirely new element into the picture. The planning resources at local disposal are substantially in excess of the planning resources at the disposal of the National Capital Commission.

● (1732)

When the National Capital Commission publishes a document, such as "Invitation to Dialogue", which it published in 1975, it said it would create a community of 100,000 in Carlsbad and 100,000 on the other side of the river near Aylmer, and link them with a transportation corridor, a corridor going from a place where no one existed to another place where no one existed, at a time when we have negative growth forecast in the national capital region itself and the government is implementing a policy of decentralization. The National Capital Commission have given the figure of 25,000 jobs—that is their figure—to be moved out of the national capital region as part of the decentralization process. They mentioned that figure in their 1975 annual report. I am happy to note that that figure has been substantially revised down-

wards in the order of 15,000 jobs, of which only 5,000 are permanent.

Nevertheless it was inconceivable to me what monstrously bad planning advice the NCC offered. Then it said to the regional municipalities: "If you don't conform to our vision of how things are going to be, you can't cross our land". They own large blocks of land in this region, and they threatened in an arbitrary, tryannical, irresponsible fashion to thwart the plans of the regional municipalities, plans which were arrived at after extensive public hearings in a democratic way, because they did not conform to the ideals of those heaven-sent planners hired by the Crown corporation called the National Capital Commission.

If we can learn anything from the Washington experience it is that we cannot create a body with excessive powers which are essentially based on land ownership. And based on its current concept of its mandate it should not be permitted, although theoretically responsible to an elected body, indirectly to the cabinet through its Crown corporation status, to act in the way that the Auditor General criticized when they subverted the will of parliament in the exchange of properties they had no business acquiring, in the way in which they kept their books, and in the way they let contracts without tenders.

There is a house cleaning job to be done in that commission. I want to say, to the credit of the former chairman, who I think was a conscientious and good chairman, that he became aware of the magnitude of the problem and he kept a low profile. He quietly worked at improving relations and brought a personal integrity to his job, and I want to pay tribute to him for that on this occasion.

The task of re-examining the powers and functions of the National Capital Commission is an imperative task. Those of us who are residents of the area say to the members of this place and the other place who will serve on that committee: "Please take an interest and do a job." We want this capital to be a place that is a showpiece, a pride, a symbol of Canadian nationhood. We want it to be a place where the two official languages and the various cultures that have made this country will all feel at home; a place where there is a part of them in this national symbol. But we want it also to be a democratic capital with its two systems of property and civil law, one on the Quebec side and one on the Ontario side; a capital with its two systems of education, and the multiplicity that is involved in the most complicated national capital that any nation in the modern world has attempted to create. The task, Mr. Speaker, is a very great task. I hope that the committee will be struck and that the terms of reference will be before it shortly. I hope too that hon. members will proceed and a report will follow which will be of great assistance to the government and the new chairman for setting the policy for the years ahead.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, even though the hon. member for Ottawa-Carleton (Mrs. Pigott) and the hon. member for Ottawa West (Mr. Francis) may have some matters on which they do not agree, they are in agreement on what is being asked for, both in this motion and in the motion in the name of the hon. member for Ottawa West, although that one is not before us today. In both cases they are seeking some democratization of the operations of the National Capital Commission. That is a position, Mr. Speaker, that I think should be fully supported by this House.

I was glad to hear the hon. member for Ottawa West say a few things which make it clear that he realizes, even though he is an Ottawa resident, that there is a sense in which this area belongs to Canada. It is the nation's capital. It is appropriate that the people of Canada through their parliament and their government should have something to say about what goes on in the planning of this general area. As I say, no one quarrels with that. But from that position the National Capital Commission seems to have evolved in a way which, as both previous speakers have pointed out, includes no elected members and operates on its own self-created mandate. I believe that point has been made today by the two members from Ottawa who have already spoken and who deserve our full support. I hope they will stick with it, and that other members from the Ottawa area as well as some of us who have spent quite a few years in the Ottawa area will also continue to do so.

Having said that, I have no desire to prevent others from speaking or to contribute to the talking out of this motion; I would like to see it carried. I realize there is a problem of whether we want a special committee or a standing committee, that some negotiations may have to take place, but I hope the opinion of the House this afternoon will be clearly in favour, as I say, of the democratization of the running of the National Capital Commission.

While I am on my feet, may I say that I know there is hardly anybody in the House who does not know what is on my mind, but I want to say again that I greatly deplore the lack of planning that has resulted in this cluster of high rise structures in one part of this city. I have often spoken about this from the point of view of one who lives a few miles away and can still see the Peace Tower from my bedroom window out on Commanche Drive. Woe betide the developer who happens to put a highrise building between me and the Peace Tower!

I have spoken about this from the viewpoint of those who are on the ground. There are areas in many parts of the city where one used to be able to see the Peace Tower when driving around, but now in most areas it is blocked out. A couple of times lately, when flying in and out of the city I have had a particularly good view of the place. Usually my flights in and out of the city are over Parkwood Hills and Kanata and on we go; we come in on that same runway time and time again. But a couple of times lately on clear days the plane has circled around to the east and we have been able to see the whole of the city at once. It hits me between the eyes when I look down and see those clusters of highrise buildings all in one place. They should at least have been spread out. Some are in the suburbs but most are right in the centre of the city, and unfortunately, it is creating a core which is an eyesore and which does not make any sense. Indeed, from the air one can hardly see the Peace Tower, because of all the other high structures. I think it is contrary to the whole idea expressed by the hon. member for Ottawa West that this is the nation's

capital. This being the nation's capital, I think this building and its Peace Tower have a symbolism which is very important, and I am sorry that that symbolism and that view have to a large extent been blotted out. You cannot ask anyone to tear down these tall buildings, but I hope there will be some better planning of this city in the years that lie ahead.

Towards that end, I support the whole idea that the planning of this area should be done in a democratic way. Therefore, I commend the hon. member for Ottawa-Carleton for the motion she has brought before the House this afternoon.

● (1742)

[*Translation*]

Mr. Gaston Isabelle (Hull): Mr. Speaker, it is with great pleasure that I take part in this debate on motion No. 17 presented by the member for Ottawa-Carleton (Mrs. Pigott). It does seem that this motion is excellent but it is twofold. The first part is a critic addressed to the National Capital Commission and concerns its actions since its inception. That is the negative part of it. The other part is rather constructive. It states that a permanent joint committee should be constituted.

First of all, let me say that I do not favour the creation of a permanent joint committee but rather that of a permanent committee of the House of Commons which, when parliament is in session, would study the complaints and concerns of the various groups and municipalities in the national capital region. I think there is something like it in Washington which is called the District of Columbia committee made out of representatives from the Congress who, every year, study the problems facing the District of Columbia, be it concerning estimates or other matters. In my opinion this is an excellent idea.

What we should recall is that we must always take into account the history of the National Capital Commission and the national capital region itself. I have heard the member for Winnipeg North Centre (Mr. Knowles) criticize the skyline which is now hiding the magnificent view of parliament but it all boils down to say that if we had listened to Sir Wilfrid Laurier, we would have today some kind of a federal district and this would never have happened.

If we have high-rise buildings hiding Parliament Hill from just about everywhere—and the same kind of planning, the same type of design took place on the Quebec side—it is precisely because there have been quarrels among politicians while the National Capital Commission or the Federal District Commission as it was called then, opposed the construction of these high-rise buildings. However, the Federal District Commission had no jurisdiction over the Ottawa city council nor dit it have any such authority over the municipalities in the national capital region. And if we study the act which governs the National Capital Commission, we realize that it is not vested with any power.

If we now have problems with the National Capital Commission, it is because, like my colleague, the hon. member for Ottawa West (Mr. Francis) has already said, there have been many changes and extraordinary evolution in the national capital area. Before there were no regional communities on either side of the river. There were simply municipalities which could not afford urban planners. In fact, urban planners were rare at that time and municipal authorities used to borrow the services of National Capital Commission urban planners to develop rural municipalities and cities within the national capital area.

But this has changed. Nowadays nearly all cities hire urban planners. They have consultants. Urban planners are like economists: Half will say that such and such a project is good for a certain area and the other half will say that it is unpractical. It is somewhat like writers who can write very good novels but whose stories would seem ridiculous if they were applied to reality. They are nice stories, but they could not happen in practice. It is the people who have spoiled the structures of the National Capital Commission, and it did have weaknesses in the past. In my opinion, it no longer has.

It has had certain inherent human weaknesses because its destiny is controlled by human beings and its mandate comes from the government. I hear the opposition critics say: Oh, those are political appointments. Whether it be the Liberal or the Progressive Conservative government, I am sure that the Conservative government made certain appointments around 1958; I am not sure, but I have the impression that it did. But in the present case, the case of Mr. Drury, who has been appointed chairman of the commission, I am sure he will do an excellent job. When he takes over his office, I am sure that his first request will not be for a map of the region to see where he is, and this, at least, is something. He has been living in the area for 30 years. He served as Minister of Public Works, and we know what the NCC owes him during that term, since at the time the Commission came under Public Works.

So we had several chairmen, and since then evolution followed its normal course. We did not use to hear about the NCC. In the Ottawa-Hull area, people used to phone their members of parliament to ask when the NCC would be expropriating them, and that was going on on both sides. Everybody was waiting to be expropriated. There were not that many expropriations, but let us say that everybody waited for the NCC before selling their house and property which often were not worth anything. And I think that the NCC has changed. At that time, we did not use to hear about it because, as I said earlier, the professional services of the NCC were used on both sides, so we did not use to hear about it, and it was a good thing at the time. But today this has degenerated into conflicts of interest between experts, and I think that experts are not worth anything. They are good once in a while when a war breaks out in order to know whether the cannon is going to fire left or right, because a cannon that fires to the left when it is aimed at right is no good. That is all right. And, besides, they are ideologists, people who try to put down on paper things that do not make sense.

Mr. Lambert (Bellechasse): Big payrolls.

Mr. Isabelle: You are right. We had NCC chairmen who were exceptional, and we can name them. Mr. Fullerton is one

of them, for example. Mr. Fullerton prepared an explosive report that upset some people. He actually told how things really were in the national capital area which is overgoverned and overtaxed. So, Mr. Fullerton made a report and, naturally, it caused confusion among the mayors and the elected representatives within the national capital area. Then there was that poor Mr. Gallant who was an excellent chairman, but he had to pick up the pieces because people were not talking to one another on either side.

Mr. Lambert (Bellechasse): He became gallant.

Mr. Isabelle: He became gallant. With time he turned out to be a good diplomat, he patched things up and became an excellent mediator. And then Mr. Juneau "arrived" while the National Capital Commission was going through an adjustment process with all the changes that had occurred in the region. At first Mr. Juneau was not accepted by representatives of different municipal bodies from either side but in the end everybody deplored his departure. But everyone knows, Mr. Speaker, that as soon as someone leaves, he is offered congratulations and all sorts of good things, even from his opponents. But he had gained the confidence of the public.

Now we have a new chairman and I am sure he will render exceptional services to the population and more particularly to the national capital region. He will do so because the leaders of this region should understand that if we are part of the national capital region, we should depoliticize our problems. I believe we should try a formula to reflect in the national capital area the best of Canada's beauty and greatness. It must be the nation's focus and soul. Certainly this cannot be done amidst dissension or it cannot be built on bickering, or great walls of China. It can only be done in a spirit of co-operation.

Mr. Speaker, speaking of co-operation the thing that struck me most in Washington were the various frameworks ruling the District of Columbia. But before discussing that I must say it would be a great thing if all members of the National Capital commission were elected. Unfortunately there can be no agreement at the municipal government level, nor at the regional community level, so how can there be agreement when they are part of two different entities? Each time provincial governments come here, people from the area catch cold or pneumonia, and the impact is on the NCC. Every time Toronto says to do something Ottawa complies, and every time Quebec says something, Hull follows. How then can there be co-operation? This is a total mess!

If on the other hand we had elected people, people representing Canada as a whole, because in this way is the National Capital Commission formed, if we had a chairman nominated not on account of political allegiance, not because the government is Liberal, but chosen among senators, judges, Progressive Conservatives because of his qualifications, as was done in the past without any outcry.

So let me come back to my experience in the District of Columbia. It might be a good thing if elective representatives in the area pressed reeves to group themselves into in a council of governments as was done in the District of Columbia. This is an assembly comprised of representatives of all groups within the District of Columbia. Those elective representatives meet in general assembly to elect a ten-man executive. Members of that executive group neither govern nor control, because they have no power other than persuasion. Whenever there are differences among governments on a given project, those members go back and forth between governments to convince them it is in the region's greater interest. It is something in the nature of a guiding light or a life buoy.

In my view, the various municipal councils in the area should meet along those lines, they should create an executive to do some lobbying with the various levels of government, for the good administration of the national capital area. For example, we have the convention centre. The battle is on. Will Hull have it, will Ottawa have it, who knows? Everybody is lobbying. It should not be that way. If economic development is what we want for this region, we should decide and say: this time you will have it, next time it will be our turn, all in order to spur the economy and create economic benefits for the entire region.

That is why, Mr. Speaker, we should not let this become a political sounding board, and I think the National Capital Commission has played a vital role in that matter. Of course, the committee will make recommendations, and I am sure that in view of the developments of the last 15 years, the government will not lend a deaf ear, and will do what it has to do to keep in step and give the national capital the best of all possible governments. I am not sure that if we had gone along with the idea of a federal district we would not know all the problems we find ourselves enmeshed in today. Regardless of political allegiances, we should all work in the same direction, in order to create an image, a crystallisation of all the aspirations described by politicians and prime ministers on the topic of a capital of a country, a nation, Ottawa. That is why I think we failed for not doing it, and that is why we find ourselves a bit short-handed today, trying to patch up that which was excellent in the beginning, but which was unfortunately left to stagnate for the past 50 years.

Mr. Speaker, those are the few comments I wanted to make on this motion, and as I said at the outset, this is a two part motion, one being critical, negative and political, the other being constructive, except that I would not want to see the Senate sit on this committee, but rather a committee of the House which would review the funds, complaints, and studies, and which would hear the citizens at least once a year.

● (1752)

[*English*]

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): It is with considerable pride that I take part in the debate on the motion before us this afternoon. This is my first opportunity to speak as parliamentary secretary on the subject of the National Capital Commission. I want to begin by congratulating all the previous speakers. They spoke eloquently and well. I suspect one of the

reasons they spoke so well was their pride in what we often refer to as the nation's capital.

We have heard some criticism of the fact that there will be no elected federal members of the commission, but it should be borne in mind that this is the national capital and that there is adequate representation on the commission of the provinces and of the territories.

With respect to the motion put forward by the hon. member for Ottawa-Carleton (Mrs. Pigott) may I say that, though the hon. lady made some good points, I regret she should have taken a political approach by slamming the recent appointment of the former member for Westmount (Mr. Drury). I think we should give credit where it is due to a man who has distinguished himself throughout the years, serving his country with distinction both in time of war and subsequently in government. I would have thought hon. members would have done him the courtesy of at least allowing him to get his feet under the desk before beginning to criticize him. We did not criticize the hon. lady in advance when she was appointed opposition critic in this field. We thought we would wait and see what her approach would be. However, with respect to intergovernmental coordination the National Capital Commission is firmly committed to the fullest possible co-ordination and co-operation with other levels of government. This has been one of Mr. Pierre Juneau's highest priorities and my former colleague, Mr. Drury, has stated that he, too, will concentrate his efforts in this area.

Mr. Deputy Speaker: Order. I regret I have to interrupt the parliamentary secretary. It is six o'clock and I do now leave the chair until eight o'clock.

At 6 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

AIR CANADA ACT, 1977

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

The House resumed consideration of the motion of Mr. Lang for the second reading of and concurrence in amendments made by the Senate to Bill C-3, respecting the reorganization of Air Canada.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I rise on a question of privilege. I should like to ask the government House leader or the government whip or whoever is responsible to consider arranging the cancellation of the meeting tonight of the Standing Committee on Transport and Communications. Since this House is also debating a bill on transportation, a number of members are involved in both forums. Could the government House leader or someone tell us whether the committee meeting will be cancelled?

Mr. MacEachen: Mr. Speaker, I expect that the Minister of Transport (Mr. Lang) will be in the House shortly and will attempt to work out some accommodation to meet the point raised by the hon. member.

Mr. Benjamin: Mr. Speaker, the hour is late for that kind of arrangement. I had discussions prior to six o'clock with various members and have been on the telephone for the last two hours but could not reach the people I wanted. That was not their fault. I wanted to speak on this bill tonight and refer to the amendments now before the House. I particularly wanted to comment on the remarks of my good friend the hon. member for Vegreville (Mr. Mazankowski), who spoke of total approval of the bill, which scares me a little. I also wanted to refer to what the minister said about relieving Air Canada of its special obligations. In fact, I wanted to comment on what this whole issue of competition in public transportation involves in Canada.

The Standing Committee on Transport and Communications is meeting tonight to consider the Aeronautics Act. We arranged for two witnesses to appear last week and again tonight, both of whom I understand are from Ottawa. I and other members of the House are involved in that matter as members of the Standing Committee on Transport and Communications. Since we cannot be in both places at once, and since the arrangement for the committee to meet was certainly prior to the calling of this bill for debate, I feel my place and the place of other hon. members is at the meeting of the standing committee. Therefore, Mr. Speaker, I will forgo the remarks I should like to make on this bill and I now move, seconded by the hon. member for Northwest Territories (Mr. Firth):

● (2012)

That this debate be now adjourned.

Mr. MacEachen: Mr. Speaker, perhaps I might rise on a point of order before the hon. member puts his motion. I know he is ready to put the motion, but if he would accept some accommodation perhaps we might have an opportunity to solve this problem. He has brought the matter forward in just the last few minutes, so perhaps he would give us a little time in which this problem might be resolved, rather than moving the adjournment of the debate which, at the moment, we would have to oppose.

Mr. Benjamin: In reply to the point raised by the Deputy Prime Minister and President of Privy Council (Mr. MacEachen), Mr. Speaker, I wish to inform him that I was in discussion with the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe) prior to five o'clock, and I was informed shortly thereafter that the committee meeting would

not be cancelled. Since I have work to do both in that committee and here in respect of this bill I am at a loss as to what should be done next. I tried to phone both the chairman of the committee and the parliamentary secretary and succeeded in reaching the parliamentary secretary a few minutes before six. I informed him how I felt about this matter and suggested that I was left with no alternative, unless I was advised before this time that the committee meeting had been cancelled. If it has not been cancelled then I would ask that my motion be put.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Mr. Lapointe: Mr. Speaker, on the point of order—

Mr. Knowles (Winnipeg North Centre): This is not debatable.

Mr. Alexander: The motion is not debatable.

Mr. MacEachen: This is on the point of order.

Mr. Lapointe: On the motion, Mr. Speaker—

Mr. Knowles (Winnipeg North Centre): No.

The Acting Speaker (Mr. Turner): I recognize the parliamentary secretary on the point of order.

[*Translation*]

Mr. Lapointe: Allow me, Mr. Speaker, to correct the facts somewhat for my hon. colleagues who will have to vote on this motion. You will easily understand, Mr. Speaker, that it was not easy to anticipate early today how long the debate would last on Bill C-12 introduced by the Minister of Energy, Mines and Resources (Mr. Gillespie). Thus, it was also difficult to anticipate how much time the hon. members would take to debate the motion relating to the legislation amended by the Senate, that is the Air Canada legislation.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, surely it is clear that this motion is not debatable.

The Acting Speaker (Mr. Turner): Order, please. The parliamentary secretary is on a point of order.

Mr. Knowles (Winnipeg North Centre): I am sorry, Mr. Speaker, but he said he was on a point of order and he is not. He is debating a motion that is not debatable.

Mr. Alexander: Put the motion.

An hon. Member: He is trying to get some information.

The Acting Speaker (Mr. Turner): Would the parliamentary secretary indicate the nature of his point of order?

[*Translation*]

Mr. Lapointe: Mr. Speaker, I am merely trying to clarify the situation so that hon. members can vote advisedly on the motion of the hon. member. Mr. Speaker, I believe that later in the day an attempt was made to cancel the meeting planned for the Standing Committee on Transport and Communications this evening. The witnesses from Toronto and Montreal were already in Ottawa and we were unable to reach them between 5.30 and 6.30.

[*English*]

An hon. Member: He is just stalling.

Mr. Alexander: This is debate and he is out of order.

Mr. Benjamin: On a point of order, Mr. Speaker, if you are going to allow the parliamentary secretary—

The Acting Speaker (Mr. Turner): Order, please. I would like to listen to the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe).

Mr. Knowles (Winnipeg North Centre): He is not speaking to a point of order.

Some hon. Members: Question.

Mr. Benjamin: He is not on a point of order.

The Acting Speaker (Mr. Turner): We have one point of order before the House at the present time and I am prepared to listen to the minister's parliamentary secretary.

Mr. Benjamin: For how long?

[*Translation*]

Mr. Lapointe: Mr. Speaker, I was explaining that we tried in every possible way to reach the witnesses who are to appear this evening before the committee on transport and communications. Still, neither the committee chairman nor myself were able to do so and that is why we could not cancel the committee meeting this evening. I believe the hon. member who was supposed to speak when the sitting resumed tonight on the bill dealing with Air Canada could easily have done so in the 20 or 30 minutes allowed him; he could then have come to join us in committee and continued with the business at hand.

[*English*]

The Acting Speaker (Mr. Turner): Is the House ready for the question?

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I readily accept the upbraiding of the parliamentary secretary to the effect that we should have been here at 7.55 p.m. to express our views on Bill C-3. One cannot be everywhere at the same time. Before six o'clock, I told the parliamentary secretary that I had some comments to make on this bill. Mr. Speaker, if I am denied the right to speak for procedural reasons, I shall abide by your decision, but if I am still allowed to speak, I shall avail myself of that right, not to indulge in negative but rather in objective criticism. Mr. Speaker, with your permission, if I am allowed

to speak, I shall do so, but if you rule that I am not entitled to speak, I shall keep silent. The decision is yours.

[*English*]

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is on the motion of the hon. member for Regina-Lake Centre (Mr. Benjamin), seconded by the hon. member for Northwest Territories (Mr. Firth), that this debate be now adjourned. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the motion (Mr. Benjamin), which was negatived on the following division:

● (2212)

(*Division No. 19*)

YEAS

Messrs.

Alexander	Hargrave	McKinley
Alkenbrack	Hnatyshyn	Munro (Esquimalt-Saanich)
Andre (Calgary Centre)	Hogan	Murta
Baker (Grenville-Carleton)	Holmes	Neil
Benjamin	Huntington	Nielsen
Brisco	Knowles (Winnipeg North Centre)	Nystrom
Cadieu	Knowles (Norfolk-Haldimand)	Oberle
Clark (Rocky Mountain)	Lambert (Bellechasse)	Orlikow
Clarke (Vancouver Quadra)	La Salle	Paproski
Crouse	Lawrence	Peters
Elzinga	MacDonald (Miss) (Kingston and the Islands)	Pigott (Mrs.)
Epp	MacKay	Ritchie
Firth	Malone	Roche
Friesen	Masniuk	Schellenberger
Gilbert	Mazankowski	Scott
Grafftey	McKenzie	Smith (Churchill)
Hamilton (Swift Current-Maple Creek)		Towers
		Wenman
		Whittaker
		Wise—53

[Mr. Lambert (Bellechasse).]

NAYS

Messrs.

Allard	Demers	Lumley
Allmand	Douglas (Bruce-Grey)	MacEachen
Anderson	Dupont	MacFarlane
Andras (Port Arthur)	Dupras	MacGuigan
Andres (Lincoln)	Faulkner	Maine
Basford	Fleming	McIsaac
Béchard	Francis	Munro (Hamilton East)
Blais	Gendron	Nicholson (Miss)
Blaker	Gillespie	Olivier
Boulanger	Goodale	Ouellet
Breau	Goyer	Parent
Buchanan	Guay (St. Boniface)	Pelletier
Bussières	Harquail	Penner
Caccia	Herbert	Philbrook
Cafik	Holt (Mrs.)	Pinard
Campagnolo (Mrs.)	Hopkins	Portelance
Campbell (Miss) (South Western Nova)	Horner	Poulin
Campbell (LaSalle-Émard-Côte Saint-Paul)	Isabelle	Railton
Caron	Landers	Reid
Chrétien	Lang	Roberts
Clermont	Langlois	Rompkey
Condon	Laniel	Stewart (Cochrane)
Corbin	Lapointe	Stollery
Cullen	Leblanc (Laurier)	Tessier
Cyr	LeBlanc (Westmorland-Kent)	Trudeau
Daudlin	Lefebvre	Trudel
	Lessard	Turner
		Whelan
		Yanakis—82

● (2217)

Mr. Speaker: I declare the motion lost.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

VETERANS AFFAIRS—REQUEST THAT BASIC RATE OF WAR DISABILITY PENSION BE RECONSIDERED

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Wednesday, January 25, as recorded in *Hansard* at page 2232, I put this question to the Minister of Veterans Affairs (Mr. MacDonald):

In view of the increasing concern on the part of veterans across Canada over the refusal of the government to restore the basic rate of the war disability pension to the average take-home pay of the five categories of public servants designated in 1973, has the minister resubmitted this matter to the cabinet, asking for a reversal of the negative decision which he announced a couple of months ago?

The reply of the Minister of Veterans Affairs was in these words:

No, Mr. Speaker, I have not resubmitted this question, but I would like to remind the House that on January 1 there was an increase of 7.2 per cent in disability pensions across this country. As I stated previously, when the government sees things in a different light, I will bring this matter back to it.

In my supplementary question I pointed out that the 7.2 per cent increase which came into effect this month because of legislation that is on the statute books was something entirely different from the restoration of the basic rate to the formula agreed upon in 1973. It was this that I asked the minister to take back again to cabinet.

● (2222)

In my supplementary I also referred to the problem which still exists in that when a veteran dies having been on a pension of less than 48 per cent there is no automatic pension for his widow. I also pointed out that there is still no compensation available to veterans who were prisoners of war in the first world war. I underline the urgency of these two matters which I brought forward in my supplementary but tonight I shall speak mainly on the question of the basic rate.

I might say that the Minister of Veterans Affairs has expressed to me his regret that he could not be here tonight to give his personal reply to the question I am raising, and I assume the parliamentary secretary will be making the reply. I want to say to the parliamentary secretary that seldom will he be called upon to deal with a more important issue of principle than the one involved in this question. It is not just the standard request for more money.

There is a lot of history behind this. Before I was elected to this chamber, in fact shortly after the first world war, disability pensions were set up on the basis of 100 per cent disability being related to a certain level of pay in the civil service, as it was then called. But over the decades this standard got worn down so that by the time of the second world war the principle had been lost and disability pensions under the Pension Act were set arbitrarily. During the second world war we tried to get back to an acceptable formula and we kept trying in the years which followed. Finally, in 1973, after a tripartite committee and the Standing Committee on Veterans Affairs had studied the question and made recommendations, the government agreed to set the 100 per cent disability rate at the level of the average take-home pay of five designated categories within the public service.

There was also the recommendation that this practice should be continued in perpetuity. The government did not accept this latter point of view but undertook to deal with that question later. It said: For the time being we will accept these figures for 1973 and increase pensions in succeeding years by the percentage by which the cost of living increases. That is what has happened since. The result is that a very wide gap has developed between the average pay of the federal public service in the five categories chosen and the amount of the 100 per cent disability pension.

What veterans are asking is good faith on the part of the government. They are asking that the principle fought for at the end of World War I and again at the end of World War II and finally won in 1973 be sustained. I plead with the parliamentary secretary not to say that the 7.2 per cent cost of living increase fills the bill. It does not. Veterans know what that does. It still leaves them behind the standard of living which can be attained by those who are able to work because they have not suffered war disability.

This is not just one more request by members of the opposition for more money to be spent here or there. We are asking for recognition of a principle which was sacred at the end of World War I, agreed upon at the end of World War II, and confirmed in 1973, a principle which is now being lost by the refusal of the government to restore the pension to the figure set by the 1973 formula.

My plea to the minister the other day was that he should take this matter back to cabinet despite the fact that he announced a few months ago that the answer was no. I hope the parliamentary secretary is in a position to assure us tonight that his minister recognizes the seriousness of this issue and that he will take the matter back to cabinet and seek a reversal of that negative decision during the present session of parliament.

● (2227)

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, lest there be any question that the minister or myself believes that this is a very serious matter, I think it should be stated here categorically that the Minister of Veterans Affairs (Mr. MacDonald) has, since he has taken this post, always had the best interests of the veterans at heart.

As the hon. member knows, this question has been brought up repeatedly in this House. I am going to reiterate what has already been said about the 7.2 per cent increase which came about on January 1. However, one thing that the hon. member for Winnipeg North Centre (Mr. Knowles) did not mention was that the basic rate for an unmarried 100 per cent pensioner is now $596.70 per month. In the case of a married 100 per cent pensioner, the figure is $745.88 per month; and if he and his wife have two dependent children, his pension has been increased to $880.15 per month.

In so far as the pro rata pension to widows of pensioned veterans is concerned, there is nothing new to add since a statement was last made on this subject.

The suggestion has been made that a widow should receive a pro rata pension if her husband had been in receipt of a disability pension of 47 per cent or less. This is because she would be fully pensionable as a widow if his pension had been 48 per cent or more at the time of death. What is sometimes missed is that the widow will be pensioned if her husband's death occurred during wartime or was attributable to his service, regardless of the degree of the assessment of his disability.

The question which arises is whether, if death was not in any way attributable to military service, a widow's pension should be paid because of the service connection. We know and the hon. member knows—I say this in all sincerity—that the benefits provided to the disabled serviceman or woman, or to their surviving dependents, are far greater than those provided by most other countries. I am not aware of any of our major

wartime allies who pay automatic survivor benefits to widows approaching the 48 per cent basis which we in Canada use.

With regard to providing pensions for first world war prisoners of war, the minister has stated and I repeat tonight, that this is under very active consideration and that a decision will be made shortly.

I have served with the hon. member for a number of years on the Standing Committee of Veterans Affairs. I would ask him if he would take those things which have been done into consideration. We hope that those things yet to be accomplished will come about very quickly.

PUBLIC SERVICE—ALLEGATION DEPARTMENT CIRCUMVENTING GROWTH GUIDELINES

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, tonight I am calling for the subject of contracting out in the civil service and the hiring through private employment agencies to be referred to a standing committee. I also ask that the President of the Treasury Board (Mr. Andras) be asked to appear before that committee to explain government policy in regard to these hiring practices which completely contradict his statement of February 16, 1977, that public service growth would be restricted to 0.6 per cent.

Growth is growth and this method of hiring through the backdoor requires an explanation from the government. The Public Service Alliance has launched an all-out campaign against these two practices and it is quite obvious that there is a complete breakdown in communication and consultation between the government and the alliance. It has almost reached the stage of open warfare.

To add to the complete confusion, private employment agencies claim there is a threat to their future. The minister should not only explain to the committee why all this extra growth is needed but why the government is not using the services of Canada Manpower when extra help is needed, especially when there are one million unemployed Canadians.

I should like to read into the record some of the concerns of the Public Service Alliance which are expressed in their publication, the *Argus Journal*. It is no wonder we have no morale in the public service. The alliance should also be allowed to appear before the committee to present its side of the story.

In one of the latest publications the alliance has printed a questionnaire for distribution to the membership. It is entitled "The Great Government Cover-up". The alliance urges its members to answer the questionnaire as fully as possible.

The concern is shown in another article headed "Contracting out: the Great Government Cover-Up", which states in part:

> Contracting out is expensive: the government claims it is keeping down annual increases in the size of the public service while at the same time expanding work done for the government by private firms.

● (2232)

> There is little or no control over the quality of or accountability for work done by private contractors.

[Mr. Parent.]

> Contracting out leaves politicians open to the temptation to give contracts to "friends" who might be supporters in past or future election campaigns.
>
> There is even danger that some sections of government departments might disappear because of the increasing trend to contracting out.
>
> Some firms that hold government contracts exploit their employees.

Another article states under the heading "Members' jobs are on the line as contracting out increases":

> The loss of government jobs is a crucial issue but there is more to it than that. The PSAC has opposed contracting out for more reasons than job security.
>
> First, it is dishonest. The government says it is limiting the growth of the public service; in fact it is using contracting out to cover up an expansion of service growth. While limiting public service spending, the government is increasing costly professional and special contractual services.

Another article is headed "New guidelines no solution" and states in part:

> The government has drawn up new guidelines on the use by departments of temporary help in the administrative support category in the National Capital Region. But PSAC President Andy Stewart points out that the guidelines don't go far enough to eliminate the profit being raked off by middlemen. In Ottawa-Hull alone, he estimates, there are now more than 2,000 people in government offices who are supplied by personnel agencies.

The article goes on to state:

> However, Brother Stewart says the only acceptable solution would be to do away entirely with temporary help employees.
>
> "As an alternative, the Public Services Commission should establish a pool of qualified public service employees to draw on for temporary help. In this way the total payment for services would accrue to the employees themselves."

These alternatives should be fully discussed by a parliamentary committee.

I would also like to refer to a letter to the editor of the Winnipeg *Tribune* written by a MOT safety inspector. He states in part:

> My colleagues and I service, maintain and certify all the complex communications, navigational aids, radar and electronics control equipment . . . To attempt to contract out to inexperienced, untrained, incapable maintenance personnel, the absolute requirement of high quality and availability of electronic services to everyone who flies in Canadian air space is a flagrant disregard for the SAFETY of anyone who flies.
>
> To falsely claim to be saving the taxpayer money while at the same time heedlessly compromising your SAFETY and mine represents at the very least, a conscious criminal act.

In light of these serious charges and this continuing battle between the government and the civil service, I am sure the parliamentary secretary will say there is no alternative but to bring this whole subject matter out in the open by having it fully discussed before a parliamentary committee.

Mr. Thomas H. Lefebvre (Parliamentary Secretary to President of the Treasury Board): Mr. Speaker, it is recognized that the use of temporary help company employees has been increasing over the last few years. Consequently the Treasury Board has recently approved and issued a policy statement and guidelines on the appropriate use of such services in the administrative support category in the national capital region. Under the guidelines, agency employees are to be used only where an unexpected vacancy or workload increase occurs without sufficient notice to carry out normal staffing action. Arrangements for temporary help will be limited to eight weeks' duration. In order to provide a measure

of control over the qualifications of personnel supplied through the agencies, and over rates paid, DSS will become the sole contracting authority for such services on April 1 of this year.

In order to provide a measure of control, the Department of Supply and Services will be the only government department with authority in these matters. In addition, departments are also being asked to maintain adequate records on the utilization of such services and to ensure that personnel provided meet the qualification standards specified in the contracts. At the end of one year these operations under the new system will be evaluated by the Treasury Board secretariat. It will evaluate the effectiveness of this policy and guidelines by utilizing departmental records and data supplied by the Department of Supply and Services. Changes have been made, and further attempts are being made to control this.

● (2237)

Further, it will be ensured that where possible public servants are replaced by other public servants through such actions as redeployment of existing resources, and use of transfers, acting appointments or specified period appointments, as appropriate, in accordance with the provisions of the Public Service Employment Act. Where there is temporary administrative work to be done for which no man-year or salary provisions were made, as far as possible such work will be done by existing departmental or program resources through the rearrangement of priorities and temporary reassignment of tasks to personnel. Where it is not feasible, temporary help company employees may be engaged. However, to avoid any duplication or any potential conflict with the Public Service Staff Relations Act and the Public Service Employment Act appointment criteria, they should not be engaged for periods in excess of eight weeks.

The Department of Supply and Services will become the sole contracting authority for temporary help services in the administrative support category as of April 1, 1978. Commencing April 1, 1978, departments and agencies will be asked to obtain temporary help services directly from those companies with which the Department of Supply and Services has entered standing offer agreements.

There is no doubt that the government shares the concern of the hon. member. Attempts are being made to make arrangements so that the best and most efficient use can be made of the public service in Canada.

AGRICULTURE—FOOD POLICY CONFERENCE—PROPOSALS OF GOVERNMENT

Mr. Jack Murta (Lisgar): Mr. Speaker, it is becoming very apparent that the government's food policy has become the joke of the agricultural industry. At the present time everyone is skeptical of three ministers: the Minister of Agriculture (Mr. Whelan), the Minister of Consumer and Corporate Affairs (Mr. Allmand), and the Minister of Industry, Trade and Commerce (Mr. Horner).

The Minister of Consumer and Corporate Affairs has been the most conspicuous to date in putting his foot in his mouth. It appears that the Minister of Consumer and Corporate Affairs wants a cheap food policy. Last week during a press conference in Winnipeg he said that he was looking at a possible ceiling on food prices, reduction of import duties and other controls on domestic prices, export embargoes, selective consumer subsidies, possible two-price systems to set different prices for domestic and export consumption, stiffer supervision of food processors and distributors, a study of some of their most basic activities and their information system, and he would attempt to explain food price changes to consumers. That statement is enough to send everyone running for cover.

Amid all the speeches and meetings, what is really happening? Do we really need a national food policy when the proportion of personal incomes spent on food is probably the lowest in the world; when domestic production of many food items is at a permanent cost disadvantage; when domestic production of some important commodities is already declining; and when massive imports are worsening the balance of payments problems, which is a major threat to the national economy?

Obviously the answer must be no, we do not require a national food policy. In 1976 Canadians spent an average of 13.6 per cent of their disposable incomes on food eaten at home, compared to 14.8 per cent in 1971 and 19.5 per cent between 1951 and 1955. I believe that a food policy put forward by Trudeau Liberals means a cheap food policy.

● (2242)

The farmers will once again be caught in a government controlled vice with bureaucrats and government planners trying to squeeze every last cent out of the producer. A cheap food policy, if allowed to develop in the manner talked about by the minister's colleagues, would, in my opinion, virtually destroy the horticultural industry in Canada as well as major sectors of the beef and pork industries.

This program, the propaganda associated with it and also the February conference, are all being brought forward as political gimmicks designed for the 1978 election. The government is trying to please everyone, and of course that is impossible. To consumers it appears that a positive move is being made toward a food policy; but the unsuspecting producer will be made to feel that his interests are being looked after. Both these observations are incorrect. The government has no policy on anything except to re-elect itself. It will destroy and divide to do just that, and apparently that is what is coming out of the national food policy.

By agreeing to a national food policy, the Minister of Agriculture (Mr. Whelan) has directed Canadian farmers to an uncertain and unknown future. I believe that we have a minister who is forced to go along with his cabinet colleagues, partly to save face because there is no coherent agricultural policy in this country, and partly from political expediency because the government anticipates an election, possibly this

spring. Policies for agriculture and food should not be devised in this haphazard manner.

[*Translation*]

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, it gives me great pleasure to answer and supplement a reply given by the Minister of Agriculture (Mr. Whelan) on January 27, 1978 to a question by the hon. member for Lisgar (Mr. Murta).

Perhaps the hon. member is not aware of the purpose of the Food Strategy Conference. It is not to dictate a food policy but to improve the procedures of communication, consultation and understanding for those who have a vital interest in the agricultural food system, either as consumers, producers, manufacturers, retailers or restaurateurs as well as dealers in the agriculture and food area.

We also want their opinions and recommendations for the implementation, the improvement as well as the continuity of a Canadian food strategy.

The government will spell out everything that has been accomplished and the directions we have already taken for a Canadian food strategy but I repeat, Mr. Speaker, that we did not decide to call this conference to dictate government ideas but to exchange and receive the opinions of producers, consumers and people in the agricultural food industry in general.

The proposed consultations we undertook were aimed at a food strategy reached in three steps: the meetings between a committee of federal ministers and nine national organizations last December, the federal-provincial conference held in Winnipeg on January 16 and now the National Food Strategy Conference to be held on February 22 and 23, 1978. That conference will have the participation of over 150 organizations, and if I may be more specific, has already generated a lot of enthusiasm and support from various agricultural food organizations.

The food strategy is an aggressive concept to help improve the food policy now in effect in Canada.

The food system is important and complex and has very large significance for the economic life in this country. We are aggressively seeking as a department the assistance and active support of all Canadians with an interest in the food business.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.45 p.m.

HOUSE OF COMMONS

Tuesday, January 31, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*Translation*]

INDUSTRY

REQUEST IMMEDIATE STEPS BE TAKEN TO PREVENT LOSS OF JOBS—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to present a motion dealing with a matter of urgent and pressing necessity.

Since the federal-provincial conference of industry, trade and commerce ministers held yesterday determined that 30,000 of the 80,000 jobs lost in Canada during the past 13 months were in Quebec; since most of those 30,000 jobs are in the footwear, textile, furniture, clothing and paper industries which are important industries in the Quebec and Canadian economies; since the federal tariff policy on imports and the lack of satisfactory safeguards are to a great extent responsible for that disastrous situation, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the House unanimously urge the Minister of Industry, Trade and Commerce (Mr. Horner) to convene the authorities of those industrial sectors and immediately set them up with a very special strategy to put an end to so many shutdowns and job losses.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

GRAIN

SUGGESTION FLOOR PRICE OF DOMESTIC MILLING WHEAT BE RAISED—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Since the 30-cent increase in the floor price for domestic wheat announced last week is much less than half of the deficit between the old price and farmers' cost of production, and since farm incomes on the prairies are expected to remain below 1973-74 levels, I move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House instruct the minister responsible for the Wheat Board to immediately raise the floor price for domestic milling wheat to a level that pays farmers their full cost of production.

Mr. Speaker: Under the provisions of Standing Order 43, the unanimous consent of the House is required before such a motion can come before it for discussion. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

REQUEST MEASURES BE TAKEN TO HAVE DAIRY YEAR CORRESPOND TO CALENDAR YEAR—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to present a motion concerning a matter of urgent and pressing necessity.

Since 25 per cent of milk producers will not have any revenues until the end of the dairy year because their quotas have expired and since milk producers must now pay all year long $1.35 for every hundredweight of industrial milk for the storage of powdered milk, which is a very substantial sum when we consider the financial hardship that these people are experiencing, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the House urge the Minister of Agriculture (Mr. Whelan) to call immediately for a meeting of the Standing Committee on Agriculture to take an in-depth look at the dairy policy in Canada, a policy that proved disastrous for milk producers in general, so that steps can be taken as soon as possible in order that the dairy year correspond to the calendar year, a step which would have the effect of allowing milk producers to better manage their production volume.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

● (1412)

[*English*]

AIR TRANSPORT

REASONS GOVERNMENT HAS PURSUED CONSTANT PERFORMANCE MONITORING IN AIRCRAFT—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the importance of Canadian airlines to this nation's economy, and the manipulative and interventionist tendencies sometimes exhibited by some officials in the Ministry of Transport without meaningful consultations with the industry, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the Minister of Transport advise the House of the reasons which have motivated his ministry, and in particular Mr. Walter McLeish, to actively pursue the sensitive matter of the institution of a system of electronic or constant performance monitoring in Canadian aircraft, with apparently little or no consultation with CALPA, and whether or not such an Orwellian system presently exists in any other country?

Mr. Speaker: Such a motion can be presented at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HEALTH

RADON RADIATION—GOVERNMENT ACTION TO SAFEGUARD THOSE AFFECTED—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In light of the findings of a survey carried out by the Department of National Health and Welfare indicating that over 6,000 households in Canada registered ascertainable levels of radon radiation in population centres as widespread as Calgary, Thunder Bay, Sudbury, Toronto, Montreal, Quebec, Fredericton and St. John's, I move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this government notify immediately those persons affected and the affected provincial governments and municipalities so that appropriate action can be taken without delay to safeguard the health of those endangered by this radiation.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

FINANCE

REQUEST FOR INVOKING OF ANTI-DUMPING LEGISLATION RESPECTING STEEL BEAMS—MOTION UNDER S.O. 43

Mr. Ron Huntington (Capilano): Mr. Speaker, I rise under Standing Order 43 on a matter of urgent and pressing necessity. In view of the intense regional antagonism that is developing over the anti-dumping tribunal decision to uphold the Algoma appeal for the imposition of a 30 per cent dumping duty on wide-flange steel beams entered through the port of Vancouver, and in view of the fact that Canadian National Railways, Canadian Pacific Railway and Algoma Central Railways have announced a further increase of 5 per cent on steel rail freight rates from Ontario commencing April 1, 1978, at the expense of western Canada, thus exhibiting an indifference and a failure to adjust the system to allow regional resource-based industries to exist, I move, seconded by the hon. member for Surrey-White Rock (Mr. Friesen):

That the government of Canada invoke section 7 of the Anti-dumping Act exempting wide-flange steel beams 25 inches and less from the act when imported through the port of Vancouver.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

PROPOSED ESTABLISHMENT OF HOUSE COMMITTEE TO STUDY ACTIVITIES OF FORCE—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, I rise under Standing Order 43 to ask for the unanimous consent of the House on a matter of urgent and pressing necessity.

Considering the necessity of removing all illegal and unfair practices which have been introduced into the administration of justice; considering the explicit recognition of irregular, illicit and shameful acts committed by the RCMP; considering the spiteful allegation of irresponsibility made by the Solicitor General against those who have unveiled some abominable acts of the RCMP while he himself, again on January 9 last, did reveal another as unbelievable an operation by that police force as that of having issued a communique in the name of the FLQ in 1971; considering that all those facts revealed bit by bit seem to cover acts and circumstances much more serious; and considering that the refusal of the Solicitor General to co-operate with the Keable Commission reflects the bad faith of the federal government, because the McDonald Commission seems rather to act as the attorney of the minister and the RCMP and hence does not obtain public support, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That a special committee of the House representing all political parties be authorized to set up an objective, non-partisan and exhaustive inquiry into the actions of the RCMP, and of those who have authority over it, concerning

individuals, groups and political parties that have worked and are still working for the sovereignty of Quebec.

Mr. Speaker: Pursuant to Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRESIDENT OF NATIONAL ASSEMBLY OF QUEBEC

Mr. Speaker: Before beginning the oral question period, may I call attention to the presence, this afternoon in our gallery of special guests in the person of the President of the National Assembly of the province of Quebec, Mr. Clément Richard, and his colleagues who want to examine television facilities in the House of Commons.

An hon. Member: Hear, hear!

● (1417)

[*English*]

PRESENCE IN GALLERY OF GENERAL JAMES E. HILL

Mr. Speaker: I would also call attention to the presence in our gallery of the Commander in Chief of the North American Air Defence Command, NORAD, General James E. Hill. He is accompanied by our Canadian Chief of Defence Staff, Admiral Falls.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

HOUSE OF COMMONS

APPOINTMENT OF NEW SOLICITOR GENERAL

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Prime Minister. Can he tell the House of Commons when he will be naming a new solicitor general?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I hope to make that appointment later this week. In the meantime, of the proponents, the Minister of Justice will continue to act as acting solicitor general.

CIRCUMSTANCES SURROUNDING RESIGNATION OF SOLICITOR GENERAL

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, could the Prime Minister tell the House when he first became aware of the circumstances involving—

Some hon. Members: Oh, oh!

Mrs. Holt: You have no class, Joe.

Mr. Clark: —a possible breach of the law which led to the resignation of the solicitor general?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I first learned of it on Wednesday, January 18, some nine days before the minister resigned. The facts were made known to me in a letter sent to me through my principal secretary by a private citizen.

Mr. Clark: Mr. Speaker, my supplementary question refers to the standards of the government generally. Could the Prime Minister tell us, in this particular circumstance where an event which apparently occurred before the appointment to cabinet of the member involved and which, when it became known, led to the resignation of that member from cabinet, how the standards and the screening of the Prime Minister failed to make him aware of this circumstance prior to the appointment of this member of parliament to a very sensitive position in cabinet?

Mr. Trudeau: Mr. Speaker, before making an order in council appointment of any sensitive nature, I always ask for a screening from the Royal Canadian Mounted Police. I ask them if they have any files or allegations which might cause me to ask the proposed appointee any questions and discuss with him why I should or should not appoint him. This procedure was followed in the case of the hon. member for Argenteuil-Deux-Montagnes, as with other ministers. There was absolutely no reason why I should not proceed with the appointment of the hon. member for Argenteuil-Deux-Montagnes. When I appointed him, he did not raise these facts with me. As I learned later, he considered these facts to be private, personal matters and did not feel that the implications were such that he should not join the cabinet.

Mr. Clark: Mr. Speaker, will the Prime Minister advise the House whether he is considering changing either the standards which he applies, or the screening procedures which are followed in circumstances of this kind?

Mrs. Holt: Look behind you, Joe.

Mr. Trudeau: No, Mr. Speaker. When I appoint a person to cabinet or, indeed, to other high offices, I have a screening procedure to make sure there is no illegality in the past. Usually, I discuss with the person the role of the office I am going to give him and ascertain that he is going to conduct himself honourably.

● (1422)

ADMINISTRATION OF JUSTICE

REQUEST PRIME MINISTER UNDERTAKE RESPONSIBILITIES OF SOLICITOR GENERAL—APPLICATION OF FEDERAL COURT ACT

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I should like to ask the right hon. gentleman a question about what I believe—and I believe many would agree with me—is an unprecedented situation in the administration of justice in this country. With three former solicitors general now not available for questioning in accordance with parliamentary rules, with three judicial inquiries going on respecting the business of the department, and with important legislation pending which is also affecting the portfolio, will the Prime Minister fill this ministerial and parliamentary vacuum by devoting his personal attention to some of these matters, and will he perhaps elaborate later on motions what he plans to do to make certain that the administration of justice in this country does not fail the confidence of the Canadian people?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, we have appointed a royal commission of inquiry to look into allegations of possible improprieties or illegalities committed by representatives of the Canadian government in the administration of justice. We expect this commission of inquiry to search into every relevant aspect of the question. I believe that this is the proper procedure to ensure that the examination of these facts and allegations is not in the hands of the government but, rather, is in the hands of a royal commission of inquiry.

Mr. MacKay: Mr. Speaker, I would like to suggest to the Prime Minister that he cannot, in all conscience, delegate all the responsibilities implicit in this House to a royal commission, however eminent. I should like to ask him, by way of a final supplementary question, whether, as a man of the law, he is not concerned about the provisions of section 41(2) which have played such an important role in the deliberations of royal commissions looking into some of these aspects. This section, as the Prime Minister knows, sanctions executive privilege without judicial review. I am wondering if the Prime Minister recognizes this fact and is prepared to take steps to change it, particularly in view of the less than positive assurances yesterday of the Minister of Justice that some of the material withheld under the section, without benefit of judicial review, may not necessarily have been in the personal purview and knowledge of the minister who withheld the material.

Mr. Trudeau: Without at all agreeing with the interpretation given by the hon. member of the words of the Minister of Justice, I would say that the practice incorporated in the law is in keeping with traditional parliamentary practices. In our system, the executive is responsible for making executive decisions regarding the secrecy that is needed for the protection and security of the state. This, of the proponents, can be questioned: it is the opposition's role to ask questions, if they wish.

An hon. Member: Thank you, Mr. Prime Minister.

[Mr. Trudeau.]

Mr. Trudeau: For greater certainty, we have referred this whole matter to the royal commission to see if they can suggest any ways of improving the present practices. I, for one, believe they are completely in keeping with the traditions of parliament.

* * *

ROYAL CANADIAN MOUNTED POLICE

KEABLE INQUIRY—GOVERNMENT REFUSAL TO PROVIDE CABLE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Justice. Yesterday I asked the Prime Minister, in the Solicitor General's absence, why the government denied the Keable inquiry access to the telex which RCMP Superintendent Nowlan sent from Ottawa to Montreal authorizing the illegal break-in which took place on January 9, 1973, to obtain information about the Parti Québécois. Yesterday the Prime Minister said he would ensure that the Solicitor General answered the question. We now know that is impossible. But I would like to follow up the spirit of the question and ask the Minister of Justice if he could inform the House why the Keable inquiry is denied access to this cable, which should have said simply "Yes" or "No" and, as we now have on the record, said "Yes". Will he now tell us why we cannot have access to that cable?

Hon. Ron Basford (Minister of Justice): It is, of the proponents, an assumption that that is all the telegram said. I apologize to the leader of the NDP, but I have not had a chance to examine that particular question. I shall do so.

BREAK-IN AT PARTI QUÉBÉCOIS OFFICES—RESPONSIBILITY OF FORCE TO REPORT TO SOLICITOR GENERAL

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I direct my question to the Prime Minister. It relates to a matter which I raised yesterday in the House. I asked the Prime Minister about Superintendent Nowlan's failure to inform the then solicitor general last June of the activity of the RCMP in obtaining information about the Parti Québécois. In his answer in the House yesterday, the Prime Minister said, and I quote, "that there was no illegal or improper conduct on the part of RCMP officials". That is the opinion of the Prime Minister.

● (1427)

I would like the Prime Minister to think about that answer in the following context. Since the question pertains to Superintendent Nowlan's authorization of an illegal break-in a few years ago, on one hand, and on the other his responsibility to conduct an internal inquiry requested by the then solicitor general—he did not report last June to the solicitor general about his own activity and that of the RCMP—I ask the Prime Minister concretely whether he does not think there was a clear dereliction of responsibility on the part of Superintend-

ent Nowlan to report to the then solicitor general about this action.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the answer would depend on two questions which I hope will be determined by the McDonald commission. The first question is whether the taking of tapes from an office by the RCMP, provincial and municipal police forces, was an illegal act, and the second is whether it was thought to be an illegal act. If it was thought by the forces involved to be illegal, was it deliberately hidden from their superiors? This is what the McDonald commission is looking into.

Mr. Broadbent: We will not have the findings of that commission for two, or possibly three years. In the opinion of almost everyone concerned, the activity was clearly illegal and, if not that, at least improper. Since the internal inquiry which was set up by the minister last June was to look not only into illegal activities but also improper activities, does the Prime Minister not think he is being a little other than ingenuous when he says we have to wait until the royal commission makes a report at some time in the distant future, to get an answer?

Mr. Trudeau: Mr. Speaker, the leader of the New Democratic Party himself indicates that he has doubt as to the illegality.

Mr. Broadbent: No.

Mr. Trudeau: First he says that the act was clearly illegal, and then he says that if it was not illegal, it was at least improper. There is, obviously, doubt in the hon. member's mind.

Mr. Broadbent: It was one or the other.

Mr. Trudeau: It was one or the other, in the opinion of the leader of the New Democratic Party. But if he himself has doubts as to illegality, I can assure him that it is possible the police also had doubts. They were conducting an inquiry. They had not, in their view, committed an illegal act; that is why it was not reported. When it was discovered by the minister and by the investigators later, they said it was something which should be looked into. That is why we referred the matter to the McDonald commission. The leader of the New Democratic Party says the McDonald commission may not report for two or three years. Indeed, we hope it will report long before that; but if it is seen that it will take a long time to report, we will insist on being given interim reports.

[*Translation*]

AGRICULTURE

DAIRY INDUSTRY—REQUEST PRODUCERS BE ALLOWED INCREASED QUOTAS

Mr. Eudore Allard (Rimouski): Mr. Speaker, in view of the absence of the Minister of Agriculture, my question is directed to his parliamentary secretary.

As several dairy producers are now experiencing acute quota problems, and as most of them are being denied additional quotas, can the hon. member tell the House whether or not his government has thought or is thinking of soon revising the dairy policy with a view to improving the situation which has become almost unbearable for most Quebec dairy producers?

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, with regard to the new dairy policy, I must say to the hon. member that it is now being studied by the management committee made up of provincial representatives and chaired by the chairman of the Canadian Dairy Commission. The cabinet will therefore have to reach a decision in the very near future with regard to extending that dairy policy.

POWDERED MILK STOCKS—GOVERNMENT POLICY REGARDING DISPOSAL

Mr. Eudore Allard (Rimouski): Mr. Speaker, I thank the hon. member for his generous reply. I should like to ask him in addition whether the committee has considered the problem of the storage of powdered milk which, in fact, is a big problem for the farmer as well as the government, because we all know the farmer has to pay $1.35 per hundredweight for storage. I was about to ask the hon. member whether they have considered the fact that powdered milk could be used advantageously by the producers provided, however, the price were the same as that for exports. This would have the double advantage of reducing the stocks of powdered milk and, as a consequence, of reducing storage costs.

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I would still like to point out to the hon. member that, at the present time, there is no powdered milk in storage: all of it has been sold for the year 1977-78. On the other hand, I agree fully with his suggestions and they may become part of a new and good dairy policy for 1978-79.

Mr. Allard: Mr. Speaker, I am happy to hear those words coming from the mouth of the hon. member but why wait to remove the quotas on milk when we are obliged to import milk from New Brunswick? The Rimouski Co-operative imported over two million pounds of milk from New Brunswick to meet the needs of its industries, while we have had to close down one of our cheese factories at Amqui for lack of milk. So, let the quotas be removed immediately!

Mr. Caron: Mr. Speaker, I should like to point out to the hon. member that the dairy policy applies to all of Canada and that New Brunswick is part of Canada.

* * *

● (1432)

[*English*]

ADMINISTRATION OF JUSTICE

KEABLE INQUIRY—MINISTER'S AFFIDAVIT RESPECTING DOCUMENTS NOT PROVIDED TO INQUIRY

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I have a question for the Acting Solicitor General. It arises from his answer to my question yesterday wherein he undertook to determine if any of the documents which formed the subject matter of the September 15 affidavit sworn to by the then solicitor general referred to operation "Ham", the code name for the Parti Québécois break-in.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, would the hon. member repeat the question?

Mr. Jarvis: The question relates to the answer given to me yesterday by the Acting Solicitor General wherein he undertook to determine if any of the approximately 26 documents which formed the subject matter of the September 15, 1977, affidavit sworn to by the then solicitor general related to operation "Ham", the code name for the break-in to obtain confidential records of the Parti Québécois.

Mr. Basford: Mr. Speaker, I am told that they were not. They were in code numbers that would not be recognized.

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ENVIRONMENTAL AFFAIRS

KITIMAT PIPELINE—CANADA-U.S. NEGOTIATIONS RESPECTING PROTOCOL

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I should like to put a question to the Minister of Fisheries and the Environment. I am sure the minister is aware that one of the bills before the United States congress is the Jackson-Dingell bill which authorizes the President of the United States to enter into negotiations with Canada to seek a protocol to the U.S.-Canada pipeline transit treaty to include Kitimat, and that the President must report to congress by the end of July, 1978. Was this matter discussed with the Vice-President of the United States when he was here earlier this month?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, this was not the subject of discussion at the meeting I attended, although it may have been with other colleagues on this side of the House.

Mr. Friesen: A supplementary question, Mr. Speaker. In December, the United States vice president said in Seattle that when he was senator for the state of Minnesota he approved of Kitimat as a major oil port site in Canada. When he was here, was he given any encouragement by cabinet that this question was under active consideration?

Mr. LeBlanc (Westmorland-Kent): Not to my knowledge, Mr. Speaker.

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ADMINISTRATION OF JUSTICE

RECOMMENDATIONS OF SUBCOMMITTEE ON PENITENTIARIES—GOVERNMENT ACTION TO IMPLEMENT

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Justice in his capacity as Acting Solicitor General. I wish to assure him that members of this party do not intend to ask questions with respect to the ongoing hostage-taking incidents in the Dorchester and British Columbia penitentiaries, since this might endanger the lives and safety of those involved. Would he take this opportunity to inform the House of the progress being made on implementation of the unanimous recommendations of the subcommittee on penitentiaries.

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker, the Acting Solicitor General has asked me to answer questions relating to the Canadian penitentiaries service. I should like to assure the hon. member that the recommendations of the parliamentary subcommittee on penitentiaries are being implemented at a considerable rate of speed. The building program is part of the work being undertaken currently by the penitentiary service in order to allay some of the problems to which the hon. member may be referring.

KEABLE INQUIRY—MINISTER'S AFFIDAVIT RESPECTING DOCUMENTS NOT PROVIDED TO INQUIRY

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question relates to the answer given by the Acting Solicitor General a few moments ago regarding inclusion in the documents referred to in the affidavit of the former solicitor general relating to the break-in by the security service to obtain confidential records of the Parti Québécois. As I understood the minister's answer, he said these were referred to in those documents by code number, and not necessarily by reference, in English terminology or language terminology, to the break-in.

Bearing in mind that the affidavit sworn by the former solicitor general said he had personal knowledge of the facts deposed to in the affidavit and had examined those documents, could the Acting Solicitor General inform this House whether the former solicitor general had knowledge of the break-in operation as referred to in those documents?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I was assured an hour and fifteen minutes ago that the former solicitor general did not have that knowledge.

Mr. Lawrence: Mr. Speaker, I have a supplementary question for the minister. Perhaps it is a question of knowledge or a question of understanding what someone is swearing to in a document. Can the Acting Solicitor General tell this House, as he is reporting to us now on this matter, whether his former colleague was swearing something in an affidavit which he actually had no knowledge of, even though he was swearing he did have knowledge of it?

Mr. Basford: No, that is not what I am suggesting, Mr. Speaker.

Mr. Lawrence: I wonder if the Acting Solicitor General can explain the very apparent contradiction in what he is now saying.

Mr. Basford: Mr. Speaker, there is no contradiction between my answer yesterday and my answer today. There is no contradiction in what the former solicitor general has said, that he was not informed, prior to making a statement in the House, of the other illegal activities.

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EXTERNAL AFFAIRS

REFERENCE TO UNITED NATIONS OF ISSUE OF RUNAWAY SATELLITES

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, I have a question for the Acting Secretary of State for External Affairs. Can the minister inform the House what instructions have been sent to the Canadian delegation at the United Nations to raise the issue of runaway satellites before the committee on outer space in order to amend the present international treaty so that nuclear reactors will be banned in satellites which orbit the earth and pose a serious radiation hazard in the event of an accident which brings the satellite down in a heavily populated community?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, the Canadian government is consulting with other governments presently as to the implications for future conduct as a result of this incident.

Mr. Roche: A supplementary question, Mr. Speaker. With respect to financial liability for the Cosmos clean-up, can the minister confirm that the present treaty does not make it clear, legally, that the Soviet Union must bear financial responsibility for the extensive clean-up operation in Canada; and, if so, what steps is the government taking to have the Soviet Union pay the bill for this operation and to amend the treaty to clarify financial responsibility?

Mr. MacEachen: Mr. Speaker, the assumption is that questions of compensation and liability have already been dealt with in convention or treaty. I believe that further concentrations are necessary in order to define more precisely how application can be made to the present incident.

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[*Translation*]

LABOUR RELATIONS

RADIO-MUTUEL LABOUR DISPUTE—POSSIBILITY OF AMENDING BILL C-8

Mr. Irénée Pelletier (Sherbrooke): Mr. Speaker, my question is directed to the Minister of Labour.

The Radio-Mutuel dispute has now lasted for more than a year and the report by the mediator, appointed by the government last fall, has recently been made public. This report seems to point clearly to some anti-union allergy on the part of management. Could the minister tell the House whether in the shortest delay he intends to amend Bill C-8, a legislation which would allow the government to step rapidly in that dispute?

[*English*]

Hon. John C. Munro (Minister of Labour): Mr. Speaker, we are looking at various options, including legislation, as a means of resolving the dispute.

* * *

● (1442)

ROYAL CANADIAN MOUNTED POLICE

LEGISLATION TO LEGALIZE OPENING OF MAIL BY POLICE FORCES—PURPOSE OF McDONALD INQUIRY

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Justice in his capacity as Acting Solicitor General. It concerns the Prime Minister's recent announcement that we can expect legislation in the House shortly to legalize mail opening by the RCMP or other police forces in Canada. Given the fact that the McDonald inquiry has a specific mandate, and in fact at the present time is looking into operation "Cathedral", can the Minister of Justice advise the House why it is necessary to prejudge the McDonald inquiry and bring legislation before this House before recommendations have been made with regard to this matter?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, because we have been advised by police and national security authorities that such legislation is necessary, it is the intention of the government to introduce short-term, interim legislation that will be dependent upon recommendations of the McDonald inquiry.

Mr. Leggatt: Mr. Speaker, I can understand the police advising that the legislation is necessary, after illegal mail openings during the past 40 years. The facts with regard to

operation "Cathedral" are certainly known to the minister. I refer to the fact that illegal activity has taken place. Can the minister explain to the House why no charges have been laid? Why does the legal process not take its normal the proponents with regard to RCMP officers in the way it has to take its normal the proponents for the rest of the people?

Mr. Basford: Mr. Speaker, for the very simple reason that any facts or reports I have seen do not contain the precise type of information that is required in the laying of charges against specific officers or constables. That is one of the precise purposes of the hearings of the McDonald inquiry, to put before them facts with sufficient precision so that if charges can be laid, they will be laid.

Mr. Leggatt: Perhaps at this point the Minister of Justice can advise the House if the legislation that is being prepared will require judicial warrant for mail opening. Will it refer to specific pieces of mail, or are we going back to the system whereby the RCMP make their own judgments as to whose mail is to be opened? Is there to be a judicial review of this matter?

Mr. Basford: Yes, Mr. Speaker.

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EXTERNAL AFFAIRS

CIDA GRANTS TO FOREIGN COUNTRIES—REQUEST FOR GOVERNMENT RECONSIDERATION

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is for the Acting Secretary of State for External Affairs. At the present time, there are reported to be several thousand Cuban military advisers and Russian military advisers in Ethiopia. In light of the fact that CIDA have indicated they are prepared to provide some $7.9 million for water supplies, will it be the minister's position to recommend to CIDA that Canada does not at this time provide such money but, rather, we should let the communist nations provide the funding, in view of the fact that money can be better utilized here in Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, we have faced a similar issue in other countries. We had not taken the view that programs of international economic development should be terminated or interrupted because of the political activities of the government of the day. To my current knowledge, that is still the policy of the government of Canada.

Mr. Brisco: In light of the fact that the political activities of this government have yet to provide any assistance for an urgent water supply for the city of Castlegar, which would ensure several hundred jobs almost immediately, is the minister prepared to recommend to the Minister of Regional Economic Expansion that some $3 million of Federal money be provided to the community of Castlegar to assist them in their water development and industry?

[Mr. Leggatt.]

Mr. Speaker: Order, please. That question seems to be in the nature of a representation.

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FISHERIES

GOVERNMENT POLICY RESPECTING FOREIGN TRAWLERS IN GULF OF ST. LAWRENCE

Mr. James A. McGrath (St. John's East): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. Yesterday, in reply to a question by the hon. member for Gaspé, the minister indicated that the government would not permit foreign trawlers to operate in the Gulf of St. Lawrence notwithstanding the fact that they may be catching fish for Canadian plants. Does this prohibition apply to all zones on the Atlantic coast of Canada? What impact would this have on any proposed takeover of Canadian plants by foreign-based, multinational companies?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, this does not apply to other fishing zones. Obviously, there may be cases in which we will want to authorize some landings by vessels from foreign countries when there is a shortage of supply. I would not want to get into the business of foreign takeovers, which I believe was the latter part of the hon. member's question. At the moment, as the hon. member knows, the FIRA process is taking its normal the proponents; the proponents will be appearing before it. I have, however, expressed my view that there are obstacles beyond the narrow definitions of FIRA as to what are "advantages" to Canada.

* * *

GRAIN

DATE AND AMOUNT OF 1977 PAYMENTS UNDER STABILIZATION PROGRAM

Mr. Jack Murta (Lisgar): Mr. Speaker, my question is directed to the minister responsible for the Canadian Wheat Board. When will the 1977 payments under the grain stabilization plan be made to western farmers? Also, can the minister give an indication of the amount of such payments?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it is not yet possible to be precise about the amount. Indeed, the final amount may not be known for some time. However, the likelihood is that an analysis of the figures will allow us to look at the question of whether an interim payment should be made. We will be discussing that matter in the very near future.

Mr. Murta: Mr. Speaker, the minister has touched on my supplementary question. Because of the fact that farm incomes have been dropping, and representations have been made to the minister for an interim payment, can the minister assure the House that an interim payment will be made? If not, what

difficulty does he see in making an interim payment well before the spring, so that farmers will have some ready cash and be able to plant in the spring of 1978?

Mr. Lang: Mr. Speaker, I thank the hon. member for his support. The notion of an interim payment was first put by me to the advisory committee for the reasons to which the hon. member so ably referred.

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IMMIGRATION

QUEBEC SELECTION CRITERIA—GOVERNMENT POLICY ON AREA DESIGNATION

Mr. Jake Epp (Provencher): Mr. Speaker, I should like to direct a question to the Minister of Employment and Immigration. The minister is quoted as saying in an interview that if a prospective immigrant to Quebec failed to meet the federal criteria, but was admitted under the Quebec selection criteria, he could move to another part of Canada "at some later date". This raises the whole question of whether interprovincial mobility has been clarified. In view of the fact that the Standing Committee on Labour, Manpower and Immigration rejected area designation when it discussed the immigration bill, I ask the minister whether this is a reinstatement of area designation. Also, how much time would have to elapse before an immigrant could move to another part of Canada?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, recognizing that there is an opportunity and, in fact, a responsibility for the provinces to participate in the immigration field, it seemed appropriate that we should discuss with each of the provinces—there are, in fact, discussions going on with four or five provinces at the present time—some method of co-determination of the landing of immigrants. I have indicated, and I will stick with this statement, that there will be no loss of the mobility aspect as a result of agreements entered into. The agreements that we enter into must be consistent with the British North America Act and with immigration policy. Therefore, it is not a renunciation of the regional aspect. I think the hon. member will be satisfied with the co-determination aspects of the agreements we are proposing to enter into.

Mr. Epp: Mr. Speaker, I have a supplementary question. It is similar to a question I asked the minister earlier this session. In view of the undertakings the minister gave us previously, that the regulations would be before the Standing Committee on Labour, Manpower and Immigration in order to determine whether they were in keeping with the spirit of the Immigration Act, and in view of the agreement regarding which the minister indicated he is trying to obtain co-determination from the provinces, can we have the minister's commitment that the agreement and the regulations will be brought before the standing committee so that the committee and, in fact, all Canadians can know exactly what we are agreeing to?

Mr. Cullen: Mr. Speaker, as I indicated, we are in the process of negotiating with the provinces. It seems inappropriate to bring before this House or anyone else terms and conditions that have not as yet been agreed upon. Until that has been done, we really do not have anything to report to the House.

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● (1452)

[*Translation*]

ENERGY

INQUIRY AS TO EXPLORATIONS LAST YEAR

Mr. Rosaire Gendron (Rivière-du-Loup-Témiscouata): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources.

It is not a secret for anyone that there has been an increase in oil prices and therefore, I imagine, new profits for corporations. But as regards the anticipated benefits for Canada, that is more prospection and exploration, did these activities really take place during the last 12 months?

[*English*]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, there have been a number of increases in the budget for energy research and development. I would be very pleased to provide the hon. member with a list of them. High priority has been given to conservation and renewable energy sources, but very substantial funds are being allocated for petroleum-related energy projects, in conjunction with the province of Alberta in particular but also with the province of Saskatchewan in connection with tertiary recovery.

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FISHERIES

GEORGES BANK—REQUEST FOR PROGRESS REPORT OF DISCUSSIONS ON OWNERSHIP

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is directed to the Minister of Fisheries. In view of the importance to the people of Atlantic Canada of the fisheries resources, along possibly with hydrocarbon resources, of Georges Bank, is the minister in a position to give the House a report on the progress of the discussions concerning the ownership of this bank presently being carried out by Canada and the United States?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): The question of boundaries with the United States is of great importance to at least four regions of the country, including two in the Pacific region. The negotiations have not been successful to date, but the two special negotiators have agreed that in light of the substantial progress they have made, they will continue to work during February. They recognize that some difficulties persist. They are now reporting to their

respective governments, the positions will be reassessed, and it is hoped they will resume negotiations in the second half of February.

Mr. Crouse: One brief supplementary. Since the area in question falls within the 200-mile economic zone of the United States as well as within the 200-mile economic zone of Canada, has the minister given any thought to proposing to the negotiators that we consider banning all foreign fishing activity from that area and allocating all the resources in the so-called grey area on a 50-50 basis to the two countries most concerned?

Mr. LeBlanc (Westmorland-Kent): I would have to check the statistics, but it is my information that off the eastern coast of the United States and Canada there is little foreign fishing for species for which we have ready markets. The hon. member's suggestion is an interesting one and I will discuss it with the officials.

* * *

LABOUR CONDITIONS

LEVEL OF UNEMPLOYMENT IN LEEDS-GRENVILLE

Mr. Tom Cossitt (Leeds): Mr. Speaker, my question is of deep interest and extreme concern to my constituents, and I direct it to the Minister of Employment and Immigration. It arises from the various visits made by the hon. gentleman to the new riding of Leeds-Grenville. I presume they are an indication of his extreme interest in the welfare of the people in that area. Is the minister aware that the unemployment rate there has risen in about a year from below the national average to twice the national average? What plans does the minister have to deal with this situation? Is he prepared to order Canada Manpower to set up special facilities to assist the many hundreds who have been laid off as a result of slumping industry?

Hon. Bud Cullen (Minister of Employment and Immigration): It is true that I have made several trips to the new riding at the request of the local Liberal organization and of the people in the community. The hon. member should know that he has an obligation to draw to the attention of the people in his riding the many and varied services which are available from my department. The comment keeps coming back: the riding has been good for Cossitt, but has Cossitt been good for the riding?

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The difficulty we get into is evident when we focus upon the problems of a particular constituency during the question period. I do not want to restrict hon. members unduly, but one can easily see that when the question period is used in that way, it invites the kind of political commentary which I have discouraged during this stage of our proceedings. We should not let this practice go too far. I shall allow one supplementary.

[Mr. LeBlanc (Westmorland-Kent).]

Mr. Cossitt: My supplementary is simply this: Several of the hon. gentleman's special assistants have been working with people in the riding. Are they making a constructive survey of the unemployment situation, or are they in reality engaged at the taxpayers' expense in desperately trying to find a Liberal candidate for the next election?

Some hon. Members: Oh, oh!

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FINANCE

INCREASED IMPORT LEVY ON OFFSHORE STEEL—GOVERNMENT POSITION

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I have a question for the Minister of National Revenue. Has he addressed himself to the serious issue of the Algoma Steel appeal and the increased import levy on offshore steel from 10 per cent to 30 per cent? To what extent and in what manner has the hon. gentleman addressed himself to this problem? Have there been discussions with his cabinet colleagues, particularly the Minister of Finance and the Minister of Industry, Trade and Commerce?

Hon. Joseph-Philippe Guay (Minister of National Revenue): This matter is under review at the moment by the cabinet and officials of my department.

Mr. Oberle: Since this issue is causing serious tension in western Canada, can the minister advise us of the date we can expect a decision to be made on this very serious matter?

Mr. Guay (St. Boniface): I agree with the hon. member that this is a very serious matter. It is one which is of great concern to my department and to the cabinet. As soon as we can finalize the question, the hon. member will hear about it.

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AIRPORTS

VANCOUVER INTERNATIONAL—CONSTRUCTION OF THIRD RUNWAY—ACCESS TO ARTHUR LAING BRIDGE

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Transport. Is the minister aware that the Richmond council in British Columbia has withdrawn its support for the construction of a third runway at the Vancouver international airport? Further, has he been informed that the council is in favour of a Richmond access route to the Arthur Laing bridge, regarding it now as having higher priority than the construction of a third runway?

Hon. Otto E. Lang (Minister of Transport): Yes, Mr. Speaker, I have been informed by the council of a change in its position. As to access to the bridge, this is a question which has been under discussion for some time. I have always expressed willingness to co-operate with the approved and appropriate local solution. The dilemma to which Vancouver

has always drawn attention is that if additional traffic comes off the bridge, it is doubtful whether there is enough street capacity to handle it. This, I understand, is the local conclusion, or it was when I last saw the mayor. I am, of the proponents, receptive to a change in position on the part of Vancouver too, if there is to be one.

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TRADE

EUROPEAN ECONOMIC COMMUNITY—GOVERNMENT INITIATIVES REGARDING CONTRACTUAL LINK

Hon. Robert L. Stanfield (Halifax): I am tempted to ask the Prime Minister whether he is feeling as pessimistic as his rose looks today.

Some hon. Members: Oh, oh!

Mr. Stanfield: More seriously, are any new initiatives being taken with regard to the contractual link with the European Economic Community, of which we heard so much a year or two ago?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker, and in a direct sense. The Chancellor of Germany has just announced there will be an economic summit in July to which Canada will be invited. It will be preceded by a meeting of the members of the Community with which we have developed this extraordinarily successful contractual link.

Some hon. Members: Hear, hear!

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PENSIONS

REQUESTED AMENDMENT TO LEGISLATION TO PROVIDE PENSIONS AT AGE 60 DESPITE MARITAL STATUS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare? Now that she has been the head of her very important department long enough to know that a great many Canadian women between 60 and 65 feel very unhappy and upset over the fact that there is no pension for them unless they have the status of being married to and living with someone who is 65 or over, is the minister giving consideration to the necessary amendments to the Old Age Security Act so that persons between the ages of 60 and 65, particularly women, who are in need will get a pension without regard to their marital status?

● (1502)

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I answered the same question very recently put to me by other members of this House. We are reviewing the situation, and I have nothing new to add today. As soon as I am ready to give a further explanation, I will do so.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, while the minister and her department are reviewing that aspect of the question, will they also review other ways in which women are discriminated against, such as their being excluded, if they are housewives, from Canada Pension Plan benefits, as well as various pension plans under which the survival portion for a widow is only half what it is when the widower survives?

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GOVERNMENT ADMINISTRATION

LETTERS OF CREDENCE FOR MEMBERS OF DIPLOMATIC CORPS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question concerns the Prime Minister's reply to a question posed to him by the right hon. member for Prince Albert. As reported on January 23 at page 2088 of *Hansard*, the Prime Minister indicated that the appointment and the signature of letters of credence for Canadians serving in the diplomatic service abroad were henceforth to be signed by the Governor General, on the strength of letters patent issued in 1947. If my calculations are correct, the Prime Minister is the fifth prime minister since those letters patent were issued. I am wondering how it came about that he suddenly found the secret that the other four did not find in the letters patent which permitted those letters of credence to be signed in Canada.

Right Hon. P. E. Trudeau (Prime Minister): There is no secret at all, Mr. Speaker. If the hon. gentleman reads the letters patent, as I suspect he has, he will see that at that time the letters patent vested in the Governor General all and every power exercisable by the Queen with regard to Canada. Certainly, this includes the signing of letters of credence for ambassadors.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I am taking into account the preamble, or the salutation of those letters of credence, which reads as follows:

George the Sixth, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas, King—

Mr. Crosbie: Including Newfoundland.

Mr. Munro (Esquimalt-Saanich): Would the Prime Minister like to correct the words attributed to him in the second column on that page, because there he talks about a transference from the Queen of England to the Governor General in Canada. Surely he meant the Queen of Canada to her representative the Governor General in Canada.

Mr. Trudeau: Mr. Speaker, there was some noise which blotted out the question, but as far as I understood it, the question was whether Her Majesty Queen Elizabeth II is Queen of Canada. The answer is yes.

Nova Scotia

PRIVILEGE

MR. MUNRO (ESQUIMALT-SAANICH)—TRANSFER OF MONARCH'S AUTHORITY

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on a question of privilege. The words standing in the second column on page 2088 of *Hansard* for January 23, attributed to the Prime Minister (Mr. Trudeau), referred to the transfer of authority from the Queen of England. It was not. As I read my constitutional history, it was the Queen of Canada who made the transfer. I am wondering if the Prime Minister wishes to correct this in *Hansard* so that future historians and future readers of *Hansard* will understand the constitutional position of this country?

Mr. Speaker: It may be a useful suggestion for the Prime Minister (Mr. Trudeau), but it certainly does not constitute a question of privilege.

ROUTINE PROCEEDINGS

[*English*]

PUBLIC SERVICE

REPORT RESPECTING HANDICAPPED PERSONS

Mr. Speaker: Tabling of documents.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, with respect to the question of tabling of documents, I have let a certain matter lie until now. On November 30 the President of the Treasury Board (Mr. Andras) undertook to look into the question of tabling in this House the report of the Public Service Commission with respect to handicapped persons. It is now the end of January and that matter has not been proceeded with thus far. Perhaps there is a reason for it and the minister could explain it. I will be very glad to hear his explanation. It is a very important report and it needs elucidation. Would the minister be prepared to undertake to table it immediately?

Hon. Robert K. Andras (President of the Treasury Board): I regret, Mr. Speaker, that I have no particular excuse. I forgot about it for this past week or so. I will certainly undertake to table it as soon as possible within the next few days.

* * *

NOVA SCOTIA

STATUTORY USE OF LATIN NOMENCLATURE

Mr. J. P. Nowlan (Annapolis Valley) moved for leave to introduce Bill C-416, respecting the official designation of "Nova Scotia".

Some hon. Members: Explain.

[Mr. Trudeau.]

Mr. Nowlan: The purpose of this bill is to designate the Latin words "Nova Scotia" as the correct and official name of the province in both official languages.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

NATIONAL CAPITAL REGION

MEMBERS TO SERVE ON SPECIAL JOINT COMMITTEE

Hon. Norman A. Cafik (Minister of State (Multiculturalism)) moved:

That the members to serve on the part of this House on the Special Joint Committee on the National Capital Region be Mr. Baker (Grenville-Carleton), Mr. Clermont, Mr. Corbin, Mr. Darling, Mr. Ellis, Mr. Francis, Mr. Gauthier (Ottawa-Vanier), Mr. Harquail, Mr. Isabelle, Mr. LaSalle, Mrs. Pigott, Mr. Poulin, Mr. Rondeau, Mr. Saltsman and Mr. Stewart (Cochrane); and that a message be sent to the Senate to acquaint Their Honours thereof.

Motion agreed to.

* * *

[*Translation*]

PETITIONS

REQUEST FOR ASSISTANCE FOR PASOLDS (CANADA) LIMITED, VAUDREUIL-SOULANGES

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, I ask leave to present a petition on behalf of a group of citizens from the Vaudreuil-Soulanges area and of 180 workers of Pasolds (Canada) Limited, which is about to close its doors this week. The petitioners urge the federal parliament to reconsider the reasons put forward for excluding the counties of Vaudreuil-Soulanges from the industrial assistance program of the Department of Regional Economic Expansion, and ask it to include those areas in this program.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 118, 153 to 157 inclusive, 750, 765, 780 and 967.

[*Text*]

INCOME TAX ACT—FAMILY FARM

Question No. 118—**Mr. Herbert:**

Has the government permitted or considered permitting the deferral of the collection of taxes payable upon the death of one member of a family farm?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): In accordance with the government's policy of encouraging a strong and viable agricultural sector, the

Income Tax Act was amended in 1973 and 1975 in order to permit farmland, buildings and machinery to be transferred tax-free to a farmer's wife or children on his death. This is generally referred to as a "rollover" privilege. In order to qualify for the rollover, certain conditions must be satisfied. For example, the property must have been used by the farmer or his family in a farming business. In addition, the taxpayer's wife, children or grandchildren who receive this property on his death must be resident in Canada. The purpose of these special rules is to allow farmland, buildings and machinery to be passed indefinitely between generations without any tax being paid at the time of the transfer. Taxpayers having specific questions about these rules should contact the Minister of National Revenue who is responsible for the administration and enforcement of the Income Tax Act.

GRANTS TO CHAMBER OF COMMERCE IN QUEBEC

Question No. 153—**Mr. Lambert (Bellechasse):**

Did the "Chambre de Commerce de la province de Québec" located at 500 St-François Xavier, Montreal, receive a grant from the Department of Regional Economic Expansion or the Department of Industry, Trade and Commerce and, if so (a) in what amount (b) on what date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Regional Economic Expansion and Industry, Trade and Commerce as follows: no.

GRANT TO DEMUTH INC.—ST-PIE-DE-BAGOT, QUEBEC

Question No. 154—**Mr. Lambert (Bellechasse):**

Did Demuth Inc. located in St-Pie-de-Bagot, Quebec, receive a grant from the Department of Regional Economic Expansion or the Department of Industry, Trade and Commerce and, if so (a) in what amount (b) on what date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Regional Economic Expansion is concerned: under the terms of the Regional Development Incentives Act, an incentive offer of $145,520 was made to Demuth Inc. on January 14, 1976, and subsequently accepted by the company. Payments against the incentive offer are made according to section C of the procedures described in the monthly incentives report to parliament.

In so far as the Department of Industry, Trade and Commerce is concerned: nil.

GRANT TO WIREFIL INC.—ST-LÉONARD, QUEBEC

Question No. 155—**Mr. Lambert (Bellechasse):**

Did Wirefil Inc. located at 8585 Langelier, St-Léonard, Quebec, receive a grant from the Department of Regional Economic Expansion or the Department of Industry, Trade and Commerce and, if so (a) in what amount (b) on what date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Regional Economic Expansion is concerned: under the terms of the Regional Development Incentives Act, an incentive offer of $39,834 was made to Wirefil Inc. on August 9, 1973, and subsequently accepted by the company. Payments against the incentive offer are made according to section C of the procedures described in the monthly incentives report to parliament.

In so far as the Department of Industry, Trade and Commerce is concerned: (a) $28 under the Counselling Assistance to Small Enterprises (CASE) Program. (b) Fiscal year 1974/75.

GRANT TO PHIL-REY INC.—DRUMMONDVILLE, QUEBEC

Question No. 156—**Mr. Lambert (Bellechasse):**

Did Phil-Rey Inc. located at 1800 St-Charles Blvd, Drummondville, Quebec receive a grant from the Department of Regional Economic Expansion or the Department of Industry, Trade and Commerce and, if so (a) in what amount (b) on what date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Regional Economic Expansion is concerned: under the terms of the Regional Development Incentives Act, an incentive offer of $44,425 was made to Phil-Rey Inc. on March 23, 1977, modified on May 11, 1977, and subsequently accepted by the company. Payments against the incentive offer are made according to section C of the procedures described in the monthly incentives report to parliament.

In so far as the Department of Industry, Trade and Commerce is concerned: nil.

GRANT TO CARI-RELL COMPANY—MONTREAL, QUEBEC

Question No. 157—**Mr. Lambert (Bellechasse):**

Did the Cari-Rell Company located at 175 St-Cyr, Montreal, Quebec receive a grant from the Department of Regional Economic Expansion or the Department of Industry, Trade and Commerce and, if so (a) in what amount (b) on what date?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Regional Economic Expansion and Industry, Trade and Commerce as follows: no.

DEPARTMENT OF SUPPLY AND SERVICES—INTERIOR LANDSCAPING

Question No. 750—**Mr. Howie:**

Since January 1, 1977, what amount was spent on interior landscaping by the Department of Supply and Services and on what projects?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): $13,271—rental of art works from Canada Council Art Bank.

TAKE-OVER BID FOR CULINAR INC. OF STE-MARIE-DE-BEAUCE, QUEBEC

Question No. 765—**Mr. Herbert:**

1. Was the government consulted by the Canadian Development Corporation concerning its intention to make a take-over bid for Culinar Inc. of Ste-Marie-de-Beauce, Quebec?

2. On what basis was the offer of $28.5 million established?

3. Is the book value of the Company approximately $13 million?

4. What approximate percentage of the share holding of Culinar Inc. is presently Canadian owned?

5. Is the government giving consideration to the formation of a corporation that would have as an objective the acquisition of foreign controlled companies?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): 1. No. The Canada Development Corporation is intended to operate with a considerable degree of independence. Individual transactions have not been brought to the government for scrutiny and advice.

2, 3 and 4. Not known (see above).

5. No.

NATIONAL DEBT

Question No. 780—**Mr. Laprise:**

1. (a) What was the National Debt in 1968 (b) what is it at the present time?

2. What is its annual interest rate?

3. What measure, if any, has the government taken to pay it back?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): 1. (a) Canada's National Debt in 1968 was $32,924,000,000.* (b) The National Debt at the present time is $67,075,000,000.

2. The average interest rate on the government's unmatured debt was 7.53 per cent at March 31, 1977.

3. When economic, fiscal and financial conditions are favourable, the government attempts to reduce this debt.

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* The amount for 1968 has not been adjusted to reflect the new presentation of assets and liabilities introduced in 1976-77. In the new presentation, the Provincial government securities in the Canada Pension Plan Account have been netted out as well as some other minor items.

DOMICILIARY CARE FOR NEW BRUNSWICK VETERANS

Question No. 967—**Mr. Howie:**

Since January 1, 1977, were studies made by the Department of Veterans Affairs concerning the need of disabled veterans in New Brunswick for domiciliary care?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): The department has been assessing the needs of veterans for priority beds in New Brunswick, having regard to the various levels of care required, and the geographical distribution of veterans in the province. Departmental officials have been in contact with the provincial health authorities, and further discussions have been arranged for early February, 1978.

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 979 could be made an order for return, this return would be tabled immediately.

[Mr. Herbert.]

[*Text*]

CANADA COUNCIL PAYMENTS TO CANADIAN THEATRES AND COMPANIES

Question No. 979—**Mr. Howie:**

Since January 1, 1977, what amount was paid by the Canada Council to each theatre for the performing arts or resident company in Canada?

Return tabled.

* * *

[*English*]

POINTS OF ORDER

MR. COSSITT—DELAY IN ANSWERING QUESTION NO. 45

Mr. Cossitt: Mr. Speaker, I rise on a point of order arising from a point of order that I raised yesterday and the reply given thereto by the acting parliamentary secretary, who was at that time announcing the questions to be answered.

In regard to question No. 45 dealing with the fingerprinting to a very great extent of public servants, I asked why this question had not been answered. It has been on the order paper since October 18 and it was on the order paper through the whole of the last session of parliament. It has been outstanding for a year or more. Yesterday, as reported at page 2351 of *Hansard* I asked him specifically if the government would tell the House when we could expect an answer, or whether the question would be answered today. He replied as follows:

● (1512)

Mr. Speaker, I will certainly take notice of this question . . . We will have the answer for the hon. member.

Therefore I presume the parliamentary secretary has the answer or the date on which it will be answered, as the case may be. I would appreciate if he could provide me with an answer to that question.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I already had the opportunity to tell the hon. member that he has been asking a great many questions and that the government had dutifully endeavoured to answer most of his questions. Other members are waiting so that we can do the necessary research to give them complete and appropriate answers, and question No. 45 referred to by the hon. member concerns all departments of the government. Therefore that question requires a considerable amount of work and research. I wonder why the hon. member is unduly losing patience. I would simply ask him to be patient and not to carry his indignation too far, bearing in mind the efforts undertaken by this side of the House to give flawless service to the greatest number of members possible. In conclusion, Mr. Speaker, I do want to assure the hon. member that his question is being studied, that we are doing complete research, and I urge him to have the decency not to display his impatience any further.

[*English*]

Mr. Cossitt: After a year and a half you call it impatience.

MR. McKINNON—DELAY IN ANSWERING QUESTION NO. 147

Mr. McKinnon: Mr. Speaker, I rise on a similar point of order. On October 19 I put question No. 147 on the order paper. As yet it has not been answered It was a carry-over from question No. 2,538 of the previous session. It involves the cost for the trip of the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) to Europe.

In answer to question No. 2,538 of the previous session, I was told to refer to question No. 2,881 which listed the price of each plane used. The Falcon jet came to several hundred dollars an hour. Calculated on a 24-hour basis for the time the Minister of State for Fitness and Amateur Sport had the plane, it came to a total of $378,504. This is quite a bit to pay to satisfy the ego of any minister. When will I receive an answer to my question requesting the real cost of the Falcon flight, which left Canada on April 20 and returned when the minister finished using the plane? The question can be answered easily, since the Department of National Defence keeps very careful record of the cost of these flights. I would like an answer in the near future.

MR. JONES—DELAY IN ANSWERING QUESTION NO. 145

Mr. Jones: Mr. Speaker, I should like to ask the parliamentary secretary if it is at all possible for him to expedite the answers to the questions under question No. 145? We have requested those answers several times but have not received them as yet.

* * *

Mr. Speaker: Earlier the hon. parliamentary secretary indicated if it was agreed that question No. 979 could be transformed into an order for return, the return would be tabled forthwith. Is that agreed?

Some hon. Members: Agreed.

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

AIR CANADA ACT, 1977

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

The House resumed consideration of the motion of Mr. Lang that Bill C-3, respecting the reorganization of Air Canada, be read the second time and amendments made by the Senate be concurred in.

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to make a few remarks concerning Bill C-3 which was adopted by the House of November 7, 1977, but I do not want to monopolize too much of the time of the House, for the bell has been using up a good part of our time over the past two weeks. If we want to expedite these affairs, we shall have to limit the length of our interventions. I, for one, am quite willing to do so, while making my views known on this bill.

We all recall that the other place studied this bill after it was passed by the House, as I said, and recommended some amendments which, to me, seem valid and which lead me to believe that they will complete it. Such are the aims of Bill C-3. Air Canada is a Crown corporation. As such, all Canadians are shareholders, and directors are appointed to manage the corporation on behalf of all Canadians. Canadians therefore have the right to demand that its directors do their utmost to properly manage this Crown corporation, and to strive for budgetary balance, as do all private companies. That is why we must occasionally come back on this subject here in the House to remind the directors what parliament and Canadians expect of them. They must absolutely manage the corporation without counting too much on government intervention and on parliament's allocating votes to the corporation to restore budgetary balance when it is in the red. I hold this to be a principle of sound management.

The recommendations of the Auditor General of Canada in other areas should also apply to the Crown corporation, Air Canada. Mr. Speaker, it happens sometimes while travelling throughout the country on Air Canada planes that as parliamentarians we ask ourselves some questions as we see their operations. Although we cannot properly query the officials at work, just the same we ask ourselves the following question: Why such and such a thing is done in such and such a way? When we get the reports of the corporation, several questions still remain unanswered. On the other hand, there are some competitive private companies. It is a good thing to have some competition even in that area where private companies do their utmost to provide excellent services to attract customers.

So, for its part, Air Canada must also do what it can to try and attract the greatest number of people to travel on its flights so they will be as full as possible and profitable. But it so happens sometimes, Mr. Speaker, and I do want to draw the attention of the minister on this—although he may be out, perhaps temporarily, I would like to tell him that I noticed on several occasions, and I remember the time when the late Réal Caouette used to sit in this House and make rather frequent remarks about the fact that all across Canada the staff on Air Canada planes did not provide adequate bilingual services. I think that with aircraft flying all over this country, if bilingualism is to be promoted in this country Air Canada should have at least bilingual staff on its aircraft. Nothing aggravates me more than when I address an Air Canada employee in French and that employee does not seem to understand me and tells me, I am sorry.

I understand that they should be sorry about it but the fact still remains that I do not get an answer. That is disappointing on an airline such as Air Canada when there would be a great opportunity of setting a good example all across this country and showing that Canada is bilingual and that at least public services are provided in both official languages. We can do that if we really want to. The same thing goes for an English-speaking Canadian. Imagine an English-speaking Canadian in Quebec city talking to an Air Canada official at the Ancienne-Lorette airport, the Quebec city airport, and there is no one to answer him in English. He too is going to be aggravated. He is going to wonder: But what is going on in Canada? How come I cannot get service in my language?

That is why I ask the Minister of Transport (Mr. Lang), who is responsible in this area, to use with his officials all the means he can to try and improve this service in the area of language communication so all Canadians will be proud when they travel on Air Canada planes, if they cannot get it on the ground, to have at least bilingualism in the air. We are going to fight for that, Mr. Speaker. We are going to fight further because it is a right, and because it is part of our constitution. Let us at least live up to the good parts in our Canadian constitution. Some are mere nonsense, but that is something relevant, it is acceptable, it is something we should live up to and be proud of. That would be the best way to ensure understanding between French- and English-speaking Canadians. Looking at each other we look reasonable. But when we try to talk to each other, we do not speak the same language and that is where the problem starts. To help solve the problem we have government services that can very well promote bilingualism, and Air Canada should be an expert in that field.

To conclude, Mr. Speaker, on a somewhat more optimistic and very patriotic tone, I must say that when I stand in a foreign airport I am very proud to see our Air Canada aircraft arriving, those giant airplanes with a beautiful flag on their wings. Yes, I feel proud that our planes measure up with those of any other country. They are very well built and very comfortable, and they lack only one thing, bilingualism!

I therefore hope, Mr. Speaker, that the Minister of Transport (Mr. Lang) is not forgetting this: we demand bilingualism in air services, and we will go on demanding it as long as a favourable answer is not forthcoming. To conclude, I accept the amendments to Bill C-3 and also the bill itself of the proponents. If there is a vote, I shall make a point of supporting it.

● (1522)

[*English*]

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I consider it a privilege to say a few words on this piece of legislation, Bill C-3, respecting Air Canada, because ever since I came to this place I have been interested in the operations of our national air line.

I think it is fair to say that during the past two or three years there has been an improvement in the operations of Air Canada, and I think this piece of legislation is a good one and will facilitate the operations of the company. However, I think that to put matters in a historical perspective it would be useful to go back a little bit, as my friend, the hon. member for Vegreville (Mr. Mazankowski), did yesterday, and to point out some of the delays and some of the incredible lack of inititative by the government in not bringing this legislation forward years ago. I say that advisedly in view of the unfortunate remarks of the Deputy Prime Minister (Mr. MacEachen) who sought to give the completely inaccurate impression in the program "The Nation's Business" that it was the opposition parties which were holding up the legislative progress of this parliament rather than the government's poor planning and lack of purpose and direction.

I think it is rather amazing to consider that it is now practically six years since the then minister of transport, now Secretary of State for External Affairs (Mr. Jamieson), recognized in this Chamber the urgent need for legislation to revamp and restructure Air Canada. On March 14, 1972 he said:

> —I propose to bring before the House in the next session three important pieces of legislation on which work is proceeding at the present time. The first of these is a bill designed to reconstitute Air Canada as a separate Crown corporation, thus divorcing it, as it were, from CNR—

Here we are six years later and, as the saying goes, definitely "it ain't performance". It is almost equally noteworthy that almost three years after the date of the judicial inquiry into certain aspects of Air Canada—an inquiry, as most hon. members realize, for which our party was responsible—we still have not completed, and we are here today trying to complete, the legislative process to embody some of the changes and improvements recommended by Mr. Justice Estey in that report.

Part of the problem has been the reluctance to accept some of the logic and reason that has been put forward from many sources until the government was practically coerced into doing so. Even the noteworthy section which the minister and his colleagues have finally agreed to eliminate, section 6(2), has been eliminated only after the other place—and I think they deserve credit for this—reinforced this party's determination to take away this carte blanche which the government sought to have which, in my view, would seriously undermine the integrity of this legislation.

I think it would be useful to go back a little way since there have been developments so far as our national air line is concerned which indicate that there is a possibility that Nordair will be acquired, and to point out that just as the progress has been tortuously slow in respect of this particular piece of needed legislation, the policy with respect to regionals has been, if anything, even slower.

In October, 1966, J. W. Pickersgill, who was then minister of transport, issued a statement of principles outlining the role the regional air lines would be committed to play. They were to provide regular route operations into the north, and to operate local and regional routes to complement the main carriers. Where appropriate, routes operated by the mainline companies would be transferred to the regionals.

There were other developments which were proposed by the government at that time. The Air Transport Board, now the Air Transport Committee of the Canadian Transport Commission, would be responsible for deciding which routes would be suitable for regional air line operations; it would also administer the policy relating to the transfer of these routes.

The regional carriers accepted this policy and began to develop their operations within its framework. They had long recognized the need to increase traffic and improve the stability of their operations, but had been hesitant to do so without firm recognition and direction from government. Under the new policy, they were prepared to move on their own initiative to develop their scheduled service, seek out new routes, and use their own resources, imagination, and business acumen to make them profitable. That has not happened very quickly.

In 1969 the government announced a refinement of the policy, dividing the country into regions and letting the regionals know exactly where they could move. Pacific Western was given British Columbia and western Alberta; Transair the prairie provinces and northwestern Ontario, and so on. Nordair and other regionals were given certain route structures.

The policy allowed for route transfers, modest competition with the mainline carriers, and co-operation between the two.

The Air Transport Committee has taken no action of any consequence, so far as I know, to determine which routes operated by the mainline carriers are eligible for transfer. No guidelines have yet been developed for new types of services that could be established by regional carriers, services such as airbus or specialized cargo services, with few if any exceptions.

Co-operation between the mainline carriers on route transfers to regional carriers has not been consistent. The eight years or so that have passed since some of these policies were announced have been noteworthy because of the mushrooming of the so-called third-level carriers. These carriers are smaller than regional carriers, which are also looking upward and outward. I suggest that these reasons make it necessary and a matter of some urgency to re-examine some of the objectives envisioned by the policy and to ensure their early realization.

● (1532)

Surely Canada now needs, in the context of the legislation we are dealing with today, a clear policy statement on transcontinental, regional, third-level, helicopter and charter operations, if our air transportation system is to continue to grow in an orderly way.

Our national carrier recently has been doing much better financially, but in order to keep matters in perpective we must realize that profitability alone can never be the sole criterion for a national air carrier, otherwise there will be very justifiable concerns raised by the disadvantaged parts of the country which rightly expect our national air carrier to help facilitate regional development.

Before we get too puffed up about the profits Air Canada is expected to show, I think we should remember that some of its competitors in North America, particularly in the United States, face tougher competition. Some competitors have roughly comparable route structures but are doing much better. They are doing so with fewer employees and lesser load factors. The annual report of Delta Airlines, which I have before me, indicates that for the year 1977 Delta's profit before taxes was $155 million, and it appears that its net profit will be over $90 million. I have heard a figure of possibly $20 million for Air Canada, which is certainly much better than its performance in recent years, but when that is compared with the performance of Delta we realize that, while it is reasonable, it is not something Air Canada can necessarily point to with any overweening pride.

It seems to me that there are some legitimate questions to raise about the situation in which Nordair is in the process of being acquired by Air Canada. My colleague, the hon. member for Vegreville, discussed this situation yesterday, and I want to touch upon some of the things he said.

It is pretty obvious that Air Canada has not been particularly imaginative or innovative in getting into the charter business or in developing new route structures. I well remember the abortive experience this company had when it tried to acquire Wardair and the rather naive way the corporate expertise of Air Canada stacked up against the much more practical and knowledgeable expertise shown by this particular private charter carrier. In the present particular case Nordair is a pretty healthy and well respected regional carrier, and I would have thought that if Air Canada was going to pick up a regional carrier, it would have been the better policy to take one with some financial difficulty. That would have rationalized the system somewhat and would have had the virtue of rescuing a carrier which perhaps needed help. However, what do we see with respect to Nordair? It is probably one of the healthiest—at least recently—regional carriers.

It is interesting that the proposed price of $11.50 for each Nordair share is $4.50 more than the price the stock was trading at when the exchange closed late in December of last year, a matter of a very few weeks ago. It is also interesting, although far be it from me to knock private enterprise, that some of the main shareholders of Nordair are going to make some very substantial profits. It appears that this may be done at the expense, indirectly at least, of the taxpayers of Canada, who are the ultimate owners of Air Canada. Mr. Tooley appears to be headed for a profit of $1 million in a very short time, based on the market fluctuations of the stock. Mr. Marx, one of the principal shareholders who lives in New York, picked up 17,000 shares at $2.58 per share last June. Now he is going to get $11.50, a nice little profit indeed.

Apart from that there is concern in the industry about the effect this may have on the relationship of other regional carriers. According to the Montreal *Star* the president of Pacific Western Airlines, Mr. Eyton, is concerned. According to an article in the Montreal *Star* of January 10 of this year, Air Canada's purchase of the Montreal-based Nordair Limited may interfere with his company's plans.

Mr. Eyton was quoted as follows:

> I would not like to see a regional carrier like PWA running alongside a major carrier like Air Canada. With the acquisition of Nordair any route opportunities, in terms of what Air Canada might have been willing to turn over to regional carriers, is lost.

From an historical perspective it is interesting how things turn out, because if Air Canada had directed its attention to its own corporate business as much as to opposing some of the regional carriers like, ironically enough, the one it now seeks to acquire, we would all be better off. In the not so recent past our national airline opposed Nordair in its application for routes, and I am thinking particularly of the Montreal-Ottawa-Sudbury-Thunder Bay route. Now we find that this company is gobbling up, or acquiring at the expense of the taxpayers of this country, what it opposed and what it was not able to develop by itself a very short time ago.

I want to say at this time again that in making these remarks I am not taking an anti-Air Canada bias. I very much hope that our national air carrier does well. I personally have high regard for the chief executive officer, and I am particularly impressed with the morale and efficiency of many of the employees. As the hon. member for Vegreville said yesterday, it is a shame that the proposed reward by way of a bonus involving passes to employees was handled in a rather peremptory and perhaps not very efficient way, which probably has the net effect of embarrassing the employees and blunting an initiative which might have been very appropriate had it been handled in a slightly different way after some consultations and some variations, instead of having the announcement made and then having to vary the original proposal.

Another thing I think we have to look at is the fact that, as far as I am concerned, Air Canada is not fulfilling its mandate in the eastern part of the country in the sense of serving as a real aid to developing that part of the country and providing it with important links. Surely there must be something Air Canada and the government can do to facilitate the utilization of the route from Halifax to Bangor.

In 1973 Canada and the United States signed a bilateral agreement which included a route, effective as of January 1, 1974, between Montreal, Bangor, Portland and Halifax. This route has never been implemented because, according to Air Canada, there was no money in it. The route was designated to be of use only in summer peak service periods. I understand that Air Canada is now saying that that was the time in 1974 when the airline industry was in an upheaval crisis due to fuel shortages. I also understand, although it has not been officially confirmed, that Air Canada would consider the possibility of subcontracting or negotiating this route with some other air carrier.

However, be that as it may, it seems obvious that Bangor is making great strides as a commercial and warehousing centre in the northeastern part of the United States. It is obvious to anyone who knows the maritime provinces that Halifax is becoming more and more a commercial centre for that region of the country.

The Halifax International Airport was recently upgraded. I should like to see the Ottawa International Airport given the same kind of facilities that Halifax now has. At the present time when one boards an aircraft at Ottawa airport it is like going on a tour of the sunken gardens or a sideshow orientation where you go through long winding tunnels and canvass flaps of various hues. I guess improvements will come in time.

● (1542)

The Halifax-Bangor route ought to be developed. I am no expert on air transportation but I imagine any route that requires promotion and pioneering will lose money for a while. I also imagine that, if Air Canada does not do something constructive soon, residents of this area will be justified in asking their elected representatives to consider allowing an airline like Delta to operate there—one that is already making at least four times the profit of Air Canada and under tougher competition.

I think it should be made clear to the chief executive officers of the airline and to the government that if they do not do something about filling this designated route with a Canadian air carrier that can provide needed transportation and trade links with Bangor, an American carrier should be permitted and even encouraged to come in and do the job. This has to be considered.

In summing up my views about this legislation I must say the thing that must be kept in mind is that it would appear that this bill seems to have achieved the objective of giving Air Canada enough corporate freedom and initiative to do its job without interference from officials in the Department of Transport who have a penchant for fouling up everything they attempt and antagonising people at the same time, at least at the highest levels. It also seems to have had the effect of giving the board of directors a clear mandate. The primary objective, of the proponents, was to free this billion dollar corporation of the entanglements that our other national carrier, the CNR, has experienced.

Members of this House will be watching very closely to see the beneficial effects of this legislation and will expect the minister and his cabinet colleagues to ensure that the improved framework for operating the airline is used properly.

I urge the government to cease the practice which has been so painfully evident in the past of scheduling—or not scheduling—committee proceedings so that Air Canada can be reviewed regularly by interested elected representatives. It is not the fault of our national air carrier that their appearances before the transportation committee have been few and far between; it is rather due to the ineptitude and bungling of the government. As I said at the outset, Mr. Speaker, the government has attempted to place the responsibility for this on the shoulders of the opposition parties. The government House leader will be sorry, I am sure, for the representation that he put over the networks of this country as it is so self-serving and so false.

The legislation could be summed up in the words of an old proverb—better late than never. I trust it will serve our

national air carrier well and justify the work and concern that so many members of this House from all parties have put into its composition.

The Acting Speaker (Mr. Turner): Order, please. The Chair would like to point out to all hon. members that we have been very lenient with members who have spoken on Bill C-3 dealing with amendments made by the other place. I would therefore suggest that all future speakers stay strictly on the flight path and speak only on those technical amendments made by the other place.

I should like to refer hon. members to May's eighteenth edition, page 534, where the following passage appears:

The debate on this motion must be confined to the amendment under consideration, and may not extend to other amendments or to the general merits of the bill.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I presume it was purely accidental that you made your ruling at this particular time. After listening to some of the other speeches I do not see how I could possibly be out of order.

The Minister of Transport (Mr. Lang) must be interested that we are now having another kick at the cat because of the sober second thought given this bill in the other place. Some of my colleagues disagree with the word "sober" but that word appears in the legislation which created the other place. The amendments have eliminated the right of the government to make decisions. Instead of being covered by order in council, they are now to be covered by order of the governor in council.

One of the major changes that Air Canada has made recently is that the president is no longer a political appointee but rather is someone who has risen from the ranks. This would appear to be a good measure judging by the fact that in 1975 the airline lost over $13 million while in the first quarter of 1977 it showed a profit. We appreciate the good job done by the president, Mr. Claude Taylor, and all previous speakers have referred to this.

A former minister of transport, Senator Marchand, when speaking on this bill, referred to the great size of this country and the difference in services necessary for different parts of it and to the fact that heavily populated areas require a different transportation facility than that necessary for remote areas. Of the proponents that was recognized when the country was founded and when assistance was given to the Canadian Pacific Railway to provide facilities in remote areas.

Air travel in this country started with a large number of very small airlines, one man-one plane operations, and eventually we established what we hoped would be the flag-fleet of the air service of Canada to carry our flag all over the world. Members who have travelled abroad have been very proud to see an Air Canada plane sitting at an airport in Europe, Asia, Africa, or any other part of the world. This equals the pride which the people of France have in Air France, and the British have in their airlines serving all parts of the world. I am sure this is true of every country. It is also interesting to note the pride of small African countries in their airlines. When travelling from central Africa to England, they take great pride in flying the banner of East African Airlines. This pride is worth something.

● (1552)

Over the years Canada has been well served by Air Canada. However, Air Canada has had a great deal of problems. We have never had a transportation facility which takes into consideration the fact that if it is going to operate all across this country, providing service on uneconomic routes to the by-ways of the nation, it must use income derived from the heavily populated routes to provide such service.

It has been pointed out that we have not been able to compete. Neither have the railways. They have not been able to compete in the United States. A few moments ago, an hon. member referred to Delta Airlines. In the United States there are eight or ten airlines. They have a population of 220 million on which to draw. In Canada there are seven main carriers, five regionals and two major airlines, Air Canada and CP. We have a population of only 22 million. I believe we have done very well.

It is interesting to note the way the American airlines have changed their accounting system. For example, in one year Eastern Airlines lost $45 million. The next year they had a book transfer of $44 million. Therefore they are now able to show a profit. They may not be able to do that over a ten-year period. Eventually they will have to relate to the new book values they have placed on their investment. That will have to be taken into consideration.

Despite bad management of Air Canada and the fact the government treated it as having a responsibility without offsetting it with any asset, Air Canada has done fairly well. In 1975 Air Canada had a loss of $13 million. It reached the point where morale was rock bottom.

I recall members of this House asking for a financial statement. The situation was so bad at that time the government could not decide whether to honour the previous government's commitment to an auditing firm to audit the books of Air Canada or whether to appoint their own auditors. For a number of years there were no auditors because the government could not resolve that problem. They operated under immense hardship. The morale of Air Canada suffered badly. Mr. Claude Taylor has been able to make great changes. Therefore, we must give him the support that is necessary. This will involve a number of things.

The Minister of Transport stated, and I am paraphrasing, that his purpose is to get Air Canada into a position where it is making money and is a financial success. If that is achieved, the minister thinks we should then get rid of those sections that are successful. In my opinion, Air Canada would be fragmented to the point where it would be in the same position as the CN passenger service.

Not long ago I attended one of railway hearings. I am sure Your Honour has been at many of them. The CNR was asking for subsidization of passenger service on a specific line. That was the only question before the hearing, whether they should be allowed to drop passenger service on that line which ran

between North Bay and Toronto. I attended as a member of parliament. I completely supported their application to drop that passenger service. I was opposed to a subsidy being paid to them when they were not in effect operating a service. Service was so bad that no one would use it. People use the Ontario Northland Railway, a totally Ontario-owned railway which operates in this province. That railway is not entitled to apply for a subsidy. CN asked for a subsidy or, in the alternative, to drop the service.

I had hoped that CN would sell its line to Ontario Northland so that passenger service between northern Ontario and Toronto could become more efficient. I am sure it could be operated without a loss. There would be no need for a subsidy. But of the proponents, it was decided that CN must continue, and because it had to continue, they were to be subsidized.

From reading the bill and the changes recommended by the other place, my understanding is that Air Canada will be permitted to implement a regional basis of reporting. Recently, Transair was told to take the western Canadian routes from Winnipeg to Regina, Winnipeg to Edmonton and Winnipeg to Calgary. These routes are now operating at a loss. In return for that, they were given the route from Winnipeg to Toronto through Thunder Bay and Sault Ste. Marie. As a result of transfers like this, airlines will be fragmented to the point that it will be impossible to travel anywhere in Canada without travelling on two or three different carriers. If this operates like a railroad, and I have every reason to believe it does, we will find that the initiating line, which will likely be between the major operating centres, will get the lion's share of the revenues. Very little will be left for the carriers that operate on a regional basis.

Your Honour is very fortunate to be in the position where you can fly from here to your constituency on one airline, the government airline. If I fly to my constituency, I must travel on two airlines. And even if I take the alternative to the Air Canada route, I must travel on two airlines as well.

If the profitable runs are sold, I suggest that it will be necessary to make two or three changes when travelling in this country. This means giving up the idea of a national airline with equal opportunity to people living in various parts of the country. This is a fundamental right to which Canadians are entitled.

Air Canada is being told to fly into Yellowknife. For years I travelled on a route which lost money. It went from Montreal to Ottawa, Ottawa to Val-d'Or, Val-d'Or to Rouyn, Rouyn to Earlton, on to Toronto and then back to Montreal. The mileage on that one flight would cover half the distance of travelling to Europe. There were many stops on that run. The passenger service was not sufficient to cover the cost of operation of that run. However, it filled a great need for the people of northern Quebec and northeastern Ontario.

I am sure that every member who lives outside of the five or six major centres is aware of what Air Canada did for the citizens of this country, even though it was not economically advantageous. However, they felt they had a right to some service.

[Mr. Peters.]

I would be remiss if I did not refer to something which has been mentioned many times by other members in relation to the American airlines. Along with other airlines Air Canada made the mistake especially in the late sixties, of getting the wrong type of aircraft for many of the routes it was serving. It was almost commonplace to see routes served by aircraft which were never more than half filled. It seems to me this is why the regional carriers are successful—they have been willing to buy aircraft which meet the needs of these runs.

● (1602)

I am flying almost regularly now, in 1978, in a DC-3 which was virtually obsolete in the middle forties, a plane which has not been modified or changed in any substantial way since the forties. It was flying in the thirties and it is still flying. I consider the Douglas DC-3 to be one of the safest planes we have. It is true it lacks some of the advantages of modern planes but it can carry passengers more economically on a cents-per-mile basis than most modern aircraft, and it meets the needs of routes where only a light passenger load can be expected.

It is unfortunate that Air Canada did not see fit to acquire a certain number of smaller aircraft so that it could move passengers along such routes in a more economical way. I have no doubt the management of the corporation will be giving close consideration to this aspect. I trust no decision will be made to buy Twin Otters for no better reason than to keep the investments of the Ontario government or of the federal government safe. It seems to me we should be buying aircraft on a totally different basis.

Many airlines in the United States operated with Viscount aircraft, probably the most expensive passenger aircraft ever developed. They were so expensive that two or three of the U.S. airlines using them went bankrupt. It took a very rich organization, Air Canada, to operate the Viscount during its last years of service. The correct choice of aircraft is a matter of great importance, it seems to me.

With perhaps one exception, the bill has come back to us from the Senate with very little alteration. Apart from clause 8, most of the amendments merely involve renumbering clauses. I have a copy of a note sent along with the amendments and signed by James Lyon, acting general counsel for the Department of Finance. I imagine that some of the amendments were made at the instigation of the Department of Finance since they involve technical matters which might have been overlooked in the original drafting.

One new subclause added by the Senate was to the effect that an order of the governor in council made under clause 6 or clause 8 must be tabled in parliament and published in the *Canada Gazette*. This is an amendment with which I am sure all members agree. I presume that all orders in council make their way in time into the *Canada Gazette*, but I would point out that the *Canada Gazette* is no longer a publication which is read by the average Canadian, though it might interest lawyers and members of legislatures across the country, as well as a handful of other persons who follow these matters closely.

I am sure most hon. members have read this publication from time to time and found very little in it which was exciting or illuminating; after reading it for a while and failing to understand what was in it, most of us have desisted from that exercise. If, on the other hand, an order in council is tabled in the House of Commons, interest is immediately attracted. I see my hon. friend from Winnipeg North Centre is fidgeting in his place. He probably wants to make the point that people are not likely to pay close attention to orders which are tabled in the House, either—of the proponents, that does not apply to me! I see that Senator Grosart and Senator Forsey read them, and if somebody reads them it is likely that orders in council which provoke disagreement will be brought to the attention of the House.

Many of the changes which are made by order in council are carried out because some departmental official finds them to be to his advantage. So a change is made in the form, the direction, or, sometimes, even in the content of legislation. I am sure members of parliament want to know about these things so I believe it is safe to say everyone will support the provision for the tabling of these particular orders in council in the House. After all, the changes might be extensive.

At some point in time, possibly after further study, the government may wish to break off a particular section of the corporation's activities without harming the remaining operations. Those sections which become profitable will be sold and it might be possible to make such changes on the basis of clause 6 of the bill which sets out the powers and activities of the corporation, allowing it to buy, sell, lease, hire, dispose of, maintain, operate and so on. The corporation is by no means restricted to the operation of aircraft. It can provide hotels, surface vehicles and other facilities for servicing and housing. Any single one of these operations, if it became viable, might be broken off. One of the first the minister might consider would be Econo-Travel, the travel service which has been operating for years with mixed success.

● (1612)

It may be Air Canada will want to build hotels as other airlines have done in countries such as in the Caribbean. They may want to build them in France. In travelling to France, Canadians are at a very great disadvantage. In travelling to Paris, particularly if you fly Air France, you can stay at a very reduced rate at hotels owned by Air France. However, if you fly by Air Canada you cannot get that same kind of an arrangement.

We are attempting, I presume, to do the same kind of business which we have done over the years unsuccessfully with CN. It may be by order in council that we may be able to commence building facilities of various kinds, ancillary services, and when they become viable enterprises and stand on their own two feet they will be sold. It may be they will be sold, under the direction of an order in council, and the disposition may be able to be made under clause 6 of this bill.

The Senate, Mr. Speaker, were also concerned about a number of other amendments, all very consequential on the passing of the initial one, with one exception that stands on its own. The Senate intend by many of these amendments, and there are quite a number of them, just to change the numbering of the clauses. While it is necessary, I think it might have been possible if this House passed the first one we would have known ourselves of the necessity to change the numbering, or there would have been two numbers for the same clause. We do end up with a lot of amendments which we may want to go through at another stage. However, I think at this stage we should be more interested in whether we want to pass the major amendments in this bill. They will in effect change the method used in these acquisitions, disposals and operations of all the ancillary services which I am not sure properly belong to an airline, but which we have created as part of our Canadian airline.

I believe this bill gives the government more power, and in my opinion the airlines should be worried about this as well. Mr. Taylor is a very outspoken gentleman and, I am sure, far-seeing. He will undoubtedly see the disadvantage of the cabinet deciding whether or not Transair should have the right to make the $12 million exchange from the Toronto-Thunder Bay-Winnipeg run to runs including Winnipeg, Regina—the local prairie runs. If the cabinet makes these decisions, Mr. Taylor, I presume, will not be with us very long and we will return to a much more unsatisfactory management. As I see it, Mr. Speaker, these changes can be made in that manner, and we are very concerned.

I personally do not think that there is anything wrong with the initial purpose of Air Canada in providing reasonable transportation to all Canadians, no matter where they live, where it is at all feasible, and where the cost is not exorbitant and prohibitive. In the main, Air Canada has been willing to do this. We have certainly attached to them a terrific handicap. Certainly the Conservatives should be blamed for this handicap because they allowed Canadian Pacific, as an alternate airline, to pick up the cream of the runs, and not to do anything for Canada, not to do anything for the unity of this nation. Canadian Pacific Airlines do not travel to any place which does not pay them to go there. They do not operate anything that it does not pay them to operate. They are a truly private enterprise operation, and I have no quarrel with that. If I were a shareholder of Canadian Pacific Airlines I would be very pleased with the way the airline is managed. But, Mr. Speaker, if I were president of Air Canada I would have grave objection to the kind of competition that I meet, which does not aid in the role that I have of providing all Canadians with access to air travel.

I do not object to competition, but competition should be fair. Competition which the Conservatives speak of is one horse, one rabbit. That may be 50-50, but it is not a very fair 50-50. I believe it should be fair. If we ask the same of our regional carriers, if we ask the same of our two national carriers, that is competition fair and square, and may the best company win.

If Air Canada under those terms could not survive and Canadian Pacific did, then Canadian Pacific would be the flag

carrier of our nation. In my opinion that is competition. But what we have today is not competition and I disagree violently with the idea of frittering away little parts because they become profitable, and that appears to be what is going to happen.

One of these amendments questions how this can be done. It questions what the government is doing, and the way the government reports it to parliament. I suggest there are still those in Canada proud of the national airline. Do not forget, Mr. Speaker, many of those people who are proud of Air Canada are proud of it for the simple reason that it is Air Canada. They are proud of its record. They are proud of it because it flies from community to community and carries our flag to other countries around the world. It is not because Canadian people travel via Air Canada. When we provide air travel, we provide it for a very limited number of people in this country. There are people who travel on an air carrier almost every day of their work week, but most people save up all year, take one trip to go on a holiday somewhere, which is usually outside of the country, and that is the only occasion when they fly.

The average Canadian does not travel by air. It is too expensive, and his time is not that valuable. He can afford to drive, to ride a bus or take the train. Therefore we always have to keep in mind that we are providing this type of service, which is very necessary for the economy of the nation. It is very necessary transportation for the business of the communities and it is very important for those who have to get from one point to another over a great distance in a short period of time. We are certainly not suggesting it is not important. We should keep in mind it is important, but that it applies to a very small percentage of our population.

In closing, looking at any record of Air Canada and comparing it with American records, Air Canada does not fare too badly. It is interesting to note the traffic growth in the United States. For instance the revenue per passenger mile for airlines increased 9.9 per cent and freight ton miles increased 6.5 per cent. The industry was more productive by increasing its load factor from 53.7 per cent to 55.4 per cent. However, this falls far short of Air Canada's 61 per cent load factor. Traffic growth in Canada was much slower because of the size of our population and the distance between major cities. Between 1975 and 1976 Air Canada increased its revenue passenger miles by 6 per cent, while Canadian Pacific, that great free enterprise, decreased its revenue passenger miles by 1 per cent. Thus, Air Canada is not doing so bad, and it is serving the Canadian public.

● (1622)

The government should make up its mind on what is going to be done with regional carriers and Canadian Pacific. Is Canadian Pacific to the Liberal party what it was to the Conservative party? Is it their little darling? Does it have to be protected? Does it have to be given all kinds of advantages? The former minister of transport, Mr. Marchand, indicated that it is the over-all transportation facility for Canadians.

[Mr. Peters.]

Will the government look at it in the same way? If Canadian Pacific is to have this great advantage, then we should know about it. It should be put into a position which is not competitive, because it is not competitive compared to Air Canada.

Something should be done about regional carriers. They should be allowed free access to the market, wherever it may be, within their regions. They should be allowed to compete on the national runs, as Canadian Pacific does. The routes should be formalized. We should take the bull by the horns in terms of travel in Canada, which has been mentioned by other hon. members.

When one can travel to the Caribbean and Mexico and pay less than $400 for a hotel room for a week, and in some cases for two weeks, and when it costs $400 for a person to fly from Ottawa to Vancouver, then surely there is something wrong with the suggestion that a service is being provided to Canadians. If those arrangements are available outside Canada, surely they can be arranged inside Canada.

I do not think the government believes in national unity. It believes in keeping Quebec in the Liberal party. It would be nice for the people of the maritimes to be able to travel to Vancouver for less than $500, and vice versa. Canadians should be given a break when travelling across this country. I have been on planes travelling across Canada which have been slightly over half full. Surely a break could be given to people in order for them to see Canada, especially if they cannot travel otherwise, even if it requires staying in hotels over night on a standby basis to allow normal revenue passengers to take their flights. If we do not intend to do that, then we are only paying lip service to national unity.

My friends across Canada who work in factories, mines, and forests receive only two weeks for their holidays. In order for them to drive to British Columbia and back, they require ten days. Thus, they are left with four days to visit the provinces which they pass through. The only way they can see Canada, which would provide them with a better understanding of the problems facing the country, would be a lesser air fare. The Senate amendments may make it possible for the government to do this, but I have seen little indication on the part of the government that it wants to serve such a role. Rather, it seems the government wants to serve the conservative role, which seems to be a competitive enterprise system for CP Air and very little for the national flight carrier, Air Canada.

Some hon. Members: Hear, hear!

Hon. Herb Gray (Windsor West): Mr. Speaker, the amendments we are studying today include among them an amendment to clause 6.(1)(g) of the bill, which would give Air Canada the authority to "acquire and hold shares or debt obligations of any other body corporate carrying on activities similar or incidental to those of the corporation and sell or otherwise deal with such shares or debt obligations."

Another amendment we are considering is with respect to clause 6.(2) of the bill which reads as follows:

The governor in council may, by order, authorize the corporation to engage in or carry on any activities not otherwise authorized by this act.

There could be concern about the authority to be given directly to the corporation to acquire control of other airline operations, particularly when one takes a preliminary look at the intended takeover by Air Canada of Nordair. Also one can wonder about the implications of the authority which the original bill intended to give to the governor in council. If the amendment from the other place is not accepted, it should be clarified whether this authority would prevail over the regulatory authority of the Canadian Transport Commission.

I am raising this matter at this time in connection with the proposed acquisition of majority control of Nordair by Air Canada. Because of my concerns about this, I have asked the Canadian Transport Commission to make certain, in considering whether to approve the Air Canada takeover of Nordair, that this takeover will not result in any lessening of the service now being provided to Windsor, Hamilton, Ottawa, Montreal and other communities on the present Nordair route by either Nordair or Air Canada. Also I have asked the director of the combines branch of the Department of Consumer and Corporate Affairs to use the authority given him by amendments to the Combines Act, which have been in force since 1976, to consider and make representations to the Canadian Transport Commission about the implications for competition in Canada if permission was granted for Air Canada to take over Nordair.

Air Canada and Nordair are the only airlines providing scheduled service to Windsor, Ontario. Nordair is the only airline directly providing scheduled service to Hamilton, Ontario, although I understand Air Canada advertises its service to Malton airport as serving "Toronto-Hamilton". I am sure the people of Hamilton would agree that such service is not the same as serving Hamilton directly via Mount Hope airport as Nordair does.

The existence of the scheduled service by Nordair to Windsor, Hamilton, Ottawa, Montreal, and so on, during the past few years has provided useful competition to Air Canada. It has provided needed additional flights at convenient times to these communities which were not available until Nordair began its scheduled service to them. Also Nordair has been offering special fares for weekends, for senior citizens and young people, which I understand are less costly than equivalent fares offered by Air Canada. It would not be in the best interests of the communities presently served by Nordair if the takeover by Air Canada brings about any decrease in the services presently offered to them by either or both Nordair and Air Canada.

At about the time of the announcement of the offer of Air Canada to acquire the majority control of Nordair press reports suggested that Air Canada was interested in buying Nordair because of the successful business it has built up in charter flights to foreign destinations. The primary objective of Air Canada should be to improve its service offered within Canada and to make it less costly than at present. Air Canada should strive to change the present situation where it is often cheaper for Canadians to fly outside Canada, even on Canadian airlines, than it is to fly to points within Canada. It would not be in the public interest if Air Canada attempted to increase its charter business to foreign points by used Nordair planes which are presently serving scheduled routes within Canada.

● (1632)

The press reports at the time of the announcement of the intended takeover of Nordair by Air Canada did not indicate in any way that such a step would be necessary in order to keep Nordair operating since it has been reported to have been financially successful in recent years. That is why, as I have said, I have raised this matter with the Canadian Transport Commission and also with the director of the combines branch of the Department of Consumer and Corporate Affairs. As a result, I have been informed very recently by Robert J. Bertrand, director of the combines branch, that he is presently examining the proposed acquisition in light of the provisions of the Combines Investigation Act and those of the National Transportation Act. He went on to inform me that his examination is to determine the extent to which competition will be lessened in the provision of air transportation in Canada, and the effect such a transaction will have on competition in other allied service industries.

I hope that the director of the combines branch will soon complete his preliminary examination and confirm that he will use the authority he now has to raise before the Transport Commission the implications for competition in the air line and related industries if the proposed takeover of Nordair by Air Canada is allowed to go through. I am pleased to have his confirmation that, as a result of my bringing the matter to his attention, he has begun reviewing this transaction for that purpose.

A basis for concern about the effects on competition of the takeover if it were allowed to go through is provided by what is said in a letter which Gerry O'Rourke, assistant manager of Arrow Travel Agency Ltd., sent to Mrs. P. Delbridge of the Consumers' Association of Canada. I refer particularly to the following statement, assuming it contains correct information, in the second paragraph of Mrs. O'Rourke's letter, which reads:

Nordair was also contacted for a price which, at the moment, they have to decline quoting until Air Canada either cannot fulfil your request or for some other reason are unable to accept your booking. Once Air Canada has refused, then Nordair will be pleased to give a price.

Mrs. O'Rourke's letter is dated January 18. It is my understanding that the acquisition of a controlling interest in Nordair by Air Canada subject to CTC approval was announced some nine days earlier.

It might be that the Nordair position referred to in Mrs. O'Rourke's letter is consistent with existing regulations, but if this is so, these regulations would seem to be anticompetitive in their impact, and this is a matter which should be considered by the Transport Commission and which should be raised before it by the director of the combines branch.

As a result of my expressing my concerns in a preliminary way to the president of the Canadian Transport Commission about the proposed takeover the president, the Hon. E. J. Benson, replied to me that he has forwarded a copy of my letter to the chairman of the Air Transport Committee. He went on to say, in effect, that he assumed I wanted to oppose the acquisition and my letter dated January 9 could therefore be accepted as a letter of opposition as contemplated by section 27 of the act, if this were my wish and intention. I want to inform the House that as a result, I wrote formally to the president of the CTC saying that I wanted to confirm that my letter to him of January 9 should constitute a formal objection to the proposed acquisition. Also in my letter, I requested that the proposed acquisition be the subject of public hearings by the Air Transport Committee of the CTC.

It is interesting to note that it is not obligatory for this type of transaction to be the subject of public hearings, as I think should be the case, but I hope that the Air Transport Committee will accede to my request and that the matter of the approval of the takeover will be the subject of public hearings so that community bodies in Hamilton, Windsor and elsewhere will have a chance to state their views, but I know that they have concerns similar to mine which they have already expressed in local communities.

It is my intention as well to pursue these concerns, but I wanted to raise this matter at this time to indicate how the broad authority which it is intended this bill should give to Air Canada, and which in some ways it already has, could possibly be exercised in a way which is contrary to the best interests of the communities served by both Air Canada and Nordair, a consequence which could have anti-competitive effects. This should be very important to Canada at this time when we want to stimulate competition in all industries in order to bring about the pressures of competition for the well-being of all Canadians.

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, early last October when this Air Canada reorganization bill was before us in the House I made a few brief remarks—I believe it was last November 1—about some very specific aspects of the bill. They dealt with only three items, two of them dealing with the Air Canada freight policy for livestock and a third one dealing with Air Canada's policy of buying off-shore beef, principally from Australia and New Zealand, for their passenger service meals, when we in Canada, through our own Canadian cattle industry, can supply the best beef in the world.

The first two aspects on which I touched were the air freight policy of Air Canada with respect to freighting live cattle and the insistence of Air Canada on the first right of refusal on all bids for air freighting of cattle out of Canada. I do not propose to repeat my earlier remarks on these specific issues, but I know of some new developments since that earlier debate which I would like to touch upon. They do not relate to the same aspects and I want to suggest that this information has come to me principally as a result of being in close co-operation with the only two truly Canadian forwarders of livestock, and particularly cattle, in Canada. One of them is World Wide Forwarders based in Farnham, Quebec. They have been the leading forwarders not only in Canada but in North America for a number of years. The other one is a new organization known as Alberta-Canada All Breeds Association, which has recently become active and which operates out of Calgary.

Last December 20, just before we recessed, as a result, I am sure, of my earlier remarks and which were quite specific about Air Canada's air freight policy for livestock, I was supplied with a brief directive from Air Canada with limited information. I want to quote from that information. It is in the form of a very brief message and it is dated December 20. It reads:

> Air Canada has a fleet of six DC-8 freighters, all of which may be used for cattle charters. On the average, the air line operates some 50 such charters each year and works with CIDA in the export of Canadian livestock.
>
> For more than two years the air line has used the more efficient and humane loading equipment which permits cattle to be "walked" on to the aircraft.
>
> A number of continuing improvements have been effected over the years as a result of regular meeting with owner and forwarder representative associations.

● (1642)

> Air Canada's pricing structure for these charters is competitive with other operators.

A postscript at the bottom of that information sheet says the following:

> PWA has not been in the cattle charter business for some time due to a reported heavy loss in this market. Also, the normal advance application to the CTC for operation of a cattle charter is 30 days.

That reference to Pacific Western's experience in hauling live cattle with specially equipped aircraft, which that company had at one time, relates to some of my earlier remarks. It is true that that particular service is no longer operating, because evidently PWA chose to get into passenger service with that particular aircraft. That was PWA's decision, but in the short interval PWA was operating that service PWA demonstrated how to load live cattle on to an aircraft and move them very efficiently. PWA developed the best possible system, and that system is still used by some carriers. It is truly a walk-on system whereby the cattle walk off a cattle liner, up the appropriate chute and right into the aircraft where there are appropriate cross pens in which to contain them.

I want to make some remarks about the message I received. I am sure the information statement was prepared in answer to those earlier remarks of mine. As a result of information I received from World Wide Forwarders operating out of Quebec, it is my understanding that representatives of Air Canada say they are using a walk-on system at Mirabel, but I have gone to some trouble to learn that the situation is simply that they still use a crate system, at least for lighter cattle. I have not been able to find out what they do for heavier cattle, but they insist on a crating system whereby the cattle are loaded into temporary, flimsy crates. They are lifted by forklift high enough to be pushed into the fuselage of the aircraft on a dolly system. After they are inside, they are released, and they walk into the various compartments. That is what Air Canada

calls a walk-on system, which is a less than adequate explanation.

As I explained, a true walk-on system is much more efficient. By having the cattle walk off a cattle liner, through an appropriate chute and up into the aircraft it is possible to load a large aircraft in perhaps no more than an hour, or an hour and ten minutes at the most. One can appreciate the extra cost involved in holding up a large aircraft which sometimes requires up to five or six hours to load using the much less efficient system of using crates and forklifts. I was informed that the only time Air Canada used a true walk-on system was when there were snowplowing problems at Mirabel. Arrangements were made to load an aircraft at Dorval. The other system was used, and the operation was much more efficient.

I would like to comment on the statement that Air Canada's pricing structure for these charters is competitive with other operations. I suggest most sincerely that Air Canada is not competitive, especially with regard to large cattle. The experience of the Alberta-Canada All Breeds Association operating out of the Calgary airport is that the bids for proposed contracts for flights out of the Calgary airport by Air Canada were one third higher than those coming from United States carriers for the same job.

These bids were based on Air Canada's using a standard DC-8 with a capacity of 65,000 pounds. I want to report that Air Canada did move about 11 loads with this type of equipment during the month of December out of the Toronto airport. These were mostly lighter weight dairy cattle that were going to the Mediterranean. The reason Air Canada is not competitive with foreign carriers is that while Air Canada's cost per pound may be competitive with other carriers, its cost per head is far from competitive. I suppose the principal reason is that Air Canada's competitors are using larger aircraft which are able to take bigger pay loads. The cost per head can be reduced significantly by using that approach.

However, much more important than being competitive, Air Canada continues to insist on its right of first refusal on all proposed contracts for airlifting of Canadian cattle out of Canadian airports. The only comment which I think is appropriate is that surely this is a dog-in-the-manger attitude which does not help two air forwarders, or more for that matter, who may wish to organize in Canada and to get into what appears to be the very good business of exporting Canada's excellent breeding cattle to a world-wide market.

I suggest that there are some very direct consequences of this right of first refusal upon which Air Canada insists. This information again comes from these two forwarders. World Wide Forwarders is one of the largest and most progressive forwarders in North America, and perhaps in the world. As a result of this policy World Wide has had to acquire its own aircraft. It cannot use its own aircraft out of Canadian airports for the reasons I have cited, so World Wide trucks Canadian cattle it acquires for offshore customers to the United States and then uses its own aircraft and quite a number of other foreign aircraft to complete the job and to forward to customers abroad.

The Alberta-Canada All Breeds Association which operates out of Calgary is presently trucking its cattle from various locations in Alberta, and perhaps from other parts of Western Canada, to Montana. Most of the shipments go to Great Falls, Montana, where they are loaded onto foreign carriers. This group has a contract for about one airload per week for a full year, and possibly considerably more at the completion of that undertaking. All of these types of contracts for airlifting cattle are for foreign customers, and all of them are across at least one ocean. The only practical way to move the cattle is by aircraft.

Both Canadian forwarders are mindful of some of Air Canada's special problems which have developed as a result of limited experience. One of them is a problem regarding ventilation of aircraft when flying livestock. Just shortly before Christmas about half a load—several hundred cattle—died as a result of poor ventilation on one of the trips about which I have been speaking. I suggest that that was the result of lack of experience. It is a poor way to build confidence and to attract Canadian customers. Air Canada has limited experience and not much desire to get into the air freighting of livestock.

● (1652)

Both these truly Canadian forwarders are knowledgeable about the worldwide popularity of and demand for our dairy and beef cattle, and are trying to fit that into their business of forwarding breeding cattle to customers all over the world. This country has built a good reputation for both breeding and dairy cattle over the years, in part because of the high standards imposed by the health of animals branch. Both these forwarders would like to see an air freight carrier—a Boeing 707 or similar wide-bodied aircraft—make weekly shipments of live cattle to Europe, North Africa and the Middle East. They have enough firm orders for several years, but in order to ship once a week out of Calgary, Edmonton and more often from Montreal, they would have to insist on a more efficient walk-on system than Air Canada uses at the present time. If Air Canada is not prepared to supply such a facility then I suggest that foreign carriers be allowed to offer it at Canadian airports.

I am sure the president of Air Canada, Mr. Claude Taylor, is well aware of these representations as he has received correspondence from both these forwarders and from other Canadian cattle organizations about the situation. His letters, which appear in the flight magazine *En Route*, indicate his interest in matters relating to the airline. He must be aware of the potential for Canada's balance of trade position through air freighting cattle, since every animal transported goes to an export market. This is a relatively new market which is waiting, even begging, for good Canadian cattle.

In the past few years our cattle industry has been depressed, but this new concept has helped attract foreign customers. The market is there, the price is right, and Air Canada has an obligation to help move the cattle. I suggest that a realistic air

freight policy could enhance our total balance of payments picture considerably.

I have no problem with the Senate amendments to this bill for the reorganization of Air Canada, Mr. Speaker. I think we will have a better organized and better administered national airline as a result of them. I wish to commend the Senate for becoming involved and bringing something of this nature to this House for ratification, and I fully support the bill.

Some hon. Members: Hear, hear!

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I wish to add to the comments of my colleagues on the bill respecting the reorganization of Air Canada. The hon. member for Medicine Hat (Mr. Hargrave) brought up an excellent point. Farm income in western Canada has decreased rapidly over the last three years. Many farmers and ranchers have spent years acquiring expertise in the breeding of cattle, hogs, and other livestock, and it seems unfair that we cannot provide the kind of aircraft necessary for this livestock to be exported. This is a business which would help increase prairie farm income.

It is ironic that, as we debate the Senate amendments to the bill to reorganize Air Canada, the government has just approved a new budget for the airlines. The press release I have here indicates that Air Canada's 1978 capital budget for the purchase of new aircraft will be in the neighbourhood of $68.5 million. The capitalization of the airline is not very high and that is why we are now considering amendments to the act—to enable Air Canada to be free of the hold of the CNR and go forward as a Crown corporation. The financial reorganization bill before us reduces Air Canada's debt to equity ratio from the current 95 to 5 to 60 to 40, which is a more traditional situation for North American air carriers. The equity will increase from the current $5 million now held by CNR to $340 million, all held by the Crown corporation, Air Canada.

Some of the amendments proposed and argued by hon. members in the other place were debated very effectively on this side of the House before the bill went to the other place. In particular I should like to refer to the deletion of clause 6(2) which reads as follows:

The Governor in Council may, by order, authorize the Corporation to engage in or carry on any activities not otherwise authorized by this Act.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Simcoe North (Mr. Rynard)—Health—Alleged danger to infants from chemicals carried by nursing mothers—Request for study; the hon. member for Madawaska-Victoria (Mr. Corbin)—Official Languages—Reported refusal of Ontario to give official status to French language; the hon. member for Victoria (Mr. McKinnon)—External Affairs—Prime Minister's knowledge that Soviet satellite contained nuclear package.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Ethier): It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills and notices of motions.

Order No. 2; the hon. member for Matane (Mr. De Bané). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 4; the hon. member for Egmont (Mr. MacDonald). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 8; the hon. member for Assiniboia (Mr. Goodale). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 9; the hon. member for Hull (Mr. Isabelle). Stand by unanimous consent?

Some hon. Members: Agreed.

● (1702)

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a point of order. To save Your Honour reading 15 or 20 orders, I believe there is an understanding that we proceed to No. 29.

The Acting Speaker (Mr. Ethier): Is it agreed that all orders prior to No. 29 shall stand by unanimous consent?

Some hon. Members: Agreed.

* * *

ENVIRONMENTAL IMPACT ASSESSMENT ACT

MEASURE TO PROTECT ENVIRONMENT

Mr. Bob Wenman (Fraser Valley West) moved that Bill C-229, to protect the Canadian environment by instituting mandatory impact assessment procedures prior to the con-

struction of installations potentially damaging to the environment, be read the second time and referred to the Standing Committee on Fisheries and Forestry.

He said: Mr. Speaker, in an age of supposed rational enlightenment, it is unfortunate that our society still seems able to respond only to crisis demand situations. Yet how many in this room today can remember having heard the word pollution more than 15 years ago, let alone having been actively involved in the alarm that was raised in our society at that time?

I recall being elected to the British Columbia legislature in 1966 without the issue ever being raised in the campaign, let alone on the floor of the House by either the government or the opposition in the ensuing year. However, by 1968-69 the small vocal group of seemingly radical doomsday soothsayers had grown into a large public outcry, leading to public and political pressure and the subsequent beginnings of the legislative process.

By the early seventies a considerable and credible body of scientific and professional environmentalists emerged and gained credibility as well as bureaucratic positioning within governments. Within a decade, society had moved from the more negative expressionism of pollution and severe attack on the great villains, government and industry, and evolved into the more moderate expressions of the word environment and broadening the general perspective, to recognizing that all human activity encroaches on the natural environment, to a recognition of the limits of growth, and to a condemnation of the developed world by the developing nations for its gluttonous consumption, and finally to the concept of a conservation ethic and awareness that big is bad and that we need a reassessment of our entire value system and life style.

Often a recurring trend in film art provides us with a mirror of our current cultural or ethical values. I saw a movie a short time ago that reflected and simplified one such current value. The movie was called "Oh God". The story centred around a young man working in a grocery store who claimed to have heard and seen God, who had asked him to bring the message of the hour to man from God, the basic message being God gave us the world for us to live in and He provided all that we need; all we had to do was make it work. The choice is ours individually and if we so choose it will work well for us, but if we choose to destroy His creations the inevitable doomsday would be upon us. A movie such as this in both form and substance would have been laughed at and mocked out of existence less than a decade ago among the symbols of "Easy Rider" and "Clockwork Orange".

Today, whether it is "Rocky" or "Star Wars" or "Oh God", people are reaching out to the message of that movie because a new generation has been born, educated, and has accepted a new or renewed ethic of conservation. The ethic of pessimism, wanton desecration, and fantasy has passed and a new generation has emerged speaking, believing, and feeling the need to balance and harmonize productivity and consumption with conservation and replenishment.

This House and this government, as well as the next House and the next government, may well not recognize that before us is in fact an extension of those new or renewed basic values or ethics. Before the next decade has passed this and other legislation based upon these ethics or values will be in place. Consequently any delaying tactics to prevent its passage or broaden its discussion will only be temporary because this piece of legislation in its principles is in tune with its time, it is right morally, and ethically right according to the values of the next generation, if not this generation.

This current generation of legislators has responded to the call of a few radicals and visionaries in an effort to pacify rather than to create from an inner environmental value and conviction, and for this reason, under the pressure of energy demands, unemployment and inflation, the environmental cause may be unfortunately forced to rest a while, but be assured this force will come again with a new inner conviction.

I urge Canadians listening today to give this legislation a chance. Listen to this legislation. Open it for further discussion in order that these basic principles will be recognized by legislators tomorrow as they are being recognized by the legislators today.

We have in the last decade advanced rapidly and progressively. Through this period of rapid growth of environmental technology standards and legislation, while some programs have applied technology successfully, it is time to assess our future direction in restoring and maintaining a harmonious environment.

On the negative side, environmental concerns have been paralleled by decreasing productivity and deterioration of the work ethic. Energy and inflation crises have successfully challenged environmental priorities. The individual has no status in law to come into court and challenge a project unless it is going to damage his own person or his own property. Most legislation created by governments tends to be after-the-fact legislation, and at the federal level the Fisheries Act still remains the only effective veto relative to developmental projects.

On the more positive side, environmental concerns are firmly entrenched in both the public and the private sector, and while legislation remains largely toothless, it does enunciate wordy principles and has resulted in a firmly entrenched professional bureaucracy.

How many times does one hear citizens declaring that it is useless to protest or to take action because the government or other institutions will not listen; an indication of apathy? Toffler's book "Future Shock" supports the theory that the individual whose role in society has become increasingly insignificant, whose sphere of personal action has been reduced, perceives most of social reality as being beyond personal control.

Decentralization of organization must take place. There must emerge a form of redistribution of power to individuals and communities. Today most things are done through organizations, but human beings are in these organizations. They

can, and they must insist that organizations are meant to serve men, not men to serve organizations.

To ensure that there is active public participation, one is in need of two elements. There must exist a legal basis for participation and there must be mechanisms for public involvement. If one studies the various pieces of federal environmental legislation in Canada, such as the federal government's Clean Air Act, and Water Act, one realizes that citizens are not guaranteed the right to participate in public and private decisions concerning resource development and management. The Canadian legal system does not guarantee or even promise those rights.

● (1712)

The convening of public hearings, such as the Berger Commission, is a discretionary power given to an official, not a requirement. Only the federal government's Northern Inland Waters Act manifests any commitment to participation by the public in making of environmental management decisions.

Section 26 of the Canada Water Act (1970) states that the minister may establish advisory committees if he considers them desirable. He may appoint to these committees such persons as he desires, and he is under no obligation to be in any way influenced by the advice given to him by the committees. The Clean Air Act does not contemplate any compulsory citizen participation in the making of any environmental quality decisions. There is a provision in the National Energy Board Act for the holding of public hearings, but the statute does not define what procedure is to be followed. The Board may determine its own procedure.

After the release of the Environment Canada report on ecological consequences of the James Bay hydro dam system, the federal government publicized a new administrative program called EARP. The Minister of the Environment, at his discretion, could call for an environmental impact assessment prior to the construction of a federal project. This policy mechanism is a false front. The government can talk about its commitment to the protection of the environment. However, it never has to put that commitment to work.

If a political party holds a majority, a minister is not bound to act on regulations which do not have the clout of statute. As usual, it is the individual without political or economic power who loses. My bill would bring the decision-making process out of the smoke-filled back rooms and into the open. The individual citizen's rights would be guaranteed.

The ineffectiveness of the existing regulations is compounded by what governments have chosen to leave out. They ask only for a narrowly defined environmental study, whereas in my bill the environment includes the human population. Another problem of definition exists because the term "projects" is used in the regulations. Undertakings other than projects, such as policies or legislative proposals, are therefore not included, and when a policy proposal has achieved the "project" stage it means the cabinet has already given the green light, so the assessment procedure becomes an exercise or a detailing of consequences. Not only that, it is a gross waste of public money and constitutes an added cost which should never be incurred. Environmental assessments which are not carried out before decisions are made are, in effect, valueless, nothing but sand in the gears.

[Mr. Wenman.]

Of graver concern is the complete lack of an opportunity for the public to contribute to the decision-making process. The minister may sit in his office, read the proponent's report, approve it, and the next minute the concrete starts to flow.

There is a substantial discretionary power in the hands of the proponent of a project. A federal agency or department, or a private company operating on a federal grant, has the discretion itself to decide that its proposal will have practically no environmental impact. If the proponent makes that decision, and if it sticks, he can go ahead without being subject to the impact assessment procedures. Again, if he can satisfy the screening committee that the environmental impact will only be minor, he can also go ahead without assessment. And even if the assessment procedure applies, it is the proponent, not the department, not an outside agency, which prepares the initial assessment. The environmental assessment panel sets down guidelines, but the proponent himself determines how those guidelines apply to the initial assessment.

The "front program" which the government has supposedly adopted and which will supposedly assure that no program will go ahead in the absence of an environmental assessment, has now proven to be ineffective. The fact is that such projects do go ahead without assessment. This is made possible because of the discretionary powers left with ministers. Each year more than 1,000 projects are screened for potential adverse environmental effects. Time has shown that on the average only five per year are deemed to have significant environmental effects, qualifying them for an initial study.

The powers of the assessment panel are limited. For one thing, it has the capacity only to review impact assessments prepared by the proponent. Then, if it does find fault, it has only the power to advise, and it can be ignored or overruled by the minister or by the cabinet.

In the case of multi-phase projects, it appears to be the practice of the Department of the Environment to conduct environmental impact assessments one stage at a time. In practice this means that if the first phase of a multi-phase project can be cleared environmentally the whole thing will go ahead, because a proponent will argue that so much has been invested in the development of the first stage that the investment commitment should outweigh any adverse environmental factors which appear later on. That seems to be the approach the Department of the Environment is taking to projects at both Wreck Cove in Nova Scotia, and in northwestern British Columbia, in the minister's own riding.

Bill C-229 would ensure that undertakings in which the federal government has any type of interest are planned with due consideration for the environment. My bill has several key provisions which fill gaps in existing federal environmental legislation and administrative processes. They are as follows:

1. Any undertaking by the Government of Canada, or under its legislative authority or funded by it in any manner, must submit an impact assessment to the Minister of the Environment. This is not spelled out clearly in existing legislation.

2. All persons should have access to the impact assessment. At the present time information is withheld, or can be withheld; the public is not allowed access to scientific information connected with impact assessment.

3. A public hearing at which any person may participate must be held before the minister makes a decision. At the present time there is no provision that any such hearing must take place. Decisions can be made and projects completed in the absence of any public participation or any public hearing.

4. Funds provided by the proponent should be made available at the minister's discretion to responsible participants acting in the public interest. This would assist in ensuring full, intelligent, and competent discussion. As things are, many people are in a position to see that something is being done which is wrong. They feel it is wrong, but they lack the confidence or the information which would enable them to prove their case. Information should be provided by the government or by the proponents of the plan to be used by those who contend that the project should not proceed and need this information to prove their point.

I am concerned that environmental legislation is presently being used only as "sand-in-the-gears" whose result is to slow projects down or to make them more expensive. Very often responsibility for taking environmental decisions is passed from one minister to another, and in the end nobody makes a decision. As I say, it is merely sand in the gears. That is not the case with my bill; the minister could make such a provision. Provision is also made for class actions. Any person could appeal the minister's decision in court.

● (1722)

The concept behind environmental impact assessment is rooted in the moral obligation to accept the interdependence of the earth's ecosystem, and act accordingly. Man must junk his faith in his own dominance to the trash can of narrowly conceived ideas. Everything and anything can only take so much kicking around. The vulnerability of man stems from his pressure upon and manipulation of the environment. Technology will not be able to fabricate substitutes which yield the same satisfaction for natural habitat resources which man has exploited to the point of non-productibility or irreversibility.

If we examine our material progress to date, the inescapable fact is that the largest part has come from the conversion of our natural resources into—

The Acting Speaker (Mr. Ethier): Order, please. I have to interrupt the hon. gentleman but his allotted time has expired. Nevertheless he may continue if there is unanimous consent.

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): The hon. member for Fraser Valley West.

Mr. Wenman: Thank you, Mr. Speaker. What then could be more logical than a legislative mechanism which helps to safeguard the rights of individuals who derive some form of wealth from the services of our natural resources?

In the recently introduced nuclear control bill provision is made for public hearings—a reaction to public protestations of nuclear facilities being put up in their backyard without public debate. Not very much is spelled out in the legislation as to how public hearings are to be conducted, but at least there is provision for them. At least there is some minor sign that the government remains open, although largely ignorant of the real requirements of an environmental impact assessment.

There is some minimal amount of radiation associated with a uranium mine, nuclear reactor, or a coal-fired electrical generation plant. Apparently the number of premature deaths caused by the entire coal fuel cycle is much higher than that considered as possible for a uranium fuel cycle.

If the federal government decides to help develop coal generated electricity, are those people potentially affected by, say, coal ash, to be treated in a different manner than those potential victims of the uranium fuel cycle's radiation? I think not. Both groups should have the opportunity to participate in a public hearing, a right my legislation would give them.

Public hearings are not perfect policy-making devices, and we all know that because we have attended or participated in them many times as politicians. What results from a public hearing is a variety of different, often self-interested views, some facts about and perhaps some novel untested solutions to a problem. But public hearings do perform several useful functions; gathering information, increasing public participation and acceptability of decisions, and assisting decision-makers, the minister and his civil servants, to choose from different alternatives that may be put forward.

Why is the government so afraid of information? Why is it so afraid of facts? If that is all this legislation does, it could produce information to improve a decision and to make sure a decision is morally right.

Legislation of the sort I have proposed requires comprehensive freedom of information laws. Without access to government research documents, the public's hands are tied. An excellent example is the attempt, which I brought up recently in the national resources standing committee, of citizens trying to prepare good briefs respecting the nuclear waste issue without access to many government documents which are now classified confidential. These 30 environmental groups from across Canada were notified only two weeks ahead that they could appear and present a brief before the committee. They are told that they cannot have the information that is available to the committee, the same scientific government information—"make your brief but get your own material." Why, if this is public information, is it not available to all the people making objections? It seems almost ridiculous to believe that government in this day and age would withhold such information.

I do not want this legislation to be used to stall worthy projects solely because some minuscule faction deems it unworthy. In Bill C-229 I have tried to ensure that an efficient and fair examination be given to all federal government undertakings which have been deemed to affect the environment in some manner. I am more than willing to listen to any group or individual who has ideas on how to speed up the process while still attaining the legislation's objectives.

Bill C-229 would not bloat the bureaucracy, because the civil servants who administer the existing environmental assessment review would instead carry out the provisions of my bill. Several provinces, Australia, many United States states, and the U.S. federal government have legislation that requires government departments within their jurisdiction to go through some sort of environmental assessment review process. I have taken the best from their legislation, discarded the worst, and added some of my own ideas. I believe strongly that if not the bill then the subject matter should be passed on to the committee stage.

I have dozens of letters of support for my bill. Many groups, ranging from oil companies to environmental organizations, want to appear before the standing committee to discuss environmental impact assessments. They want to appear because this subject is timely. Has this government its ear to hear? The government would have a chance to defend its new EARP program and to find out if it is lacking, where it might act and where it might change. I think it would be an objective kind of committee, that it would be open to new ideas, to the flow of new information. The government has nothing to fear, it has only to gain and to learn.

If at least the subject matter of Bill C-229 were sent to committee, we could get going on this issue now and not before it is too late.

Courage is often associated with standing firm against opposition. Such courage is as important today as ever. But perhaps more important today is the courage to move, to innovate, to make decisions. In the emerging society of today, the decisions are becoming much more complex. Decisions call for inventiveness as well as firmness. Only by combining sensitivity to human needs with rigorous understanding of social processes can we make sound decisions. Decisions of the future must be worked out by men and women at their jobs in a world of specialized functions.

The major decisions of our time concern far-ranging issues of the use of power, the relation of men to machines, the relation of men to environment, the establishing of freedom in an increasingly organized world. These decisions must be made by men such as ourselves, gathered here today, men who exercise power and live day in and day out in the midst of their responsibilities.

We need criticism and help from those who see issues from varied perspectives. We need the advice of scientists. But, most important of all we need the wisdom and the participation of people as well as the insight of specialists. All people share the risks of our decisions and all people have a right to participate in the shaping of those decisions.

[Mr. Wenman.]

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, protection of the Canadian environment is an issue that concerns all Canadians, and I welcome the hon. member's proposal as another expression of that concern. As you know, the government has already taken positive steps to meet this issue through the formation of the Department of the Environment, and the establishment of an environmental assessment and review process through a cabinet decision in December, 1973.

The process covers activities and projects initiated by federal departments and agencies and those involving federal funds or property. Federal departments must examine their planned proposals and refer those with potentially significant environmental effects to the environmental assessment panel in the Department of the Environment for review. The panel sets guidelines for the preparation of an environmental impact statement by the project proponent, and releases this statement for public evaluation. After reviewing the environmental impact statement and obtaining the views of the public through hearings, the panel recommends appropriate action to the Minister of the Environment (Mr. LeBlanc) based on the environmental consequences involved. The decision to implement the panel's recommendations is made by the Minister of the Environment and his colleagues whose departments are initiating or sponsoring the proposals.

There are now 21 such projects under review, and these include the gas pipeline from the Arctic to southern Canada proposed by Polar Gas, the extension to the Vancouver International Airport by the Department of Transport, and the development of uranium refineries in Saskatchewan and Ontario by Eldorado Nuclear Limited. We can all appreciate the complexities involved in projects of this size and nature, as well as the length of time required to produce a meaningful environmental assessment.

● (1732)

Our present assessment process is a very flexible instrument which can be adjusted easily to accommodated required changes. Based on present experience with the assessment process, changes are being considered now which will broaden the capabilities of the environmental assessment panel to review projects that are referred by federal departments and agencies. We plan to keep the assessment process under continuing review to determine further adjustments or changes which may be needed to make it as effective as possible.

Unfortunately, Bill C-229 does not improve the government's ability to assess the environmental consequences of projects for which it is responsible. The bill proposes to give federal courts an appellate decision-making power on the merits of a proposed action. In this connection, I should like to refer to the following provisions which relate to environmental assessment decisions made by the Minister of Fisheries and the Environment (Mr. LeBlanc). Clause 19 of the bill reads as follows:

> Any person may, within 10 days of the minister's decision, apply to the Federal Court for a review of that decision.

Clause 20 of the bill reads as follows:

The Federal Court shall determine the matter *de novo*, and may examine the environmental impact assessment, the review, any submission made to the minister and such further material as is necessary in the opinion of the court to reach a decision.

Clause 22. (1) reads as follows:

The Federal Court shall determine the matters in question within a reasonable period of time after final day of the hearing.

Traditionally our courts have intervened to set aside administrative decision where the procedure required by law has not been followed or where an administrative decision is shown, on the basis of the evidence adduced, to be plainly arbitrary or capricious. But it has never been the practice of our courts, nor do our judges have special competence, to substitute their value judgments for those of others. To require our courts to undertake such a responsibility would be inconsistent with our system of democratic government and would be an inappropriate use of the judiciary.

The author of Bill C-229 does not appear to have considered carefully how a federal environmental impact assessment act will fit with existing statutory responsibilities such as, for example, the responsibilities of certain regulatory bodies to take account of environmental concerns. Is it intended to repeal the statutory responsibility of the Yukon and Northwest Territories water boards which were established under the Northern Inland Waters Act? Those boards were established to provide, pursuant to section 9 of the act, the following:

—the conservation, development and utilization of the water resources of the Yukon Territory and the Northwest Territories in a manner that will provide the optimum benefit therefrom for all Canadians and for the residents of the Yukon Territory and the Northwest Territories in particular.

Is it intended to remove from the National Energy Board its perceived statutory responsibility under section 44 of the National Energy Board Act to take account of environmental concerns in deciding whether to issue a certificate of public convenience and necessity for the construction of interprovincial pipelines, which is a perceived statutory responsibility that has caused the board to require applicants for such certificate to undertake environmental impact assessments?

These examples illustrate the need to consider carefully how the requirements of a federal environmental impact assessment act should dovetail with existing statutory responsibilities, both federal and provincial, which require regulatory bodies to satisfy themselves regarding environmental matters. I am sure all hon. members would agree that needless duplication of time and money should be avoided.

Many of the provisions of Bill C-229 have been borrowed from existing legislation, such as the United States national environmental policy act and the environmental assessment act, 1975, of Ontario. These provisions were tossed into the pot, as it were, without due consideration having been given to the purpose and scheme of the acts from which they were borrowed. The decision-making power Bill C-299 would propose to give the Minister of Fisheries and the Environment has been evidently borrowed from the environmental assessment act, 1975, of Ontario. However, it should be noted that the word "undertaking" in the Ontario act is much narrower in scope than the scope given to the word in Bill C-229. The Ontario act defines "undertaking" as an "enterprise or activity." At present it applies only to enterprises, activities or projects by or on behalf of the government of Ontario, and by public bodies or municipalities. The proclamation of the Lieutenant Governor required by section 3(b) of the act, making the act applicable to any major commercial or business enterprise or activity designated by the regulations—for example, projects by the private sector—has not yet been made. For that matter, neither have the regulations.

● (1742)

The definition proposed in section 2(d) of Bill C-229 for environmental impact assessment is taken, with the substitution of the word "undertaking" for the word "action", from section 102(2)C of the United States national environmental policy act. However, this definition is preceded in the NEPA document by the following statement:

The Congress authorizes and directs that, to the fullest extent possible—

(2) all agencies of the federal government shall—

(c) include in every recommendation or report on proposals for legislation and other major federal actions significantly affecting the quality of the human environment a detailed statement by the responsible official—

As will be apparent when considered in context, the five point enumeration in NEPA is not intended to define what an environmental impact assessment statement should contain. The contents of any environmental impact statement ought to be based on what is being assessed and not on some abstract definition of what should be contained in the statement in which the assessment is written up. The United States council of environmental quality, CEQ, which was established by NEPA, has published extensive guidelines designed to assist federal agencies in preparing environmental impact statements. The latest was issued in 1975.

In conclusion, Bill C-229 will not produce an effective and efficient environmental assessment procedure. It does not improve in any way the government's existing capability in this area which is provided by the environmental assessment and review process.

[*Translation*]

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, I see that the opposition is very anxious about this bill and that it would like the House to proceed immediately to a vote. As chairman of the committee on fisheries and forestry, which has jurisdiction over environmental matters, I am surprised to see how anxious the hon. member for Fraser Valley West (Mr. Wenman) is for this bill to be put to a vote when—perhaps I should not say so here—sometimes we need several sittings of the committee to pass certain bills.

Mr. Speaker, first I would like to congratulate my colleague for Fraser Valley West because, as I have just said, he is a member of the Standing Committee on Fisheries and Forestry and is greatly concerned with the environment. It could perhaps be said that, as all members of the committee are aware, he shows a certain obstinacy about this problem which greatly

concerns him, as it concerns of course every member of the House and every Canadian. The environment in which we are all condemned to live on this earth—as I see the hon. member for Rimouski (Mr. Allard), I would even say in this valley of sorrows—the protection of this environment is a daily concern for all Canadians and especially the federal government, and Bill C-229 submitted for our consideration by the hon. member for Fraser Valley West expresses once again this concern, not only of the representatives of the people, but also of all Canadians.

Mr. Speaker, as you and all members of the House who insist on being kept well informed are aware, the present government has made positive efforts to meet the concerns of Canadians expressed by the hon. member for Fraser Valley West in Bill C-229, first by creating the Department of Environment, and they by establishing in December 1973 an environmental assessment and review process. I believe that the French word "environnemental" is rather modern and that it was not accepted before 1960. This word was not used at that time, but it is now accepted by the Académie canadienne-française and the Académie française.

From the very beginning, Environment Canada has endeavoured to measure the level of pollution caused by the federal government. It also assesses the projects in which it participates financially in one way or another so that these projects will comply with the guidelines aimed at eliminating or restricting contamination of the environment.

● (1752)

In 1972, the cabinet approved a recommendation from a ministerial committee to the effect that the environmental impact of any new project of the federal government should be scrutinized. It is precisely in light of that policy of the Canadian government that Friday last week I asked the right hon. Prime Minister (Mr. Trudeau) a question concerning an issue of considerable interest for us in Magdalen Islands, that is the possible effects of the development of salt deposits discovered there.

In fact, if the present government of the province of Quebec does not delay the project, the salt mine discovered in Magdalen Islands should become productive by the end of 1978. Being ever optimistic I would say to my friend the hon. member for Joliette (Mr. LaSalle) that to haul that salt away we shall necessarily have to build harbour facilities as those deposits are located on an island. The project of the provincial government involving the financial participation of the federal government implies the building of a deep water wharf on a site which fishermen and municipal authorities consider detrimental to fish and particularly lobster stocks.

As we know, lobster fishing is the main source of income for Magdalen Islands fishermen and residents. We should be very careful and study seriously the concerns expressed by fishermen. Since the federal government will contribute financially to the project it wonders if in view of that policy and that process it should not initiate an environmental study in this area. I am told that, according to provincial experts, there is no risk for lobster stocks but fishermen who are sceptical by nature do not readily believe this assertion of the so-called experts from the provincial environment department.

Pollution is not our only source of environmental concern, Mr. Speaker, although more importance seems to be given to air and water pollution. It is not the only sphere of federal action in this matter. There are a number of other factors which must be taken into consideration. Among other things, the damaging effect of physical obstacles on the water community and the migratory paths of various wildlife, as well as the irresponsible development of non renewable resources, including land.

Thus on December 20, 1973 a cabinet decision instituted the environmental assessment and review process so that, first, the environmental factor would be taken into consideration at the planning stage of new federal projects, programs or activities, all the while respecting provincial jurisdictions, and second, so as to submit all potentially hazardous projects to an environmental assessment prior to irrevocable commitments or decisions. Third, to take into account the results of such an assessment in the planning, decision making and implementation process.

I believe, Mr. Speaker, despite the importance of Bill C-229 introduced by the hon. member for Fraser Valley West (Mr. Wenman), that the steps taken so far by the government of Canada meet the concerns he expresses in his bill. Earlier he criticized the Clean Air Act and other statutes, saying they are not mandatory. But I am surprised to see that a Progressive Conservative like the hon. member for Fraser Valley West in particular should always want to impose some restriction such as that on the freedom of the people in Canada. I do not criticize his position on the protection of our environment but the way he wants to stop everything by mandatory and coercive measures, if I may put it that way. And that is characteristic of the hon. member for Fraser Valley West, as I said earlier. He will not let go. I indicated at the beginning of my remarks what his attitude was in this area at the meetings of the Committee on Fisheries and Forestry, which also includes environment. As my colleague the Parliamentary Secretary to the Minister of Fisheries and the Environment (Mr. Anderson) pointed out earlier in his enthusiasm to support the cause he has always felt strongly about, I believe this bill derives from certain pieces of legislation already in existence in Ontario and to the south but he arranged them to suit his purpose and I believe that is why we have here a provision that could run counter to certain customs in Canada.

Mr. Speaker, it is obvious that today everybody is concerned with the quality of life, and Canadian society, as all societies facing this problem, is wondering what decisions should be made. I think that survival is also included in quality of life, and I believe that people must have the means to survive and earn their living. For some fifteen years pollution and all those things resembling pollution have rightly been the subject of considerable concern. We keep hearing today about the environmental impact which might ensue from given projects

scheduled for certain areas in need of regional or industrial development.

What are governments doing about that problem? They are going to do what they have done till today and what the hon. member for Fraser Valley West suggests, but at what expense? At the expense of not only money but time and many speeches. During that time there are projects, for example in a non-polluted area such as ours—I am talking about the Gaspé area and a good part of the province of Quebec not located in the surroundings of Canada's metropolis—there are projects that could have been born in a very short delay but which are being postponed because of unnecessary complications imposed by certain statutes because of the effects on the environment.

Which is more important: to see to it that our citizens are fed or to set aside development projects which could help them feed themselves while bringing them the ideal quality of life environmentalists hope for? I can understand that the problem is a difficult one to solve for the governments, I understand its importance and I do not want to criticize those who—

Mr. Wenman: Refer it to the committee.

Mr. Béchard: I did not say a word when the hon. member for Fraser Valley West spoke, but I would like him to understand that I do not oppose what steps are taken to preserve the quality of life and increase it, if possible. But I do wonder about all that is being done at the present time, to obstruct, in some instances, projects that would allow a whole area to survive. Because of the problems and dangers the industry in question could lead to in 15, 20, 25 or 50 years hence, projects are dropped.

It may be that we have not done enough, that we did not utter that word "environment" early enough, that we did not concern ourselves with it. Neither our former governments nor the people have worried long enough about our environment. But one must also realize that Canada has not always been an industrialized country as it is today. Perhaps we did go through the transition between the society in which we lived before and the industrialized society we have today and which we have known now for a good many years without caring too much for the consequences and the impact that modern developments would have on the environment and the quality of our life.

At this stage, Mr. Speaker, I could perhaps elaborate even further but I want to pay tribute not only to the member but first of all to the present Canadian government and to the precedent it has set by the work it has accomplished in that direction. One will understand that it is very costly for an industrial to transform his plant overnight so that it may cease polluting or that it may lessen its pollution of the environment. In common language, we say that one must use his better judgment in certain cases, but I think that it is what the present government has done and in the case of Bill C-229, which is praiseworthy as far as the principles are concerned, I would not go so far as saying that it is premature, but I think it is superfluous given the safeguards and present legislation that already exist. I would like to see the member for Fraser Valley West discuss this bill if it were presented by the Minister of Fisheries and the Environment (Mr. LeBlanc). I would like to see if this bill would be passed within the hour as the hon. member wished it would be when I rose to take the floor and comment on this bill. I imagine we would be debating it as long as we debated the Clean Air Act and I think he realized that when the committee studied that bill. Again, Mr. Speaker, I commend the initiative taken by the hon. member who is very active in this field within the committee and at the same time I wish to praise the government which is initiating measures that will ensure us a better quality of life as advocated in Bill C-229.

The Acting Speaker (Mr. Ethier): Order. The time allotted for the consideration of private members' business has expired. I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

AIR CANADA ACT, 1977

MEASURE RESPECTING REORGANIZATION OF AIR CANADA

The House resumed consideration of the motion of Mr. Lang that Bill C-3, respecting the reorganization of Air Canada, be read the second time and amendments made by the Senate be concurred in.

The Acting Speaker (Mr. Turner): Order, please. At five o'clock the hon. member for Wetaskiwin (Mr. Schellenberger) had the floor.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, when private members' hour began I was discussing the deletion of clause 6(2) of the bill which reads as follows:

The Governor in Council may, by order, authorize the Corporation to engage in or carry on any activities not otherwise authorized by this Act.

The deletion of this clause is a welcome move as it granted undue power to the governor in council to enlarge the scope or completely change the nature of the activities carried on by Air Canada without coming back to parliament for authority. This is a dangerous precedent and if the clause were enacted it could weaken parliamentary power. In addition, Senator Grosart pointed out in the deliberations in the other place that this clause contravenes the government's basic guidelines for crown corporations. The Privy Council office document entitled

"Crown Corporations, Direction, Control, Accountability—Government of Canada Proposals 1977", states:

> It is commonly understood that crown corporations, although largely independent of parliamentary scrutiny and controls, are still in the final analysis instruments of parliament. Logic then dictates that parliament should exercise what might be called the shareholder's prerogative with respect to crown corporations on behalf of the Canadian public.

The message contained in this policy statement is clearly that as long as a corporation is a Crown corporation, its authority for action rests with parliament. By removing the necessity of dealing with parliament, this clause may well provide Air Canada with a certain amount of added flexibility. However, as long as Air Canada remains a Crown corporation, its flexibility must of necessity be restricted.

The controversy over this one clause highlights the conflict of ideas concerning what should be the limits and bounds of a Crown corporation. Passage of Bill C-3, in its present form, could serve to cloud further the distinction between Crown corporations and private corporations. One of the major provisions of Bill C-3 grants to Air Canada the power to embark on auxiliary projects, other than air transportation, such as the management of hotels and travel agencies and perhaps even extending to trucking. In April of 1974, I rose in the House to speak on a similar bill dealing with financial arrangements for the CNR and argued that the CNR had no mandate to become embroiled in the hotel and real estate businesses.

● (2012)

I would like to restate my thinking in a nutshell. A crown corporation should not become involved in areas where private enterprise has the willingness and the wherewithal to provide the service or the product. In the Canadian context, private firms have almost invariably provided a better service and done a better job of running business than government.

Given the exemplary record of CNR with regard to hotel management, allowing Air Canada to get into this business gives me room for great concern. The original mandate of Air Canada as a Crown corporation was to provide safe and efficient air service both within and outside this country. The business of Air Canada was seen to be the air business. It is my strong belief that the original mandate of this corporation should be strictly adhered to.

During the debate this past fall on Bill C-3, many members from the Edmonton area raised the question of the difficulties which lie with the Edmonton international airport. By virtue of clause 6(1)(b) and (c), the government will allow the airlines to build facilities to help in their operations. My contention is that the government should allow the airlines more freedom in discussing what type of terminals they will generally have to service the public. If they were given that opportunity, I think you would see much less in the way of grandiose structures such as Mirabel and Calgary and perhaps a great deal more efficient structures wherein the landing fees, and so on, would not be so expensive for the airlines.

I wish to mention two areas of concern to me and perhaps suggest to the minister how he can follow this up. The first is

the problem of preclearance at Edmonton International Airport. Calgary and Edmonton were both to get preclearance at about the same time. The problem is that the facilities at Edmonton International Airport are incapable of handling this at this time. Budgetary restraints mean that more money cannot be provided at the present time.

I suggest to the minister that in order to provide these facilities in time for the Commonwealth Games this summer he attempt to negotiate with the United States air carriers to see if they will provide preclearance personnel to Edmonton on the basis of cheap, temporary facilities being set up now with the promise that, as soon as budgetary restraints allow the building of permanent facilities, these will be put in place. I feel they may look at that type of suggestion, particularly if we say it will be within one or two years of the time of the promise.

The other problem is customs clearance after arrival at the airport. I want briefly to state what happened to one of my constituents. I will not get too deeply into this because my colleagues from Edmonton have already stated this problem bluntly and seriously. I quote from a letter that I recently received:

> My wife and I recently had the unfortunate experience of having to clear Canadian customs at the Edmonton international airport. I say unfortunate because there were approximately 440 other people on our flight also trying to clear. We were all forced up one escalator into a room that was overflowing with people and only the quick action of a fellow passenger, in turning off the escalator, averted what could have been a serious accident with people unable to get off the moving stairs because of the full room.

Ministry of Transport officials in Edmonton state that this facility for customs preclearance was designed for a Vanguard capable of carrying about 90 passengers. Today arriving at that terminal are 747s carrying over 400 people. It can be seen that even with the $400,000 allowed to expand this facility temporarily, the problem still exists. There is a great need for something to be done very quickly to alleviate this problem.

One amendment to clause 6(2) restricts the ability of Air Canada to go beyond subclauses (a), (b), (c) and (d) so far as what they can do in the way of expansion without coming to government. Herein lies the problem of Air Canada's intended purchase of Nordair. Before such a purchase can be made and because of amendments to the act, they should come before a parliamentary committee in order that it can deal with the reasons why Air Canada would like to get into the regional air carrier business.

Throughout the history of regional air carriers in Canada there has been a problem. From their earliest beginnings as bush pilot operations, these airlines have typified for many the spirit of adventure that has made our country what it is today. Nordair has been no exception. In 1968, 21 years after the beginnings of Nordair, it was the first airline to land a jet aircraft in the Northwest Territories.

The policy statement of regional airlines set forth by the Minister of Transport in 1966 outlined the role which regional airlines would be permitted to play in the near future. The regionals were to provide regular route operations into the

north and operate local and regional routes to complement the main carriers. It was a distinct policy which was somewhat refined in 1969 by the designation of definite geographic areas in each region.

Air Canada's intended purchase of Nordair is a concern for me. It means the elimination of a small but very efficient regional air carrier, a competitor, and the intrusion of a strictly mainline air carrier into the regional business.

Nordair has provided excellent service to the public of eastern Ontario and northwestern Quebec. It has fulfilled a quite separate function from that being fulfilled by Air Canada. My worry is that the Air Canada takeover may weaken the traditional commitment of Nordair to its travelling public. It may lead to an unfortunate abandonment of low profit routes.

I have put forward a number of my concerns about the Air Canada bill. I do not intend to outline those concerns that have already been covered by my colleagues. I just want to make one last comment regarding the profitability of Air Canada.

It concerns me somewhat that the management of Air Canada would provide air passes to their employees on other than a standby basis. If we want to reward our employees for productivity, that is a good thing to do. Obviously the productivity of Air Canada has increased in the last year. Their profits show that. However, providing employees with passes would average about $300 per person; if they are provided also to wives or husbands or relatives, the number could go as high as 40,000. That would almost eat up the total profit this airline accumulated in the past year.

Something else that bothers me is there is no stipulation that the pass must be used in Canada. The deficit in the tourist industry in this country in 1971 was $202 million. It is calculated to be $1.3 billion today. We must take a careful look at the decisions made by the Corporation.

● (2022)

We are glad to see in the bill a clause providing that Air Canada's report must be brought before the transport committee each year. After all, we do represent the shareholders, and Crown corporations are still responsible to the parliament of Canada. May I add that I am pleased that the other place saw fit to make these amendments; we in this party thought they were very necessary at the time we were discussing second reading.

Mr. Peter Elzinga (Pembina): Mr. Speaker, I, too, have a few brief comments to make on Bill C-3. I note the measure authorizes Air Canada to engage in a wider range of activities having to do, for example, with hotels and travel agencies. I commend our caucus critic, the hon. member for Vegreville (Mr. Mazankowski), on the important role he played in the discussion of this legislation. At the committee level he proposed many amendments, and a good many of the amendments put forward by my party were accepted. The bill has been returned to the House from the Senate because one amendment which we proposed was not accepted by the House of Commons.

Among the positive proposals made by the Conservative party in the committee was that the annual report of Air Canada be referred to a standing committee on an annual basis. In this connection it is noteworthy that the corporation's annual report has not been before a committee since November, 1973. Also, we would have enshrined in legislation a provision that Air Canada should have due regard to sound business principles and, in particular, to the contemplation of profit. Mr. Pratte, the former chairman of Air Canada, always complained that he did not really know what the purpose of the corporation was.

We on this side are glad the Senate saw fit to eliminate clause 6(2) from the legislation and that the minister has seen fit to support this recommendation. I will put the pertinent part of the clause on record. It stated that the governor-in-council "may by order authorize the corporation to engage in or carry on activities not otherwise authorized by this act." It is obvious that undue powers would have been given to the cabinet or to the governor in council. We in this party have always believed in parliamentary control.

While this legislation was before the Senate it is interesting to note that the secretary of Air Canada had this to say about clause 6(2):

> The wording and the concept was not suggested by Air Canada; it was proposed by the government itself in the original drafting as a means of avoiding having to go back to parliament to clarify a point which was really something which could be handled administratively in the context of the broad powers given to the corporation.

This was something which the government itself wished to see included in the bill so that it would not be obliged to come back to parliament to enlarge the responsibilities of Air Canada. It exemplifies an attitude which the administration has so often taken. Ministers opposite prefer passing orders-in-council to the parliamentary process. In many ways the actions they have taken amount to a sell-out of the parliamentary process, and clause 6(2) is a fine example.

Going back to the year 1972 we find that something like 3,326 orders in council were passed, only 653 of which were published in the *Canada Gazette*. This is cause for alarm and consternation among those of us who want to preserve and enhance the parliamentary process. It amounts to an abuse of the order in council procedure inasmuch as it is a circumvention of the parliamentary process.

We see evidence of this approach in other areas. There is a committee going around the country dealing with the subject of national unity. We in this party said it ought to be a parliamentary committee so that concerned individuals throughout Canada could speak directly to their elected representatives and feel they were participating in our democratic process. That is why I am so encouraged that the Senate should have seen fit to return this bill with clause 6(2) eliminated from it. Among other things, it shows the value of the Senate, whose members have a very useful role to play in

our democratic process. I commend them for amending the bill in this way.

I wish now to underline some of the points made by my hon. friend from Wetaskiwin (Mr. Schellenberger) when he was dealing with some of the facilities available at Edmonton international airport, specifically the customs service and preclearance services. We have been allocated $500,000 to construct these temporary facilities. At one time we were given a commitment that some $22 million would be spent on upgrading. This is the year of the Commonwealth Games. As was pointed out by my hon. friend, it is essential there should be facilities at Edmonton airport to accommodate the visitors which are expected.

I should like to reinforce the proposal made by my hon. friend from Wetaskiwin that the Minister of Transport (Mr. Lang) give an undertaking to United States firms that we shall have the necessary facilities at the airport, and in a year or two, permanent facilities for customs and preclearance, so the services needed for the Commonwealth Games will be there at least on a temporary basis this year.

To come back to Bill C-3, we in this party generally support the legislation. We feel it will serve our national air carrier well, enabling Air Canada, in turn, to serve the general public better.

Motion agreed to, amendments read the second time and concurred in.

* * *

● (2032)

FISHING AND RECREATIONAL HARBOURS ACT

MEASURE TO PROVIDE FOR ADMINISTRATION AND DEVELOPMENT OF CERTAIN HARBOURS

The House proceeded to the consideration of Bill C-2 respecting the administration and development of certain fishing and recreational harbours in Canada, as reported (with amendments) from the Standing Committee on Fisheries and Forestry.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, after consultation with members on the opposite side I request unanimous consent of the House to move an amendment to Bill C-2.

Mr. Crouse: Mr. Speaker, on the point of order, I just wish to confirm that consultations have been held on this side concerning the remarks made by the hon. member for Comox-Alberni (Mr. Anderson), and we give consent to the moving of an amendment at this time.

The Acting Speaker (Mr. Turner): Order, please. I am advised that in order to pass this amendment we need the unanimous consent of the House. Do we have unanimous consent?

Some hon. Members: Agreed.

[Mr. Elzinga.]

Mr. Anderson: Mr. Speaker, I move:

That Bill C-2, an Act respecting the administration and development of certain fishing and recreational harbours in Canada, be amended by adding immediately after line 22 at page 13 the following new clause:

Repeal

"29. (1) The *Belleville Harbour Commissioners Act*, chapter 34 of the Statutes of Canada, 1952, is repealed.

Repeal

(2) The *Winnipeg and St. Boniface Harbour Commissioners Act*, chapter 55 of the Statutes of Canada, 1912, is repealed.

Administration, property, rights and actions

(3) On the coming into force of this section,

(a) the harbour of Belleville described in the Act repealed by subsection (1) and the harbour of Winnipeg and St. Boniface described in the Act repealed by subsection (2) shall be under the control and administration of the Minister for all the purposes of this Act;

(b) all real and personal property owned by a Corporation established by an Act repealed by subsection (1) or (2) shall be deemed to be owned by Her Majesty in right of Canada and shall be under the control and administration of the Minister for all the purposes of this Act;

(c) all rights, obligations and liabilities of a Corporation established by an Act repealed by subsection (1) or (2) shall become rights, obligations and liabilities of Her Majesty in right of Canada; and

(d) any action or proceeding pending by or against a Corporation established by an Act repealed by subsection (1) or (2) may be taken up or continued by or against the Minister on behalf of Her Majesty in right of Canada."

and by renumbering clause 29 as clause 30.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the House passes this report stage amendment to Bill C-2 I wonder if there is someone over there who has not yet spoken and who might be in a position to answer a question or two about it.

If my reading of the material in front of us is correct, what is now proposed to be written into Bill C-2 was already proposed to be a part of Bill C-6. Bill C-6 was a piece of legislation regarding Canadian ports. Under that bill the operation of certain harbours such as the Belleville harbour and the Winnipeg and St. Boniface harbour was to come under the direction of the Minister of Transport (Mr. Lang). It seems now, with Bill C-6 not having been passed that the switching of the control of these two harbours is being made to Bill C-2, which puts them under the authority of the Minister of Fisheries and the Environment (Mr. LeBlanc). What I should like to know is whether I am understanding the situation correctly.

Even more important than that I should like to know if there have been consultations with the authorities in Belleville and in the Winnipeg area with regard to this change. Are the present harbour commissioners in Belleville and the present harbour commissioners in Winnipeg and St. Boniface, even though it is now all one city, satisfied with this change? I suppose a prior question would be in these terms: Are they satisfied with losing their local control? Obviously that has been decided; the government is going to make the change. Now we have a sort of change on change. Bill C-6 takes control of those harbours away from the local bodies and gives it to the Minister of Transport. Now we are calling them recreational harbours instead of commercial harbours and giving the control of these harbours to the Minister of Fisheries and the Environment.

I am not standing here making an argument one way or the other, but I do think with this kind of a change being made there ought to be some explanation of it. I hope somebody over there is in a position to give us that explanation.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would like to confirm that, in order to expedite the measure and assure that these two facilities or ports are dealt with in the best way for the developing of the fishing and recreational aspects of these harbours, which are the predominant ones, they are now included in this bill by this amendment. The intention all along under Bill C-6 had been to take them out from under commission operation. It was certainly not to put them under the new commissions that are proposed to be formed for basically major commercial ports throughout Canada. There is general satisfaction that these ports should be dealt with as recreational and fishing ports and not as major commercial enterprises.

If Bill C-6 had passed before Bill C-2, we would have arranged for a transfer of the responsibility of these two ports from the Minister of Transport to the Minister of Fisheries and the Environment. This bill therefore does it all in one through this amendment.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, has there been consultation with the city councils of Belleville and Winnipeg? If so, what is the word from those bodies?

Mr. Lang: I referred to general satisfaction. There have been discussions and consultations particularly between the people developing the ports legislation, the task force and other officials, and my understanding is there is general satisfaction with this change.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

Amendment (Mr. Anderson) agreed to.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment) moved that Bill C-2, an Act respecting the administration and development of certain fishing and recreational harbours in Canada, as reported (with amendments) from the Standing Committee on Fisheries and Forestry, be concurred in.

Motion agreed to.

The Acting Speaker (Mr. Turner): When shall the bill be read the third time?

Some hon. Members: By leave, now.

Mr. LeBlanc (Westmorland-Kent) moved that the bill be read the third time and do pass.

● (2042)

He said: Mr. Speaker, I am pleased today to introduce for third reading Bill C-2, the fishing and recreational harbours act. This act will provide the necessary legislative authority to develop and administer commercial fishing and recreational harbours in Canada in order to meet the changing requirements of the fisheries and the growing needs of sports fishing and recreational boating. We have about 2,300 of these small harbours located across the country, with some comprising several wharves, breakwaters, and other structures, totalling some 4,000 facilities.

[*Translation*]

We often forget that one of the essential factors of successful fisheries is precisely the development of harbour, and harbour facilities well situated in relation to fishing areas and providing standards required by fishermen as far as facilities and services are concerned. The provisions of Bill C-2 on development provide various measures which will meet those requirements as far as possible. The government will thus be in a position to continue to build, maintain and operate fishing harbours giving priority to such activities in the allotment of budget funds.

[*English*]

During debate on second reading of the bill some members were critical of the amount of money being spent on the development and maintenance of our small craft harbours. I should like to put on the record a few facts and figures which I believe speak for themselves.

In the six years prior to the transfer of responsibility for this program to the Department of Fisheries, expenditures on fishing and recreational harbours varied from a low of about $8 million a year to a little over $13 million. This is in sharp contrast to expenditure levels in recent years. They have more than quadrupled in some years; for example, in 1973-74 expenditures amounted to about $22.3 million; in 1974-75 to about $30.6 million; in 1975-76 to about $28.8 million; in 1976-77 to about $42.7 million; and in 1977-78 we expect the amount to reach some $47 million.

In 1976-77, and again this year, we have made extensive use of funds provided by the federal labour-intensive program and the Canada Works program to undertake improvements and repairs to our fishing harbours. Our small craft harbours administration has provided on-site assistance and materials required by communities, whilst utilizing local labour. This melding of small craft harbour resources with the federal labour-intensive and Canada manpower programs has resulted in the provision of additional funds for harbour development in the amount of nearly $32 million over the two years which would not have been otherwise available.

In terms of job creation, these special programs have meant some 7,500 more man-months in 1976-77, and we anticipate about 15,000 more man-months this year. The economic and social impact of these programs is very considerable as they are undertaken in communities with a high level of unemployment and have a multiplier effect in stimulating economic activity at the local level.

I have mentioned the substantial increase in levels of program expenditures in recent years, and I would now like to

highlight a few of the more important considerations concerning the distribution of these funds.

It must be remembered that in 1973 the department inherited over 2,000 harbours and wharves, very large numbers of which were in dire need of repairs as a result of neglect in the past. Because of this, our programs have focused on making good this backlog of repairs and providing for only the most urgent of harbour expansions. It is only now that we are in a position to change the main thrust of our programs from repairs to that of improving, expanding and up-dating our harbours, and providing the better services needed by fishermen such as lighting, haulouts and proper work areas.

In 1973 we initiated a series of major studies to evaluate the existing fishing and recreational harbours owned by the federal government and to suggest a rationale for their development in the future. These studies were completed in 1975 and provide the basis for our ongoing plans, ensuring a planned and orderly undertaking of harbour improvements which are in step with the needs of the fishery across the country. The programming of projects each year takes into account not only the local needs of the fishermen but also the broader requirements and priorities of the commercial fishery throughout a region.

Our projects, whilst based on the needs of a community, are integrated within a national program in which major projects are usually phased over two or more years. This causes peaks in some regional allotments for the years covering major construction as they shift from region to region. For example, expenditures in Quebec peaked during 1975-76 and 1976-77 due to the special St. Lawrence fishing harbour development program, and have now been reduced to more modest levels. Meanwhile, expenditures in British Columbia will be increased this year and in the next few years as a result of construction of the new fishing harbour at Steveston, which is a very major undertaking. And so it goes in other regions.

Members of the House who have been following Bill C-2 through committee are aware of the misunderstandings that have arisen over provisions in the legislation which would allow introduction of a system of annual charges to commercial fishermen. This, naturally, has caused concern on the part of members on both sides of the House as to possible additional burdens being imposed on already hard-pressed fishermen.

This misconception, of course, is that the existing system is not imposing hardship. It is, because fishermen are not being treated equally at our harbours; at one they are required to pay a fee, and at others they are not. Inadequate administration and management of our harbours has resulted in that inequity, and others, that must be resolved.

However, let me assure the House that no decision has been made in respect of the details of a new fee structure. Fishermen are not going to wake up with the passage of this legislation to find they have to pay the federal government "X" number of dollars.

I believe we should continue with our present system, with all its shortcomings, for the present, without making any changes until the health of the fishery improves and subsidies in that area are reduced. What we intend to do now is discuss with fishermen and their organizations how we can achieve a modest and equitable fee structure that would allow both better management of facilities and better on-site services for Canada's commercial fishermen. Certainly I cannot emphasize this enough. Any fee structure arrived at through that consultative process will be of a modest nature and will be phased in gradually in relation to the recovery of the stocks and the over-all health of the fishery.

The nucleus of the proposal we will bring to the fishermen is how we can best devise a fee system which will not only recognize market demand and relate to the level and quality of services provided, but will recognize regional differences. Obviously that means we are not going to be illogical enough, particularly in the case of east coast fishermen, to subsidize on the one hand and take it back through an unreasonable fee structure on the other.

I am confident that through discussion and consultation, and by approaching the issue with the best interests of the fishermen in mind, a system can be devised which will make history of existing inequities and provide only benefits to the fishermen in the future.

I want to say very simply that the purpose of this act is not to increase general revenues of the Receiver General of Canada, but rather is an attempt to put in place an administrative framework which in fact services the fishermen. The fishing and recreational harbours act will provide the legislative authority to undertake this type of work, and will also place emphasis on joint planning and co-operation with the provinces. I will, therefore, be introducing some new programs which will be responsive to provincial and municipal governments for the joint development of launching ramps and marinas where they are required to meet the needs of communities.

The bulk of pleasure boating activity is concentrated in Ontario and British Columbia and it has caused acute congestion within the harbours in these regions. I would, therefore, expect to see our expenditures continue to be directed primarily, but by no means entirely, to these areas of the country.

I should like to say in conclusion that this bill, the fishing and recreational harbours act, is important to ensure the proper continuing development of fishing and recreational harbours in the country. It will allow the minister to introduce new programs and administrative arrangements which are responsive to the changing needs of our commercial fishermen and recreational boaters. I thank hon. members on both sides of the House for their co-operation, as well as their valuable comments and suggestions made during the review of this bill.

● (2052)

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I welcome the opportunity to speak on Bill C-2, an act respecting the administration and development of certain fishing and recreational harbours in Canada. This bill was introduced first in the last session. At that time it was known as Bill C-7.

Unfortunately the Liberal government chose to treat this as an unimportant piece of legislation, so unimportant in fact that it chose to let it die on the order paper. Yet during that period of time the government passed legislation relating to the Canada Lands Surveys Act, diplomatic and consular privileges, an income tax agreement with Germany and some 12 name changes to constituencies.

I am not saying these pieces of legislation were not important, but I am questioning their relative importance vis-à-vis fisheries. Surely the government's handling of Bill C-7 demonstrates its lack of concern for the Canadian fishing industry, an industry where the gross annual cash receipts to our primary producers now total approximately $400 million, with an annual market value of approximately $1 billion. Our annual commercial fish landings of close to one million tons are approximately one-tenth of those of the leading producer of food from water, namely, Japan. It is between 1 per cent and 2 per cent of the world's production. Obviously Canada has a long way to go. There is a lot of opportunity if we get out the nets and get to work.

Because of the fate of Bill C-7, my colleagues and I, in a spirit of co-operation, allowed the government to send Bill C-2 directly to committee at the beginning of this session. Unfortunately this spirit of co-operation at the beginning of the new session ended in committee where the Liberal majority refused to accept sound amendments aimed at improving this bill. In particular, the Liberal majority supported those sections of the bill which will increase licence fees, which will not ensure consultation with interested parties, and which will give the minister the right arbitrarily to lease harbours to any one person. Bill C-2 updates past legislation and regulations pertaining to small craft harbours.

Legislative authority for the administration of these harbours has been provided by the government's Harbours and Piers Act, its accompanying government wharves regulations and various orders in council. The Harbours and Piers Act was originally drafted in 1895 and revised in 1937. Obviously years ago fisheries were not considered that important, because when we look at 1895 and 1937, we find a lot of bridge has gone over the water in Halifax, for example in the time elapsed. As a result, it has not focused on the present day administration needs of the fishermen and recreational boaters. As well, it does not include provisions for the development of these harbours. New legislation has been needed for some time. At last we have Bill C-2 which will gather, consolidate, and update the scattered elements under one new act.

In addition, when the program and administrative responsibilities for the small craft harbours were transferred to the Department of Fisheries and the Environment in June 1973 from the Department of Public Works and the Department of Transport, it was done so by an order in council. This method of transfer has not been as effective for the Minister of Fisheries and the Environment (Mr. LeBlanc) as legislative enactment. For example, one Department of Transport official on the west coast refused to acknowledge the transfer and he did not send his files to the Department of Fisheries and the Environment until late last year, some three years after the time of transfer. Perhaps the minister takes exception to that, but that is my information.

Nevertheless, in spite of these good intentions, Bill C-2 raises some questions and problems. The budget of the small craft harbours branch, which will administer Bill C-2, was only $35 million in fiscal year 1976-77. Most of that money was used for the repair and modernization of the federal government's fishing and recreational harbours and wharves on the east and west coasts. This is a pitifully small amount of money when one considers that the small craft harbours branch has responsibility over some 2,300 facilities.

I have been informed that the government would like to abandon or destroy about half of these facilities. Consequently, it would appear that the Liberal government's master plan is not to increase expenditures to meet the number of facilities, but to decrease the number of facilities to meet the expenditures, regardless of whether they are serving the needs of communities. I made this point last December and indicated that, if my analysis was incorrect, then the minister should table the future plans of the small craft harbours branch so that they could be discussed in committee. I am still waiting. The longer I wait, the more credible is my original analysis.

At the same time, the number of fishery wharves has been decreasing. These wharves are essential to the very livelihood of many maritime Canadians. This government has become more involved in the financing and construction of recreational harbours. This drift toward recreation at the expense of fishing raises a valid question as to whether the Department of Fisheries and the Environment is fulfilling its mandate. Its mandate is to promote and undertake programs designed to improve the management and sustained economic utilization of the marine and aquatic renewable resources of the nation, compatible with a concern for the quality of the environment. I hope the minister will reconsider his priorities, because after all there is a Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo), a minister who could be made responsible for the development of recreational facilities.

Nonetheless, since Bill C-2 is partly concerned with financing recreational harbours, one still might question one aspect of the government's marina assistance program which was established to encourage the construction of new marinas by local municipalities and by private developers. The federal government pays for the construction of the breakwater and for dredging, while the municipality and/or developer pays the other costs plus upkeep. Federal government participation is limited to 50 per cent of the total cost of the marina. However, despite paying up to 50 per cent of the cost, it receives no future compensation for its contribution. Why should private developers line their pockets with taxpayers' money? I hope the government ensures that the marina is opened and available to all boaters at reasonable cost.

Unfortunately the figures referred to by the minister this evening are not the same as those contained in his news release of December 15, 1977, which announced spending under FLIP. I am sure my constituents wonder what is going on when they

hear the many different alphabetical acronyms which are being used, such as FLIP, LIP and zippety-do-dahs. On December 15 the minister announced that $18,386,000 would be spent over the next nine months for fisheries management and small craft harbours projects. Frankly, this is something we have been advocating for considerable time. We have been saying it is not necessary to spend millions of dollars to find out what is needed in Atlantic Canada because we have many wharves, skidways and harbour facilities that require improvement. We welcome additional money. But I say to the minister that it still only brings the total for harbours in Canada to date to something a little more than $50 million—$35 million in the estimates and the $18 million.

● (2102)

When I look at the money spent on Mirabel, something in the nature of $600 million to $800 million, the total amount spent on harbours would cover perhaps a couple of runways. It still falls far short of the amount we hand out to run the Post Office, the deficit of which this year will be something like $475 million. We seem to think nothing of funding the Canadian Broadcasting Corporation to the tune of something like $468 million this year, or over $9 million a week. When we look, as I said a moment ago, at an industry that is worth $400 million to Canadians, to the primary sector alone, and $1 billion in total, I submit it is time that the industry received greater consideration from this government. Since the number of fisheries wharves has also been decreasing, we would like to see a little more action, especially in some parts of Nova Scotia.

So much for the good news. The major faults of this bill so far as I can determine—and we gave the bill very careful study in committee—lie in the areas of leasing, consultation and licence fees. Clauses 5 and 8 of the bill read as follows:

5. (1) The minister may undertake projects for the acquisition, development, construction, improvement or repair of any scheduled harbour or any fishing or recreational harbour to which this act applies.

8. The minister may, subject to the regulations,

(a) lease any scheduled harbour or any part thereof to any person;

(b) grant a licence to any person for the use of any scheduled harbour or any part thereof; and

(c) enter into an agreement with the government of any province or agency thereof for the occupancy and use of any scheduled harbour or any part thereof.

I said in committee that these powers are too wide for the minister. They are too wide for any minister. We cannot understand how any minister can believe that he has the right to lease a harbour to any one person. We do not believe that fishermen should needlessly be subjected to the whims of a private individual or corporation who may wish to lease the harbour. In committee we introduced an amendment which would have required that any leasing be done to provincial or municipal government. However, the Liberal majority voted this down.

We also fear that the bill does not provide for sufficient consultation between the minister and the affected parties. According to the small craft harbours branch, Bill C-2 is wide enough to sail the *Queen Mary* through. It is wide enough for the minister to go it alone where he can work, if he so wishes, in concert with the provinces and municipalities. The trouble with this minister is that he does not often choose to work with the provinces.

I can see problems with clause 5 of this bill which allows the minister to build recreational harbours wherever he chooses without regard for provincial or municipal desires. I should like to ask the minister what has happened to the view that the provinces should be consulted on matters affecting their interests. I say to the minister most sincerely that his lack of consultation with the provincial ministers over fisheries matters has been a major criticism of him. The Halifax *Chronicle Herald* has contained nothing but criticism of him for months, as expressed by the provincial minister of Newfoundland and by the supporter of his own party in the province of Nova Scotia, the provincial minister of fisheries in our province.

This lack of consultation was especially evident last session at committee hearings on Bill C-38, to amend the Fisheries Act. Province after province came forward from the Atlantic to the Pacific, from Nova Scotia to British Columbia, and each and every brief presented before that committee contained a condemnation of this minister for lack of consultation with them on the bill's provision for fighting pollution. Stonewalling tactics do not work. I say to you, Mr. Speaker, that confrontation will never replace consultation, and that we do not need to wonder why there is dissatisfaction and discontent at present throughout the land.

Unfortunately it would appear that the minister has learned very little from his experience with Bill C-38, because in committee his colleagues refused to support our amendment which would have required him at least to consult with the affected provinces and municipalities before constructing a small craft harbour. I had hoped the minister would have learned from the past that he can no longer treat the provinces and municipalities as mere pawns which exist to obey and carry out the programs and policies of this minister and his staff; but it would seem from the Liberal attitude which was displayed in the committee that this government will try to continue to ride roughshod over the provinces' and municipalities' rights and desires.

Our major disappointment at the committee hearings centred around the minister's attitude toward licence fees for the use of small craft harbour facilities. The bill allows the minister to set whatever fee he wants without having to go to parliament for approval. The minister admitted that a licence fee would be imposed for the use of government small craft harbour facilities, but he was unwilling to tell us what that fee would be. Rather than that, he stated, we should pass the bill immediately so that he could set up a fee structure.

This is like closing the barn door after the horse has escaped. If we were to pass this bill unaltered, I submit we would be derelict in our duties because the minister could then establish a fee structure and remain unresponsive to any criticisms or suggestions for its improvement. I have learned that a plan is now being discussed which would require a

fisherman to purchase a licence based upon the length of his vessel, possibly $1 per foot, although this was not clarified this evening by the minister in his remarks. He simply stated that fishermen should not worry that they would wake up and find they would have to pay X number of dollars after we pass this bill.

I say to the minister that fishermen wake up many nights wondering in some cases where their next dollar is coming from, whether the weather will be fine the next day, whether they can go to sea, whether there will be any lobsters there for them to catch. Now he has given them another worry: will it be $1 or $2? How many dollars per foot will he charge them? Will the minister deign to tell them this evening? He says that this fee will only cover the use of the government's small craft harbour facilities. There will still be other fees to pay, such as a licence fee for lobster fishermen or for ground fishermen, or a licence fee for tying up the boat. The fishermen with whom I have spoken recently say: "We are getting to be like the office of Sun Life, filled with all kinds of papers delivered to us from bureaucratic Ottawa. We will soon have to get an accountant just to keep track of our licences".

What I said last December still holds true. In my view this proposal for a licence fee is simply another unfair tax on Canadians using public facilities in Atlantic Canada, while people in more prosperous parts of this nation are provided more public facilities free of charge.

Some hon. Members: Hear, hear!

Mr. LeBlanc (Westmorland-Kent): Ask your colleagues from western Canada.

Mr. Crouse: My colleagues from western Canada are quite capable of speaking for themselves. I am speaking for the fishermen in Atlantic Canada, and primarily for people in my province of Nova Scotia. I would like to think that after 21 years here in June I have a fairly good idea of what they like and dislike about some of these fisheries policies.

● (2112)

I contend that what is being proposed in this legislation—and I regret that the Minister of Transport (Mr. Lang) is not here because I do not like to speak about ministers in their absence—is nothing more than the concept put forward by the Minister of Transport, the user-pay concept, and I submit that it is not acceptable in Atlantic Canada. A $50 fee for a 50-foot boat may not sound like much to the minister or to an Ottawa bureaucrat, but to an Atlantic fisherman $50 can sometimes be a very princely sum not too easily come by, especially in these times of high unemployment.

In my view it is senseless for the government to talk about added licence fees and added financial burdens during these times of high unemployment. On a national basis in December unemployment was running at 8.5 per cent, up from 7.5 per cent the year before. The figures were even worse in Atlantic Canada. There the average stood at 13.3 per cent or 107,000 unemployed persons, up from 10.8 per cent or 90,000 the year before. In effect, one worker in eight is without employment in Atlantic Canada.

On a provincial basis unemployment in December stood at 17.5 per cent, or 31,000 people, in Newfoundland; in Prince Edward Island it stood at 11.4 per cent, or 5,000 people; in Nova Scotia it stood at 10.2 per cent, or 33,000 people; and in New Brunswick it stood at 14.3 per cent, or 38,000 people. Worse still, these figures are expected to increase. By 1979 another 12,000 people are projected to be unemployed in Atlantic Canada, and most of them will be residents of Newfoundland where unemployment is projected to increase by a full 3 per cent over the next two years. These are only bare statistics. In terms of human sorrow and mental anguish the story is much worse. Yet this government insists upon licence fees, causing the people of Atlantic Canada who can least afford it to bear an even heavier share of the burden of the mismanagement of the economy of Canada by this Liberal government. That is most unfair.

Some hon. Members: Resign.

Mr. Goodale: You are laughing over there.

Mr. Crouse: An hon. member opposite says we are laughing. Well, he can sit over there and laugh at the fishermen of Atlantic Canada. He can laugh at the hardships they face and the work they have to do to make a living in a very harsh environment. He can laugh if he wishes. But it is no laughing matter in Atlantic Canada, and if the hon. member wants to see how funny it is, he can come down to Atlantic Canada some time.

The minister has argued that fishermen already face licence fees because there are already wharfage charges on the books. However, as there are only approximately 200 wharfingers throughout Canada to collect those charges, most fishermen have grown accustomed to using government wharves and small craft harbour facilities free of charge. The minister plans to revamp the wharfinger system so that all major small craft harbours will be under the administration of wharfingers. As I understand it, some 1,466 facilities have no wharfingers, and the number hired has no relation to the number of small craft harbours in a province. Newfoundland, for example, has only eight. In Nova Scotia I understand that there are about 40, while Quebec has only five.

In committee my colleagues and I simply requested the minister, bearing in mind the high unemployment levels and the low income levels of Atlantic Canada, to defer any introduction of a licence fee for at least five years. After five years, in our opinion the Atlantic fishery should hopefully be on its way to recovery. It should be on its way to recovery because of the phase-out of foreign fishing within the 200-mile economic zone. In this phase-out decreased fishing should enable fish stocks to rebuild automatically. As Progressive Conservatives this seemed to us to be a reasonable compromise. However, the minister and all the Liberal members on that committee voted down that compromise. They will have to answer to the people

of Atlantic Canada for so doing. They refused that reasonable request.

As a result of the minister's refusal to take a compromising position over licence fees, we on this side are forced to vote against this bill. We are very much aware of the economic suffering which many of our fishermen have been going through. For example, five years ago approximately 7 per cent of Canada's commercial fishermen earned less than $7,500, which is the generally accepted poverty line figure. I do not believe that this figure has changed drastically, especially with reduced catch quotas. Therefore, I feel that Canadian fishermen should not be subjected at this time to additional erosions of their already small incomes.

Speaking as one who has lived a lifetime on the ocean, I am well aware that a watertight, seaworthy ship can travel over thousands of miles of ocean without facing any serious difficulty. However, when a little water enters the ship the crew is in difficulty, and when a lot of water enters the ship the crew is in danger of foundering and sinking with that ship. The present Liberal government can be compared somewhat to a ship in the ocean. As long as it made laws for Canadians which could serve as a guide for their day-to-day social, cultural and business activities, the ship of state could safely sail over the economic ocean of Canada. However, this government, unfortunately, has not been satisfied at all with doing the job it was elected to do. It not only wanted to sail over Canada's economic ocean; it started leaking economic water into the Canadian ship of state. Just as a ship sinks when it takes in too much of the element over which it is sailing, so too is the Canadian ship of state sinking, because this government today is taking in too much of the economic ocean of Canada.

For safety's sake, the water of the ocean must be kept out of a ship; and for the safe and sound development of the Canadian economy this government must stick to the job of manning the ship of state while allowing the economic oceans of Canada to rise, fall and move as the currents of individual ambition and initiative strive to develop and improve conditions individually and collectively. We on this side do not want to see Canada's ship of state founder and sink, but this is what is happening as this government seeks to make laws and to set up too strong a control over the economy through the setting up of government controlled companies which ultimately destroy the freedoms of individual Canadians and limits their right to make meaningful decisions.

This is what we see happening today with this bill. This bill seeks to tax Canadian fishermen further. It seeks to limit their freedom of choice as it applies to docking their ships, and it ultimately will give more political power over the lives of individual Canadians to the government. The appointment of some 1,400 wharfingers alone would be pork barrelling of the worst kind. It would give power to the minister unlike anything we have seen. This is not restraint. This is not restriction of bureaucracy. This is an expansion of it.

In conclusion, if we are to break out from under the present heavy burden of excessive taxation, mounting inflation and rising unemployment, we can do so only by giving free rein to individual ambition and initiative. We must encourage the individual Canadian to do better, and this cannot be accomplished by further restricting his individual freedoms and increasing his tax burdens.

In the recent joint provincial fisheries development proposal there was no reference whatsoever to Bill C-2. The proposal did, however, deal with the resource fleet development, markets and foreign arrangements, something which the minister has chosen, in discussing this bill, to ignore completely. As a result of the minister's attitude an entire generation of young Canadian fishermen may well be lost unless licenses and boats are made available. In parts of Atlantic Canada many young people who want to go fishing are forced to turn elsewhere for employment. Many have skipper's licenses but no boats, and fishermen can no longer afford to build boats on their own. Because it is imperative that we build up the inshore fleet, the federal government should make funds available for fishermen who wish to borrow.

● (2122)

Canadian shipyard costs are much higher than in Europe. The fishermen have to sell their catches in European as well as American markets on a competitive basis. It is up to this government to arrange the equalizer between our own costs and European costs so that our fleet can be built up for the benefit of Canadian shipyards and the industry.

The most recent statement the minister made to me did nothing to indicate that some of the problems to which I refer will be resolved or even studied, so at this time we therefore feel it necessary to vote against this bill on third reading.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, it is not long since this bill was first before us that it is not surprising there was some uncertainty this evening about whether we would be debating it or Bill C-17. Until the last minute it was not clear whether we would be going ahead with Bill C-3, Bill C-2 or Bill C-17. This is a further example of the disorder in which this government finds itself. It was only at the last minute they decided to move Bill C-2.

Bill C-2 was originally presented as Bill C-7, but that was long ago. It was thoroughly examined in committee both as Bill C-7 and as Bill C-2 and the government eventually responded to recommendations from this side to modify some of the plans laid out in the bill. Nonetheless, the terms were left in the bill to enable the government to go back and do something they said they were going to withdraw for the time being. I refer, of course, to the levying of fees for the use of the facilities.

Fishing on the west coast is in complete disarray at the moment, despite the fact that the hon. member for Comox-Alberni (Mr. Anderson) is Parliamentary Secretary to the Minister of Fisheries and the Environment. Fishermen are in revolt against the regulations that have been brought forward, against the uncertainty of plans for licensing, against the thought that they will be charged the financial schedule that was being proposed. Although we heard during the committee

proceedings that they had been consulted before the fee schedule was brought forward, this has since turned out to be misleading. There was no consultation until these regulations were brought down in committee. Then we found a series of regulations drawn up without regard to the fact that fees for licensing on the west coast ranged up to about $2,000 and fees for the use of harbours on the west coast were to be double the fees on the east coast.

This is unacceptable in a country where equalization is supposed to be one of the features of our society. There ought to be some means of maintaining unity in this country. Why exacerbate matters by surcharging the west coast on fees, thereby aggravating the disunifying factors that are already there. These are some of the reasons why I must vote against the bill.

Clause 9(f) of the bill reads as follows:

The Governor in Council may make regulations . . .

(f) prescribing charges for the use of any scheduled harbour;

An earlier clause designates scheduled harbours. When the bill is passed the minister will have power to prescribe the fees. We have the word of the minister in committee. I take his word as he is an honourable man, but supposing he should not be the minister one day. We hear there are other more exalted roles for him to play.

Mr. LeBlanc (Westmorland-Kent): I am going to B.C.!

Mr. Munro (Esquimalt-Saanich): The minister expresses an interest in going to B.C. I think he would have trouble there. With the suggestions he has made about overcharging the fishermen in B.C. I do not think they would accept him too readily.

We have an undertaking by a minister in committee, however, that he will not for the moment prescribe charges for the use of any scheduled harbour. Under the provisions of clause 9 the minister may do certain things through the governor in council. About fifteen different things will be proposed by his officials, be approved by the minister and then go to the governor in council. If another minister takes over he may, of course, scrap the undertaking given by this minister and introduce the fees that were withdrawn.

I was absolutely staggered by the schedule of fees presented to us in committee by officials of the department. I think it was that as much as anything that caused me to have serious doubts about the bill and which brought me to the conclusion that I shall have to vote against it.

I mentioned the disarray of the fishing industry on the west coast. A former minister of the environment in this government devised a scheme of restricting licenses, presumably with a view to the management of the stock of the fisheries. He introduced two different kinds of fishing licenses and this scheme has continued. For reasons best known to the fishermen and the minister, this system just has not worked. Today, in an open meeting, I asked whether the Davis plan for managing the catch had resulted in increased stock on the west coast. The answer from knowledgeable scientific people was that it had not. Now I understand that the minister had decided the plan will not work and has appointed a Mr. Sol Sinclair to investigate the AB licensing system to determine whether it should be modified in order to produce an increase in stock or whether some other system would be preferable. Meanwhile, the fishermen do not know where the licensing system is going to lead. As I say, they are in disarray.

● (2132)

Another aspect of this bill has me worried. In clauses 10, 8 and 5, there are possibilities for patronage. In fact, possibilities for patronage abound in this bill. Clause 10 states:

—the Minister may designate as an enforcement officer any person who is, in the opinion of the Minister, qualified to be so designated—

There is no indication of what the qualifications ought to be. If the minister intended that a fisheries officer, RCMP officer or coast guard officer should be designated as an enforcement officer under the meaning of this act, why did he not clearly state that? The qualifications of an enforcement officer ought to be somewhere. There is a definition, but no qualification. This is very dangerous.

After the next election, there will be a lot of defeated candidates. Some of them will be designated if this minister is still the minister, which I doubt.

Mr. LeBlanc (Westmorland-Kent): He will be.

Mr. Munro (Esquimalt-Saanich): If he is here, he will have to change sides. He will no longer be fisheries minister. Some of these people opposite might have it in mind to designate defeated candidate enforcement officers. That option, of course, will be foreclosed with the next election. There is no doubt in my mind about that. The same option is open to the minister under clause 8, which states:

The minister may—

(a) lease any scheduled harbour . . . to any person;

A scheduled harbour may have a great commercial potential. The danger here is that a long lease may be signed before the next election. The minister may feel that it is about time someone was looked after, and in order to ensure his vote at the next election he will lease one of the harbours that he has scheduled to that individual. That is another opportunity for patronage. Bill C-2 ought to be called the patronage bill.

Clause 5(1)—and this, Mr. Speaker, you will find hard to believe—states:

The Minister may undertake projects for the acquisition, development, construction, improvement or repair of any scheduled harbour or any fishing or recreational harbour to which this Act applies.

The minister better make use of that before the election if he intends to compensate those who have given good service to the party. Clause 5(3) provides a beautiful opportunity. You would not believe this one. I quote:

The Minister may . . . enter into an agreement with any person to provide for

(a) the undertaking jointly with the person of any project that the Minister is authorized to undertake under subsection (1);

Would you believe that? It is open to pork barrelling of the worst possible kind. We are being asked to approve the possibility of government, whichever government, authorizing pork barrelling. That is something that is normally done under the counter without legislative backup, but here we are being asked to make it legal. This I will not do.

In his introduction the minister talked about fees. I have already mentioned them in my few remarks. He stated that for the time being there are not going to be any fees. He said they are going to study the question again. I do not have the text of the minister's comments in front of me, but he left the impression that this is all being done out of his good nature. Someone happened to mention to him that there was some inconsistency in the fees being proposed. Out of his good nature, and he is a good natured guy, he said he would withdraw the fee schedule.

It was not withdrawn because of his consultations with the fishermen. It was because of all the harping we did in committee. We stated that they were impossible fee schedules and we were not going to have them. Thereupon they were withdrawn for the time being. However, as I already stated, the provision is still in the bill for him to impose that fee schedule whenever he wishes.

The other problem on the west coast is the enhancement program. It is such a complicated matter that I am not sure I will be able to deal with it in all aspects. It has gone a little foul in two regards. One suggestion is that the enhancement program is going to be contracted out. I have heard, and this distresses me, that some fisheries officials have decided there is more to be gained outside the public service by taking a contract to do the enhancement program than there is inside using fisheries officers. I do not like that suggestion.

The enhancement program requires the most careful, scientific care of trained people. The minister would not contract out to me, even if I were on his side of the House, because I am not scientifically trained.

Mr. LeBlanc (Westmorland-Kent): Oh yes, I would.

Mr. Munro (Esquimalt-Saanich): Although we are good friends, I do not think he would go quite that far. I know I am not trained to carry out the program. If it goes to contracting out, how is the minister to determine whether those he contracts to carry out the program are qualified to do so? This provision is very dangerous. The minister is about to say he would only hire those already in his service who decide to retire. That is a very bad principle. It is one of the aspects that is causing a great deal of concern on the west coast.

The other matter of concern is the cost of the enhancement program. It was to be included in the fees. If this minister has anything to do with it—and he will not be the minister for all time—it will be included in the fees when that schedule comes forward. That is how the salmon enhancement program should work. Instead of user-pay, or "user-pray," I think that "prey on the user" is the correct way of defining the program. The western fishermen will have none of that.

[Mr. Munro (Esquimalt-Saanich).]

I have gone into some of the regulations. Under this bill there are two sets of regulations. We have reached a point in this parliament at which we are considering bills whose purpose is to provide a framework within which regulations may be set. That is the way the government operates. They will not come clean and say what regulations they intend to establish. Clause 9 and clause 25 each implies different sets of regulations. Clause 9 gives the governor in council authority to make regulations governing 15 different matters, including fees, schedules, safety and so on. Fair enough. But the officials surely know what ought to be contained in these regulations. Why not append them to the bill? We criticized the Minister of Transport (Mr. Lang) when we were dealing with another bill and eventually we got the regulations appended to the measure. That is the way it should work.

● (2142)

There is no question that regulations are required and that they cannot all be written into an act. But they could be attached as a schedule. The schedule could be brought forward for consideration during the life of an act and altered at that time. Blanket authority should not be given to officials to draw up regulations which are not known to the House in advance.

Clause 25 contemplates that the governor-in-council may by regulation designate any offence under the act. Here we are dealing with the fixing of fines by another set of regulations. Surely it should be possible to append the regulations to a bill so that we and the fishermen directly concerned may know exactly where we stand. The matter is even more important to the fishermen than it is to us; we are trying to defend their interests in our comments tonight.

My hon. friend from South Shore (Mr. Crouse) mentioned the wharfingers and the possibility of patronage. I shall not develop that aspect, but is the minister planning to designate some of the wharfingers as enforcement officers? Maybe. Maybe not. I am sorry there is no clearer definition of what is meant by "enforcement officer". The term could apply to wharfingers; they have certain powers under the act which are stronger than one might be prepared to accept at first glance.

My final comments relate to the 200-mile limit which is another source of great confusion on both coasts because of the uncertainty and the secrecy surrounding the negotiations between ourselves and the United States with regard to the definition of our boundaries at the four places where our two zones meet. There has been no report on these negotiations. We know that a competent diplomat has been assigned to the task backed by a good staff, but we are expected to take so much on trust when the government has given us no reason for extending that trust. It worries me that we should be expected to extend trust to a government which has shown itself incapable of governing this country. On the contrary, it is seemingly determined to break the country up. Still, we are asked to trust the government to conclude satisfactory agreements with our neighbour to the south on the boundary between the two zones. We do not even know what possibilities are being explored by the negotiators.

In this connection, I note that my former colleague, Marcel Cadieux, is the principal negotiator. I have great trust in the man. But why should he not have behind him the authority of parliament to get what is required by Canada in these negotiations? Why has there not been a briefing, even a confidential briefing, given to selected members of parliament? They would not go blabbing. Members of the Press Gallery would try to get information. Bless them, let them try. But in matters of this importance there could not be any possibility of leakage.

A further cause of uncertainty is that no provision whatever has been made for the surface patrol of a tremendously large area which was taken under our umbrella on January 1, 1977. I do not know whether the minister, when he was out in Victoria, saw those ships, boats, or whatever they are, which are intended to be our patrol vessels. For their size and number they do a fair job but they cannot be expected to carry Canadian jurisdiction to the extent of 200 miles or even, on the west coast, to the 50-mile margin which is the end of the fishing limit out there to all intents and purposes. This still leaves a lot of sea to be covered.

The three vessels out there, the *Runner*, the *Racer* and the *Rider*, are just not capable of the task assigned to them, and there is still nothing in the works, as far as I can make out, unless something is being negotiated with Denmark on a charter basis. And that would be a great shame when we have within this country the competence, the technology, to produce our own fisheries patrol vessels. They ought to be on the stocks. Is any thought at all being given to that? I see the minister nods but I have not seen any tenders for design being let, or anything like that. I believe he is keeping that in his head because he does not want me to know that vessels intended for us on the west coast are not being built on the west coast. Vessels which are for use on the Pacific coast should be designed and built on the Pacific coast whether they are for naval or for fisheries use.

An hon. Member: And at Saint John for the east coast.

Mr. Munro (Esquimalt-Saanich): And at Saint John for the east coast; we shall split it for the Arctic.

It is on these grounds—the uncertainty due to what the regulations will contain, the uncertainty as to what the level of the fees will be, the uncertainty into which the west coast fishermen have been locked because of the licensing system and the patronage potential contained in the bill—that we find it impossible to support this bill.

● (2152)

In addition there is the salmonoid program, which had been the enhancement program to which I subscribed. I do not like the way it is going. Last but not least, there is the failure of this bill to define exactly what is intended by an enforcement officer. For all these reasons, Mr. Speaker, I do feel that it will be impossible for my colleagues and I to support this bill.

Mr. William Rompkey (Grand Falls-White Bay-Labrador): Mr. Speaker, I welcome the opportunity to say a few words on this bill, particularly after listening to my colleague from the west coast. I had heard the party opposite described as the party of gloom and doom, but nowhere is that more evident than in debate of this bill tonight. It seems to me that this is one area, not the only area in the country, where there is room for hope, yet all we have heard are the negative aspects of this particular industry.

My colleague from the west coast has told me that the west coast fisheries are in disarray. There is disillusionment, discouragement and despair in that region. I do not know what the mood is there because I cannot speak for the west coast, but I can tell you that in my part of the east coast, in the Atlantic area, there is optimism, there is buoyancy and there is a spirit among the fishermen which has never been experienced before. All of this is due to the policies of the government and this minister. That is a fact. If you would like to go and talk to the fishermen, Mr. Speaker, they will tell you the same things I am telling you now. I have heard the comment that all of this is as a result of the policies of this minister. This minister is known not necessarily as the minister of fisheries but as the minister of fishermen. There is a great difference, and there is adequate evidence why that should be so.

I heard arguments earlier this evening concerning the amount of money put in to small craft harbours compared with what was spent on Mirabel airport, what was spent on the CBC and whatever. Some years ago when the Koreans hit the U.S. market with cheap hake, something like $140 million was gained by this minister from the government of Canada to support a failing Atlantic fishery, which was failing through no fault of its own but through the fault of the state of the marketplace at that time. So when hon. members fault the minister for obtaining insufficient money for the fishery, there is evidence there to contradict that. When they fault him for not bringing in policies that are in the interests of the fishermen, here is a minister who put money into the fishermen's pocket. The subsidies up to two years ago went to the companies. Now two and a half cents a pound on top quality groundfish is going into the pockets of the fishermen for the first time. This is the minister not of fisheries but of fishermen.

I want to make some comments concerning this bill. I think they have to be put in the context of the 200-mile limit. I was mystified because I heard that the 200-mile limit was not necessarily going over as a good thing. In my area it is the greatest thing since sliced bread. The 200-mile limit is a fantastic thing for this country. It is the greatest reason for hope that we have, and that is certainly true in my province. As a result of the 200-mile limit, quotas over-all have been decreased so that we are now rebuilding stocks, but Canadian quotas have increased. What is more important is the fact that the quota to inshore fishermen has increased, which comes off the top of the over-all quota before it is divided up. This is the point I want to zero in on. This bill is going to be good for the inshore fishery, which in my area is still the backbone of the fishery.

I want to refer to a statement made by the minister of external affairs, I believe last week. I would like to quote parts of it in a press release that accompanied his statement.

The guiding principle for future development of Newfoundland's fisheries should be that the inshore fishery comes first.

I cannot read all of what he said, but here are some other statements:

It is not a matter of having one or the other . . . It is . . . very much a question of balance, and in considering what that balance should be, there is now, near unanimous agreement on a fundamental first principle for fisheries development: the inshore fishery comes first.

First of all, if the inshore fishery is to be the backbone of the Newfoundland fishery—I do agree with that statement, and I believe it to be true certainly along the northeast coast—then we have a need for good shore facilities. This bill gives the minister management over those shore facilities and a structure for seeing those shore facilities are developed. In the long run that will benefit the fishermen. He makes provision, contrary to what we have heard, for consultation, for community involvement in the planning facilities. I do not know about other areas, but we have not had that in my area before. The opening is there for putting further staff in place. I can only speak again for the area I represent. It is a good thing as long as it does not become a rigid tier of bureaucracy. This is something we have to guard against.

If the minister is going to put in place this management regime and if he is going to recruit additional staff, I would urge the minister to have advisory groups set up among the fishermen in the same way that he does in setting his licensing policies. I believe that consultation has to be there. He has shown in the past that he is prepared to do it and I urge him to do it in the future.

As for the matter of charges to be levied, the minister has dealt with that in his own speech and there is no need for me to elaborate. Whatever the minister may do he has shown up to now that he is the minister of fishermen and that his policies have been in the interests, not only of the industry as a whole, but of the fishermen themselves. They know that whatever he may do he will act in their best interests, and he will not raise licence fees unnecessarily until such time as they are making an adequate income.

That adequate income is coming. This year I would say on the northeast coast of Newfoundland the increase in the amount of fish caught and the amount of money earned is something like 40 per cent over last year. The salaries are improving, not to the point where we would like to see them, but they are getting better. People are going back to the fishery who have not been in it for a long time. But I still do not think that we should be imposing two charges on fishermen, and this is something the minister will have to monitor.

There is something else I would like to mention, but we are running out of time. Better shore facilities go hand in hand with some measures that the Department of Fisheries have already taken regarding quality control. The wharves and breakwaters have to be in place. We have to build more of them, and we have built more of them. But regarding shore facilities, we had to have measures such as the program we have put into effect on the northeast coast of Newfoundland.

The Acting Speaker (Mr. Ethier): Order, please. The hon. member for Grenville-Carleton is rising on a point of order.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): Mr. Speaker, from the point of view of the business of the House I would like to receive some confirmation from somebody on the other side of the House as to what we will be dealing with tomorrow when the House commences at two o'clock for business. I realize we are going to have a vote, but after we have gone through the niceties of the vote, what will be the government business?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, as the leader of the House announced last Thursday, unless there is a change in the program, we shall probably continue the study of Bill C-2 now before the House and then Bill C-17.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would like to thank the parliamentary secretary. Will he please convey to the government House leader our anger, quite frankly, at failing to follow through this evening with the program which was announced a few days ago with respect to government business. I wonder whether he would ask the hon. gentleman to explain at some time why, without warning, he changed the order of government business. It is particularly important that he do so if there is to be any credence given to the matter of co-operation between parties in this House. If the government House leader is interested in proceeding apace with the business important to him, I think he should not forget the importance of the word "consultation."

● (2202)

[*Translation*]

Mr. Pinard: Mr. Speaker, I can confirm that the continual practice of the leader of the House has been to respect the opinion of the opposition as concerns the legislative program. However, I believe that we must be flexible and understanding enough to recognize that there can be last minute changes. According to what I have been told, what has happened today is as follows, if I may have the attention of hon. members. During the question period, the parliamentary secretary to the minister concerned talked with the House leader of the opposition and also with the hon. member for Winnipeg North Centre (Mr. Knowles).

I see a member waving at me: we shall be able to have a talk after the late show this evening. At that time, Mr. Speaker, it was clearly stated that after studying Bill C-3, we would proceed this afternoon to the report stage of Bill C-2 and there was even some discussion with the House leader of the opposi-

tion and the hon. member for Winnipeg North Centre about the amendment which received unanimous consent this evening. I do not know if at that time it was understood that there would be a change in our program, but I want to say one thing: Last Thursday, when the government House leader announced the legislative program, he said that we would proceed this week to the study of Bills C-3, C-17 and C-2. Of course, if we consider what I have just said literally, normally Bill C-2 should have come after Bill C-17. But as I said in the beginning, I believe that sometimes, because of the circumstances, we must show some flexibility and understanding, and we do not usually seek to disregard the agreements or the programs discussed with opposition leaders.

A while ago, before rising on a point of order, the opposition leader talked to me and I suggested that he raise this question at the next private meeting of party leaders, which will probably be held Thursday as usual. At that time we might review the facts and perhaps make the necessary adjustments. In view of his point of order, I would ask to the opposition leader to demonstrate some flexibility. I am convinced that after the discussion with the parliamentary secretary following the question period today, if there had seen major objections to the consideration of Bill C-2 tonight he would have raised them and we would not have studied that bill. But as there were discussions on the amendment it seems that on this side of the House we took for granted that we could proceed with Bill C-2 before considering Bill C-17. If the opposition leader resents this I am sorry but I think that this kind of issue should be discussed during a private meeting between House leaders and not as a point of order. I do not think it contributes to the harmony of House business.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am not blaming the parliamentary secretary, and I want him to understand that, but I am suggesting that if there were representations made they were not made to me. I think it is—

The Acting Speaker (Mr. Ethier): Order, please. I think at this stage I might hear the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I do not intend to extend this argument, but I should like to be sure that there is one point about tomorrow that is clear. A few moments ago for the first time it was said publicly, though we reached agreement sometime ago, that the vote on Bill C-19 would be taken tomorrow at or shortly after three o'clock. In view of the fact that on two occasions during the last few days the bell has rung for two hours, I hope it is understood, by ordering tonight this vote to take place at three o'clock tomorrow, that it will be a 15-minute bell.

● (2207)

The Acting Speaker (Mr. Ethier): Order, please. For the purpose of clarification and in an attempt to end this discussion, this is a matter of who is right and who is wrong, who said this and who said that. Presently both hon. members are debating what the order of business should have been, even though the order of business has been established. I see no reason to entertain more points of order or more discussion concerning House business in view of the fact that it has been established.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I am not discussing the matter which concerns Your Honour. Is it not a House order that there is to be a vote tomorrow at three o'clock? If that is the case, then the rule will make it a 15-minute bell.

Mr. MacFarlane: Mr. Speaker, as the hon. member for Winnipeg North Centre (Mr. Knowles) said, it was not public knowledge, so I do not see how there would be any public knowledge of it. I understand there will be a vote following the question period tomorrow, but when the hon. member indicates that it will be at three o'clock sharp, I am not sure. I have not seen the order. Perhaps the hon. member has seen the order indicating the time.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, let's not quibble. Make it a 15-minute bell.

Mr. Baker (Grenville-Carleton): Mr. Speaker, with respect to the vote to be taken tomorrow, I assume there will be an order made on unanimous consent. From my party's point of view, we are prepared to consent to a 15-minute bell. It will be very refreshing after experiencing two-hour bells on two occasions because of the absence of government members.

Mr. MacFarlane: Mr. Speaker, I do not want to participate in a debate at this time in the kind of fashion which has occurred. I think hon. members should be honourable, and the truth of the matter is: if a vote is called without an order and it is not a 15-minute bell, in many cases it is because there are members at meetings in this city who require 40 or 50 minutes to get to the chamber. That will occur time and time again if there is no notification in advance of a 15-minute bell. My understanding is that all House leaders have agreed to something. They are the ones who should tell us about this. Tonight we have heard that no other agreements should be made, because one House leader has indicated that he was not consulted. I respect him fully for that. The hon. member for Winnipeg North Centre said something about it not being public knowledge, and then he is asking me to guarantee bells. I will guarantee bells when it is public knowledge.

The Acting Speaker (Mr. Ethier): Order, please. I gather there is no understanding. The hon. member for Winnipeg North Centre (Mr. Knowles) was seeking a guarantee from the government benches that there would be a limited bell. From what I gather, there is none. Therefore, I cannot see why we should continue to entertain—

Mr. MacFarlane: Mr. Speaker, that is not what I said. I am trying to point out very clearly that the two House leaders who are present are talking about discussions which they have had privately. I cannot confirm those discussions because I was not there. I understood there was to be a vote after question

period. Since I have knowledge of that, one would presume it would be a 15-minute bell and that the whips would honourably, as they always do, settle this. If hon. members are going to begin to instruct whips from one side of the House to the other, then we will not know who is in charge of bells. In my case I presumed it would be a 15-minute bell.

The Acting Speaker (Mr. Ethier): In an attempt to end this discussion, perhaps I could ask for unanimous consent. Is there unanimous consent that there be a 15-minute bell?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Then, I think the question posed by the hon. member for Winnipeg North Centre has been answered.

Mr. Paproski: Mr. Speaker, I think it should be indicated that the vote will occur following orders of the day and not the question period. I say that simply for clarification.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

● (2212)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH—ALLEGED DANGER TO INFANTS FROM CHEMICALS CARRIED BY NURSING MOTHERS—REQUEST FOR STUDY

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, on December 14, 1977 I asked the Minister of National Health and Welfare (Miss Bégin) a question in the House concerning the alleged danger to infants from breast feeding, particularly by mothers whose milk contains high levels of DDT and PCBs, or polychlorinate biphenyls. The PCBs are industrial chemicals which pollute water and air, and eventually our food, and are found in higher levels than they should be in mothers' milk.

I am concerned about this and would like to know whether there is any correlation between the increase in levels of DDT and the weight of the patient. We know that DDT is stored in the fatty tissues of animals and fish. Suppose that one woman weighs a couple of hundred pounds and another one weighs 125 pounds, and suppose both women give birth. Does the mother who is obese carry more DDT and biphenyls in her body, and consequently in her breast milk with which she feeds her baby, than the thinner mother?

The second question I would like to put concerns lower levels of these substances found in cows' milk. I should like to know from the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson), who has been interested in this kind of work for some time, what tests have been carried out on cows, whether on dairy cows or first calvers, and for what period of time. Could he also tell me whether any beef cows were tested, because there is a great difference between those two animals so far as storage of fat is concerned. I would like to know also whether we have a central laboratory where those tests can be carried out.

Statistics indicate that only about one in four mothers nurse their babies for various lengths of time. This is less than in the past and less than in undeveloped countries where babies are nursed for months.

I also have the following question and I wonder whether the department is prepared to do some research on it. Suppose a mother weighing 140 pounds goes on nursing her baby and then loses weight. Will the amount of DDT and biphenyls in her body accumulate or decrease? If it accumulates, it would be paramount for pediatricians to keep the weight of mothers at the same level so that they would not be storing DDT and biphenyls in their body fat. Does the government have facilities at present in any province in Canada for testing milk, and are there facilities for testing drugs which may have been ingested by mothers?

● (2217)

One case which comes to my mind involved a woman who underwent a bone graft in her back. She had a degenerating spine. Unfortunately, she developed the morphine habit because of all the pain she experienced. She overcame the habit. She later had a baby, and I often wonder about this because there was some problem with that baby. I wonder if tests have been done.

Dr. Morrison mentioned that there were 350 investigations now underway, and I wonder what those investigations cover. Do they cover drugs and chemicals? We know that phenylephrine are found in sprays, cold tablets and so forth and that if a person uses hypertension pills, or pills for high blood pressure, he may get into serious trouble. I wonder how much we know about these things, if our testing is accurate and how many places we have where those substances can be accurately tested so that we can be sure of the results.

DDT can be found in large fish and in beef. However, if fatty parts are trimmed off, the amount of DDT will naturally be cut down. Freshwater fish are loaded with contamination, and we must keep these things in mind.

Cattle drink water from streams and creeks where DDT, insecticides and other chemicals are found. They wash into the water. The cattle drink that water, and yet the tests show a lower concentration in cows' milk than that found in mother's milk. Mothers should surely be protected more than animals. Do we have laboratory facilities for tests? In view of the fact that only one in four mothers nurse, would it not be wise to test them all and if necessary resort to cows' milk?

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

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, the hon. member for Simcoe North (Mr. Rynard) has raised a number of questions, and I am quite sure we will read the record at a later date and respond to them. In the meantime, I would like to respond to the specific question the hon. member raised on December 14, 1977.

At that time the hon. member asked the minister whether her department was doing anything to provide any information to expectant or nursing mothers about diets which are low in pesticides and other chemical contaminants. In responding to this question the following points can be made. The information from several years of monitoring indicates that the amounts of pesticide in the total diet are much lower than those which have been set as the maximum safe level by the World Health Organization. For example, the amount of DDT in the total diet in 1974 was found to be only 0.5 per cent of the acceptable daily intake as set out by the World Health Organization.

Pesticides and other organic contaminants tend to accumulate in fatty foods. The Department of National Health and Welfare advocates the adoption by the public of a prudent diet which emphasizes consumption of increased amounts of fruits, vegetables and whole grain cereals and decreased amounts of sugar and fat. We encourage also the substitution of low fat milk and other similar modified products for conventional high fat items. Such a diet would be expected to contain reduced levels of fat soluble pesticides and other chemical contaminants.

● (2222)

Women of child-bearing age living in the Great Lakes system, including the St. Lawrence River valley, are advised to exercise caution in the consumption of locally caught game fish such as coho and chinook salmon, eels and catfish. Only an occasional meal of locally caught fish of these species should be consumed by women of child-bearing age from the geographical areas mentioned. The forementioned Canadian guideline of two parts per million PCBs—polychloro biphenyls—for fish is the strictest in the world to our knowledge, and is carefully monitored by the fisheries and marine services branch of the Department of Fisheries and the Environment. Canadians can therefore be assured that commercial fish does not contain unsafe levels of PCBs.

An insert providing informative warning information for women of child-bearing age is being prepared for inclusion with the March 1978 family allowance cheques. This information will provide general dietary advice and specific information about reducing dietary fat intake.

I should like to point out to the hon. member that, as he asked a number of questions subsequent to the one on December 14, I will undertake on behalf of the minister to see that a letter is sent to him setting out what the department is doing on the matters he has raised which are very important.

[*Translation*]

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, last January 27 I asked the Secretary of State (Mr. Roberts) to get information from the Ontario Minister of Education about the conditions required to make French an official language in that province. I must recall that Ontario Premier William Davis wrote recently, and I quote:

> The Ontario government does not intend at the present time to take any step to make French an official language of the province.

That rather startling announcement contains two notions that seem conflicting at first glance. It represents a categorical and absolute refusal. One remains temporarily shocked and stunned by its apparent finality. However, the Ontario premier did not close the door completely. He said: Not at the present time.

Such a statement makes us believe that the government of Ontario might change its mind if the situation evolved and that it would indeed agree to change its position if certain approaches were made. What would be those circumstances, those conditions, those prerequisites? I would like to say in passing that apparently some members have blamed me for my intervention in the House last Friday, perhaps because I was dealing with an issue concerning the province of Ontario. However, my intervention was valid and honest. I do not consider that I have narrow responsibilities as a member. I do not think I should deal only with problems concerning my riding in New Brunswick or other Atlantic provinces. I have the right and the privilege and even the duty and the intention of intervening to a greater degree in all questions pertaining to the fate of French Canadians everywhere across my country and of doing so beyond artificial barriers represented by jurisdictions. I challenge all other provinces to do as much for the two official language groups as has been done in the province of New Brunswick since the sixties under the government of Louis Robichaud and to a certain degree under the present administration.

In my opinion, the two linguistic communities of New Brunswick deserve greater credit for their achievements even if there is still a lot of progress to be made in such sectors as language, schools, services, than for instance Quebeckers who so far have gone through a smooth evolution under the umbrella of constitutional guarantees.

When Premier Davis states that he has no intention of taking any step to make French an official language and adds in the same breath specifying that such is his intention "at the present time", I feel as indignant and outraged as the Secretary of State (Mr. Roberts) himself felt. Yet I still hope and seriously believe that the Ontario government is willing to make some concessions. This is why I am asking the Secretary of State to look into it, to negotiate, to improve the dialogue. Is it Bill 101 in Quebec that Mr. Davis finds shocking? Is it the proposal made by Mr. René Lévesque at the St. Andrews conference that is bothering him? Let him speak out frankly, let his education minister reveal the abcess so it may be lanced right now, but for goodness's sake let us not put in the balance the cultural life and language of Franco-Ontarians. Let them

grant French official status in Ontario. It would be like pouring oil on a tormented sea, but above all it would amount to a demonstration of equity and justice.

The lame excuse that Ontario does not now have the resources to provide the required services which would automatically be needed once French gained official status is an easy way out.

That point was made recently by the Parliamentary Secretary to the Minister of Justice (Mr. Young) when answering a question put by the hon. member for Ottawa-Vanier (Mr. Gauthier). He referred to the serious administrative impact of support personnel, not to mention the fact that in some provinces a start would have to be made from scratch. He was referring of course to the judicial area, our Canadian courts.

Time and good will can in my view overcome such obstacles. The province of New Brunswick has still less resources than Ontario, however, it did not wait for everything to be in place and perfectly developed to act. At this point in our history, in these times of emergency, Ontario has a unique opportunity! I am convinced the Secretary of State (Mr. Roberts) will spare neither time nor effort to offer his most sincere co-operation, with the rather significant federal resources, to encourage that province to take the next logical step. This would be a gesture so significant it would raise new hopes for the future of our country among those most depressed by the current situation.

Hon. John Roberts (Secretary of State): Mr. Speaker, as I mentioned in my answer of January 27 to the question put by the hon. member for Madawaska-Victoria (Mr. Corbin), I was very disappointed by the position taken by Ontario's premier concerning the official language policy and the recognition of the French language as an official language in Ontario.

As I said, I was very disappointed because I had hoped the Ontario government would accept the request we put forward in "A National Understanding" for implementation at the provincial level of the bilingualism principles proposed by the federal government.

Unfortunately, I was taken aghast by Ontario's refusal, and I shared the feelings of the hon. member.

As very aptly indicated by the hon. member for Madawaska-Victoria (Mr. Corbin), it seems to me that the Ontario premier left the door open to a change of attitude on the subject of the recognition of the French language as a second official language in Ontario.

I shall be meeting with the Ontario Minister of Education next spring, at the meeting of the Council of Ministers of Education. My colleague from Madawaska-Victoria may rest assured that the issue will be raised with him, and I shall do my best to convince the Ontario government to review their position on the matter.

[Mr. Corbin.]

• (2227)

[*English*]

EXTERNAL AFFAIRS—PRIME MINISTER'S KNOWLEDGE THAT SOVIET SATELLITE CONTAINED NUCLEAR PACKAGE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, the events of the past week made us look again at the provisions we have made for space exploration and the use of outer space. In questioning the minister involved last week, it became apparent there are major gaps in the system of international treaties governing outer space. Three aspects or the recent events seem to be of particular importance in highlighting these gaps.

First, the Soviet Union co-operated with us and earlier with the United States only after they were requested to do so. Second, the Soviet Union acted on a bilateral basis in this affair, apparently making no contacts with international organizations. Thus, only those countries which the United States or the Soviet Union chose to inform had advance warning of the danger. The satellite fell over an area which is not only sparsely populated, but in a country which eventually knew that a dangerous satellite was in trouble and which therefore had made some slight preparation.

Finally, in the search which is being conducted, the entire cost is up to now being borne by Canada and the United States, unless U.S.S.R. asks for the return of the debris under the provisions of article 5 of Treaty 1975 No. 6, the agreement on the return of objects launched into outer space. This section can and has been misinterpreted, I believe, in that article 5 states that expenses incurred in fulfilling obligations to recover and return the space object or its component parts under paragraphs 2 and 3 shall be borne by the launching authority. However, paragraphs 2 and 3, the operative parts, contain the words "contingent upon the requisition by the launching authority". So if the U.S.S.R. does not ask for the debris back it will not be liable for the cost of recovering the same. I presume it must have done so because yesterday the minister said the Soviet Union would meet its responsibilities.

• (2232)

These circumstances are the consequence of some basic shortcomings in the treaties which deal with problems which could arise from mankind's use of space. The agreements all fail to take into account two important facts. First, while banning "any objects carrying nuclear weapons", the treaty-makers did not prohibit the inclusion of dangerous amounts of fissionable material in satellites. The treaty-makers seem not to have realized that a situation could arise in which an unarmed satellite would, upon re-entry, pose a threat to a wide area, that is, a threat apart from the immediate physical damage caused by impact.

In the second place they do not take into account the rapid advances in satellite tracking technology and thus ignore the opportunities presented by the fact that there are often significant lengths of time in which to prepare ourselves before a satellite re-enters the atmosphere. Neither do the accords take cognizance of the coming of the space shuttle orbiters. These should be in operation in two years' time and within five years

they should be of great help in relieving us from the dangers we were facing last week.

The remedy for these shortcomings lies, I believe, in simple amendments to the treaties themselves. First, the convention on the registration of objects launched into outer space should be amended so that, in addition to the basic orbital parameters, the launching states would be required to notify the Secretary General of the UN of the inclusion of any fissionable material in a satellite. Perhaps in order to avoid difficulties and red tape in connection with safe scientific experiments there should be some minimum amount provided for, such as 100 grams, below which no notification would be required. An exemption of this sort could no doubt be arranged after discussion with the technical experts.

The second change which should be made is an addition requiring the launching state to notify the Secretary General of the United Nations whether any satellite re-entering the atmosphere contains any material, fissionable, chemical or biological, which could present a safety threat if it reached earth. Notification to this effect should be made as soon as it is ascertained that the satellite is likely to re-enter the atmosphere. The Secretary General in turn would notify any state over which the satellite was passing.

Third, once a satellite has been classified by this method as potentially dangerous, states with satellite tracking capability—presumably the United States and the U.S.S.R.—would be required to keep the Secretary General informed of the expected time and location of re-entry. Once a location could be predicted, the Secretary General and the heads of the states affected are to be informed.

Finally, reasonable costs of searching for and containing the contamination, even if the search is only to confirm that the satellite was entirely consumed during re-entry, should be treated as damages under the existing convention of international liability for damage caused by space objects. This would make it possible to recover such costs. In addition, article XXI of Treaty No. 1 would permit the affected state to seek assistance from the launching state in this search and containment operation.

Taken together, these suggestions would, if implemented, give us a safer world, one in which the risks to the population at large inherent in space exploration and use would be reduced. The government should learn from its experience of the ad hoc and frequently inefficient train of communication evident in the past week's crisis and press vigorously for the changes I have outlined.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I express my appreciation to the hon. member for drawing the attention of the House of Commons and of Canadians generally to this important subject.

● (2237)

The Prime Minister (Mr. Trudeau) indicated to the hon. member, in response to his question concerning the briefings at NORAD during his visit there in late December, that he was advised that NORAD headquarters were monitoring all the satellites and other man-made objects in space and that the headquarters were aware of the situation. He also stated that they went into some detail at his briefings which he did not think it was appropriate for him to disclose.

The hon. member must know from the responses to various questions given by the Prime Minister and the Ministry of National Defence that Canada and the United States have had complete and harmonious co-operation on all aspects dealing with the Cosmos satellite. Before January 20, 1978 when the Prime Minister and the Minister of National Defence (Mr. Danson) were briefed on the probability of the Cosmos landing on earth and a possibility that it may be in Canada, there was no requirement for a detailed disposition of the Cosmos as it was not apparent that its disorientation would affect North America. In fact, it was considered that it may land in the south Atlantic or sometime later in the year, probably in the month of April 1978.

The Minister of National Defence and the Chief of the Defence Staff have openly and frankly reported on all aspects of this event and continue to do so the minute new information is available. They will continue to do so until the matter has been finalized. At this time, the Canadian and American armed forces and Department of Energy, Mines and Resources' officials and other agencies and officials concerned with the operation continue to operate in close co-operation with the forces' information officials in Edmonton and are providing details of the operation to the news media as soon as communications permit.

The Canadian forces' officials were informed of the disorientation of the Cosmos as early as September 1977. Details of its progress were reported as its disposition changed. At each stage, higher levels of authority were advised, culminating with the Minister of National Defence and the Prime Minister several days prior to the final plunge. As the Minister of National Defence has stated several times, he is satisfied that he received timely information on the Cosmos through proper channels following recognized procedures.

I am sure the hon. member will appreciate that he has made other representations as well which will be taken into consideration by the Minister of National Defence and the Prime Minister.

The Acting Speaker (Mr. Ethier): Order, please. The motion to adjourn the House is now deemed to have been adopted. Therefore this House stands adjourned until tomorrow at two o'clock p.m.

Motion agreed to and the House adjourned at 10.38 p.m.

HOUSE OF COMMONS

Wednesday, February 1, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

GOVERNMENT POLICY RESPECTING EXECUTIVE ASSISTANTS' CONTACTS WITH CONSTITUENCIES—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under the terms of Standing Order 43 on a matter pertaining to the work being done by certain special and executive assistants to members of the cabinet. I move, seconded by the hon. member for Hastings (Mr. Ellis):

That the Prime Minister advise the House whether it is government policy to permit special and executive assistants to cabinet ministers to visit or contact various constituencies on matters that are not government business, and specifically that the Prime Minister immediately instruct all members of the cabinet to cease permitting their staffs during government working time and at taxpayers' expense from indulging in attempts to prop up the obviously lost cause of Trudeau-type Liberalism.

Mr. Speaker: Such a motion can be discussed only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

CHEQUES RETURNED TO PRODUCERS—ACTION BY CANADIAN WHEAT BOARD—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgency. In view of the fact that many grain producers who sold to feed mills, unaware that they were not designated to collect the 2 per cent deduction, are having their cheques returned by the Western Grain Stabilization Board, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the minister in charge of the Canadian Wheat Board immediately consider taking action to resolve this problem.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

NORTHERN PIPELINE—SIZE OF PIPE TO BE MANUFACTURED—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the necessity that Canadian steel manufacturers produce the steel for the Canadian portion of the Alcan pipeline, and in view of recent statements by Foothills Pipe Lines Limited indicating that a decision is required soon regarding the size of pipe to be used, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the government to announce that the steel pipe to be used in the construction of the Alcan pipeline be of a size which can be produced both in eastern and western Canada and that the government announce its intention to guarantee that orders for the Canadian portion of the pipeline will be filled in Canada.

Mr. Speaker: Such a motion can be presented for discussion, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

REPAIR OF FOREIGN FISHING VESSELS IN CANADIAN SHIPYARDS—GOVERNMENT POLICY—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the tremendous need for employment opportunities in the Atlantic provinces, in view of the fact that the Minister of Fisheries and the Environment (Mr. LeBlanc) was reported by Canadian Press on October 21 last as having stated that he is considering favourably a new policy to permit foreign nations to repair their fishing vessels in Canadian shipyards and stated a week ago that he would permit such fishing vessels to have major repairs done in Canadian shipyards, and in view of the fact that Canadian control over fishing in the 200-mile economic zone now makes the former restrictions unnecessary, I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

S.O. 43

That this House direct the Minister of Fisheries and the Environment to implement a new policy permitting foreign fishing vessels to be repaired in Canadian shipyards commencing today, and that foreign fishing vessels be allowed to transfer catches and exchange crews at Canadian ports as part of the said new policy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AIR TRANSPORT

REQUEST DOMESTIC FARES BE COMPETITIVE WITH OVERSEAS FARES—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to present a motion concerning a matter which is of great importance, especially at this time of the year.

Given the fact that Air Canada domestic fares are higher than those on overseas flights, which amounts to inviting Canadians to travel outside the country during their vacations, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That the House urge the Minister of Transport (Mr. Lang) and the management of Air Canada to take a close look at domestic and international travel with a view to authorizing competitive domestic and overseas fares so as to encourage Canadians to travel more within Canada, a policy which is likely to foster Canadian harmony.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

INDUSTRY

REQUEST GOVERNMENT-OWNED SHIPS BE BUILT IN CANADIAN SHIPYARDS—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise under the provisions of Standing Order 43 to seek the consent of the House to move a motion of critical urgency to literally thousands of laid-off Canadian shipyard workers and their colleagues who will during the next three to five months find themselves out of work. Given the critical situation, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

[Mr. Crosbie.]

That this House directs the Government of Canada to take immediate steps to ensure that during periods of slack activity in our Canadian shipyards, all Canadian government-owned ships will in fact be designed and built in Canadian yards, and further directs the Minister of Transport to recall from Europe those officials of his department who are there seeking a ferry replacement for the CN Marine ferry *Carson*.

Mr. Speaker: Such a motion can be presented for discussion, pursuant to the Standing Order, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

NATIONAL DEFENCE

DISINTEGRATION OF SOVIET SATELLITE OVER CANADIAN SOIL—DANGER FROM RADIATION—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the grave concern being expressed by people in the Yellowknife-Hay River area in respect of media coverage of the radiation hazards caused by the crash of the Soviet satellite, which they feel will have an adverse effect on the tourist industry, and in view of the fact that the site of the crash is in an isolated area and danger from radiation will be restricted to the site and will not affect the areas ordinarily visited by tourists, I move, seconded by the hon. member for Churchill (Mr. Smith):

That the Minister of National Defence issue a statement assuring the public that the danger from radiation is limited to the isolated site and, further, that in the event the wreckage of the satellite is not returned to the Soviet Union and is not hazardous, it be placed in the museum at Yellowknife as an additional tourist attraction.

Mr. Speaker: Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FINANCE

REQUEST FOR REMISSION ORDER ON TRIBUNAL'S DECISION RESPECTING DUMPING OF STEEL—MOTION UNDER S.O. 43

Mr. Hugh A. Anderson (Comox-Alberni): Mr. Speaker, under the provisions of Standing Order 43 I ask for the unanimous consent of the House to present a motion dealing with a matter of urgent and pressing necessity.

Some hon. Members: Oh, oh!

Mr. Anderson: Since British Columbia, by reasons of history, geography and the nature of its steel consumers, is not part of the domestic market for Algoma wide-flange steel, I move,

seconded by the hon. member for Coast Chilcotin (Mr. Pearsall):

That the President of the Treasury Board seek and obtain a remission order pursuant to section 7 of the Financial Administration Act 1970, RSC chapter F-10, from the governor in council regarding an anti-dumping tribunal's decision with respect to the dumping of steel.

Mr. Speaker: Presentation of the said motion for discussion, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Paproski: No one said "No".

Some hon. Members: Hear, hear!

An hon. Member: Simma Holt said "No".

Mrs. Holt: I said "Agreed".

* * *

NORTHERN AFFAIRS

REPRESENTATION OF NATIVE PEOPLES IN DISCUSSIONS ON CONSTITUTION OF N.W.T.—MOTION UNDER S.O. 43

Mr. Wally Firth (Northwest Territories): Mr. Speaker, under the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. Given the fact that the two largest native organizations of the Northwest Territories, namely, the Indian Brotherhood of the N.W.T. and the Inuit Tapirisat, have refused to participate in the inquiry, headed by C. M. Drury, on constitutional development in the Northwest Territories, and that without the involvement of these groups the inquiry will be rendered irrelevant, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House calls upon the government to suspend the lame-duck Drury inquiry until some accommodation can be reached with the Indian Brotherhood and ITC so that native peoples in the north are represented in any ongoing discussions regarding the constitutional evolution of the Northwest Territories.

Mr. Speaker: The presentation of such a motion for discussion, pursuant to Standing Order 43, can be done at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

POINT OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—S.O. 43 MOTION BY MR. ANDERSON

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I thank you very much for recognizing me at this particular point, as it does have to do with the proceedings which have just taken place. There is a considerable body of opinion in the House, and we bow to your judgment, sir, that there was not a "No" in respect of the motion by the hon. member for Comox-Alberni (Mr. Anderson). I wonder whether we might be permitted, since it is not unprecedented, to have that motion called again, perhaps to test the House.

Mr. Speaker: Order, please. There was no mistaking the distinct "No" I heard in respect of the motion.

ORAL QUESTION PERIOD

[*English*]

ADMINISTRATION OF JUSTICE

KEABLE INQUIRY—MINISTER'S AFFIDAVIT RESPECTING DOCUMENTS NOT PROVIDED TO INQUIRY

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Acting Solicitor General. Yesterday, I asked the minister specific questions about the state of knowledge of the previous solicitor general when he signed an affidavit on September 15 and, indeed, a subsequent affidavit on October 12, relating to the 26 documents which the solicitor general refused to turn over to the Keable inquiry. The Acting Solicitor General said his predecessor would not have known that one or more of those documents referred to operation "Ham", that is, the PQ break-in, because they were coded numerically.

● (1417)

Would the Acting Solicitor General explain to the House why the department, the security service or whoever it was, would use code numbers, when this operation had already been given a code name, namely, operation "Ham"?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I have had an opportunity, which I appreciate the House giving me, of reviewing the annex to the affidavit to which the hon. member refers. There are three references to documents with references to file numbers. They were considered, along with the other 23 documents, by the then solicitor general against a set of criteria drawn up by him, his advisers and counsel—including counsel from my department—as to the basis upon which they should be excluded. Those three references had file references which later turned out to be references to the "Ham" file. I have reviewed the three documents which are excluded, and none of those documents, while they have a file reference, include the word "Ham".

Mr. Jarvis: Mr. Speaker, the minister indicated yesterday in his answers that there was no contradiction. In his answer on Monday, he said:

Any minister signing a section 41 declaration does so after careful examination of the documents in front of him—

Therefore, the very unfortunate question has to be: On October 28 or October 31, did the then solicitor general mislead the House; or on September 15 or October 12, did the then solicitor general sign a false affidavit?

Mr. Basford: Mr. Speaker, the answer to both those questions is an emphatic "No". The documents which were given to the Keable inquiry under that affidavit, and the documents that were withheld, were carefully reviewed by the then solicitor general, over some 70 hours of work with his advisers, as to which would be submitted to the inquiry and which would not. None of those documents refer to "Ham". Those 26 documents were excluded, on the basis of section 41(2), against a set of criteria including such things as the protection of human sources, technical sources, information from other security services and the revealing of other targets or operations of the RCMP.

At that time, the then solicitor general, in reviewing those documents, was reviewing documents relative to the Bricole file or the Bricole matter, the break-in at the APLQ, and was excluding documents which did not relate to that incident.

Mr. Jarvis: Mr. Speaker, because this discussion is not clarifying anything, my final supplementary question is: Were there documents listed among the 26 which referred to activities other than those to which the affidavit referred, because the matters deposed to and the documents referred to in the affidavit related to specific events, being the subject matter of the inquiry of Mr. Justice Keable, specifically? Were these other three documents related to other activities, specifically, the Parti Québécois break-in? How on earth could the minister fail to inform himself of that very situation, having, as his successor has said, met the standard of conduct required by a minister in signing a section 41 affidavit, which was outlined to the House by the Acting Solicitor General yesterday?

Mr. Basford: Mr. Speaker, they were documents which did not relate to the APLQ break-in, they related to other files of the RCMP which did not relate to the APLQ, and therefore were excluded from the affidavit relating to the APLQ. I think some of the confusion—and I indicated the other day that there is confusion—may well arise from the fact that there is in the annex, the list of excluded documents, a reference to a telex which does not use the word "Ham". There is, however, another telex of the same date, from the same officer which does refer to operation "Ham". That is not the telegram referred to in the annex, nor is it the document excluded by the former solicitor general.

● (1422)

Mr. Jarvis: Will the Acting Solicitor General assure the House that the affidavit sworn to by the then solicitor general on October 12, 1977, which includes the list of documents, No. 24 of which is a telex from d'Entremont, does not relate to operation "Ham", that is, the PQ break-in?

[Mr. Basford.]

Mr. Basford: Yes, Mr. Speaker.

* * *

LABOUR CONDITIONS

NEWFOUNDLAND—SHUTDOWN OF FLUORSPAR MINE—IMPORT TARIFF TO PROTECT JOBS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Acting Prime Minister. In view of the fact that the Alcan company is shutting down its fluorspar mine in St. Lawrence, Newfoundland—a criminal act which will throw 400 people in the community out of work—and in view of the fact that Alcan is doing this because they feel they can make more profit from the fluorspar mine owned by Noranda in Mexico, and in view of the fact that Alcan is brutalizing the community in this way, immediately following a year in which that company's profits increased by 500 per cent over the previous year, can the Acting Prime Minister tell the House why he refuses to protect the jobs of Canadians and the community of St. Lawrence by imposing temporary import tariffs on fluorspar?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): The representations of the hon. member in this matter will be considered.

Mr. Rodriguez: In view of the fact that about a month ago the government took the position that it would not impose an import tariff on fluorspar, and in view of the fact that the precedent for imposing an import tariff to protect Canadian industry and jobs was established in the shoe industry, can the Acting Prime Minister tell the House why he is so tardy as to put off the decision, once again, on which depends the fate of the community and the jobs of 400 workers? Can he tell the House right now, without equivocating and without fiddling and faddling, if he is prepared, now, to impose an import tariff on fluorspar?

Mr. MacEachen: Mr. Speaker, the answer to that question would be no, without further consideration.

Mr. Rodriguez: In view of the fact that it is fairly obvious that the House has frequently in the past voted, considered and debated legislation to put workers back to work, and in view of the fact that the government is putting off the decision and has in the past denied the right to impose a tariff on imported fluorspar, can the Acting Prime Minister tell the House if he intends to bring legislation before the House which will put capital back to work so that no one will be laid off in St. Lawrence, Newfoundland?

Mr. MacEachen: I will give the same answer to the third question on the same point.

[*Translation*]

AIR TRANSPORT

DIFFERENCE BETWEEN DOMESTIC AND OVERSEAS RATES—CRITERIA USED TO ESTABLISH RATES

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to direct a question to the Minister of Transport.

I have been told that over similar distances domestic rates differ from rates on overseas flights originating in Canada.

Could the minister tell the House whether those allegations are correct and, if so, what criteria are considered in establishing passenger rates inside or outside the country?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I would not want to make a sweeping statement about a comparison of rates of all kinds within the country and abroad. However, it may be that the hon. member's question is directly related to a recent report of a higher rate between points in eastern Canada and Vancouver, compared with a lower rate if one is travelling to Los Angeles. That report, as an Air Canada vice president made clear in a letter to the same newspaper, was quite wrong. As usual, a charter economy or excursion fare was being compared with a regular fare inside Canada.

● (1427)

In fact, a real comparison of rates shows that the lowest rates generally available are charter competitive fares, which both CP Air and Air Canada offer. As that vice president reported, on the particular routes being used as the examples when comparing those two fares, the fare for the inside Canada route was actually lower than the one to the foreign destination.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, would the minister give serious attention to this matter, which is of great interest for all Canadians, so that people who wish to take a few days' vacation be better informed, and see if it might be possible to give a special advantage to Canadians who want to visit Canada rather than foreign countries?

Could the minister inform the House about this study? Would he be prepared to make that recommendation or to give the results of this study in the House of Commons within the next few days?

[*English*]

Mr. Lang: Mr. Speaker, as I have just indicated, very often the inside-Canada fares are indeed as low or lower than similar ones for foreign destinations. What I think may be required is the correcting of the false impression which is often left when comparing an excursion fare with a regular fare, which is obviously not a fair comparison. I think I should encourage the airlines to give greater publicity to their charter competitive fares so that there is as much attention given to them for travel inside Canada as the promoters of various tours abroad give to the rates available there. I believe greater information is what is required. I think the fare structure may, in fact, be reasonably balanced at the present time.

* * *

NATIONAL DEFENCE

DISINTEGRATION OF SOVIET SATELLITE OVER CANADIAN SOIL—INFORMATION PROVIDED MINISTER ON MILITARY MATTERS

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. Yesterday, General Hill, the Commander in Chief of NORAD, stated that he had briefed the Prime Minister on the nuclear package in the faltering Cosmos satellite. It seems that the Prime Minister either forgot to pass the news on to the Minister of National Defence, or possibly did not understand what the briefing officers were telling him. In any case, the Minister of National Defence was left in the dark by both the Prime Minister and his own Chief of Defence staff. Has the minister discussed with the Prime Minister the advantages of keeping the minister informed about military matters? In turn, the minister might enlighten the Prime Minister regarding the role of NORAD.

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, there is no discrepancy and there never has been a discrepancy. The information which has come to either the Prime Minister or myself has been known by both of us. There is a discrepancy in the statement made last night by General Hill. There is, obviously, a misunderstanding, because that statement is not borne out by officers who are at the location. Unfortunately, General Hill is on his way back to Colorado Springs. I am sure he and the Prime Minister will be pleased to answer questions about this matter. I will have word from General Hill later this afternoon when the Prime Minister returns to the House. I am sure that the information he was given is correct.

DISINTEGRATION OF SOVIET SATELLITE OVER CANADIAN SOIL—USEFULNESS OF U.S.S.R. SCIENTISTS BEING ON SITE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my supplementary question would have been directed to the Prime Minister, but unfortunately he is absent so I will ask about another aspect of this problem. One of the senior Canadian officers engaged in the search for and retrieval of the debris has suggested that it would be helpful to have Russian scientists there now. Has the government considered this course of action and, if so, what steps have been taken?

Hon. Barney Danson (Minister of National Defence): I understand that the Prime Minister is speaking with representatives of the Canadian Labour Congress at the present time. Many people at the site are making many statements. There has been no request for Russian assistance from any of our people. The Soviets have offered to assist, but there has not been a need for it. It is very simple for hon. members

opposite to pick up the latest edition of a newspaper or to listen to the latest newscasts, but I have to deal with a situation which covers some 20,000 square miles, with hundreds of people involved, in a very hostile environment with temperatures of 70 degrees below zero with the wind chill factor. We have a large operation going on there. What any individual might say might be helpful and, if not, the information is coming through from individuals in charge of the search.

● (1432)

NORAD—REQUEST FOR STATEMENT ON CANADA'S ROLE

Mr. Bob Wenman (Fraser Valley West): In view of the efficient and clear statement of General Hill of the United States, which indicated that the Prime Minister apparently did not understand the significance of the falling satellite, nor did he understand the significance of Canada's participation in the joint command aspect of NORAD, in view of the Prime Minister's confusion will the Minister of National Defence consider making a statement on motions to clarify the government's confusion and incompetence, in order that Canadians may be reassured regarding the security of the nation and the excellence and competence of our Canadian defence officials in NORAD?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I am really amazed by hon. members who believe that every foreign officer is making an accurate statement, and when it comes to our Canadian forces they seem to question them all the time.

Some hon. Members: Hear, hear!

Mr. Danson: I think the hon. member is as far back on the backbenches as he can be, but it is still too bad he is that close.

Mr. Wenman: Unfortunately, the minister did not hear the question, Mr. Speaker. I said that I wanted him to make such a statement on motions, in order that the people of Canada might understand that members on this side of the House share an understanding as to the excellence of our forces. We are not concerned about their excellence; we are concerned about the incompetence of the government. Will the minister make such a statement on motions?

* * *

POST OFFICE

McDONALD INQUIRY—MINISTER'S KNOWLEDGE OF MAIL OPENING BY RCMP

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is for the Postmaster General. It relates to the possible misleading of the House, or misinformation given by an official of the Post Office to the minister. Mr. Paul Boisvert, director of security and investigations for the Post Office, has told the McDonald commission that he learned of the "Cathedral" mail openings by the RCMP some time in October. On November 9, in the House, the minister denied

that he knew anything about illegal mail openings. In fact, in response to a question put by the Leader of the Opposition he said:

Mr. Speaker, following the investigation I have conducted with my own security investigation personnel, I stand by my statement.

Will the minister say whether he misled the House at that time, or whether he had been misinformed by his official who heads the security and investigations division?

Hon. J.-J. Blais (Postmaster General): Mr. Speaker, the question I was asked was whether I was aware of any complicity on the part of postal officials tampering with the mail. I have not seen the transcript of Mr. Boisvert's evidence, but as I understand it, the evidence before the McDonald inquiry was to the effect that he had been made aware in mid-October of the RCMP tampering with the mail. There is no indication that at that time he had been made aware of any official or employee of the Post Office being involved.

Mr. Hnatyshyn: Mr. Speaker, I have a supplementary question. We are moving from misleading, to incompetence in the operation of the department. The Postmaster General well knows that the questioning on that particular day related to stories revealed in the press of RCMP interception of mail. Will the minister indicate to the House whether he will take action with respect to that official in his department, or whether he will bear full responsibility for misleading this House on a very important matter as far as the country is concerned?

[*Translation*]

Mr. Blais: Mr. Speaker, on that day I answered the question put to me by the leader of Her Majesty's loyal opposition.

[*English*]

Mr. Hnatyshyn: A final supplementary question, Mr. Speaker. Will the Postmaster General at least give this House the assurance that he will not, under any circumstances, allow his name to stand for the position of solicitor general?

Some hon. Members: Oh, oh!

REQUEST PARLIAMENTARY COMMITTEE STUDY OPERATIONS

Mr. Bruce Halliday (Oxford): Mr. Speaker, my question is directed to the Postmaster General. In view of the increasing disgust of more and more Canadians with the inadequacy of our postal service, as evidenced by the fact that in one constituency office yesterday we received eight to ten phone calls, independently, from people indicating their dismay with the situation, would the Postmaster General agree that the inquiries he has instituted to date in which Post Office officials investigate themselves, are a failure and would he be willing to reconsider having a parliamentary committee investigate the whole Post Office mess?

Hon. J.-J. Blais (Postmaster General): No, Mr. Speaker.

HEALTH

GOVERNMENT ACTION TO FIGHT CARDIOVASCULAR DISEASE

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I should like to put a question to the Minister of National Health and Welfare. In view of recently published statistics that cardiovascular disease is still the number one cause of mortality and morbidity in Canada, and that the month of February is dedicated by the medical world as "heart month", I should like to ask the minister what new steps she has taken to help Canadians fight cardiovascular disease.

Mr. Clark: That's a toughie.

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I personally launched the campaign for "heart month" on Monday in Montreal. I do not recall the amount of the campaign for the whole of Canada, but I shall give the figure to the House as soon as I have it. One million dollars is the goal for the province of Quebec. I encourage hon. members to contribute their share in accordance with what they believe. I should like to mention the excellent work done by Dr. Fraser Mustard's committee in this respect. We are giving support to the research side. Last year we gave $6.2 million—

Some hon. Members: Order.

* * *

EXTERNAL AFFAIRS

POSTPONING CONSTRUCTION OF POWER DEVELOPMENT ON POPLAR RIVER, SASK.—GOVERNMENT POSITION

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, in the absence of the Secretary of State for External Affairs I will address my question to the government House leader, the Acting Prime Minister. Has the government made any response to the formal note submitted to it by the International Joint Commission with regard to postponing or imposing a moratorium on the construction of the power development on the Poplar River in Saskatchewan?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker, we have not made any formal reply to the request of the International Joint Commission that further work on the project be suspended until information has been assembled which is required for the water quality studies of the commission. We are aware that the government of Saskatchewan has indicated it will attempt to provide the required information as soon as possible.

FISHERIES

REPAIR OF FOREIGN VESSELS IN CANADIAN SHIPYARDS—GOVERNMENT POLICY

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I should like to address a question to the Minister of Fisheries and the Environment, as he may leave us soon. As the minister knows, I have been urging him for a year to announce a policy that will give Canadians ship repair yards the ability to service foreign fishing vessels. The minister had said he would permit major repairs. Will he also permit vessels under repair to have crew changes and catch changes, so that east coast shipyards will be able to repair the foreign fishing vessels which we now control within our 200-mile economic zone?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, if I were to consider going where the hon. member suggests, I might discuss it with him on the way since he knows the way from the provincial to the federal field. I would tell him that some Liberals in his own riding asked me if I was intersted in running in Newfoundland.

Mr. Speaker, the matter of port access is before us. As the hon. member knows, we are engaged in bilateral negotiations with two major components of our foreign fisheries relations. I have always said that port access should be exchanged for other economic developments. I am willing to look at ad hoc cases which come before me, and authorize negotiations under the Fisheries Protection Act. I am very sympathetic in the case of the port in which the hon. member is interested.

Mr. Crosbie: A supplementary question, Mr. Speaker. The hon. gentleman would be a fish out of water if he went to Newfoundland. There are thousands of shipyard workers in Nova Scotia, and hundreds in Newfoundland who can be kept employed or whose employment could expand if this change came into effect. I ask the minister when there will be a definite announcement on whether this policy is going to change, in order to permit our shipyards to negotiate with the foreign companies involved and obtain this additional work. Newfoundland should be a service station in the North Atlantic for these fleets, but it is stopped at the moment. When can we have a definite, final policy?

• (1442)

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I have not prevented discussions between one major company and one country from taking place. I am sure that if they agree to conditions and prices, it will be authorized. The hon. member—and I say this because he is a former minister of fisheries with whom I had very good relations—recognizes that access to ports at a time when we do not have jurisdiction beyond 200 miles, and other conditions which we want to attach to protect the fisheries, can become a bargaining point in our bilateral agreements. For that reason I am not willing to rush into port access except on an ad hoc basis where our vital interest is protected.

Oral Questions

TRANSPORT

REPLACEMENT FOR S.S. "CARSON"—LOCATION OF SHIPYARD UNDERTAKING CONSTRUCTION

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I must say I appreciate that last observation made by the Minister of Fisheries. I would like to direct my question to the Minister of Transport. Would the minister indicate whether, in fact, officials of his department are now outside Canada seeking to place an order for replacement of the CN ferry *Carson* which sank off the Labrador coast late last year?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, no firm position has been taken at this point in time for a replacement for the *Carson*. Officials of my department and of CN Marine are always alert in an effort to find out which vessels may be available for additional service in the ferry systems in the eastern part of the country. I have no doubt they are interested at all times to know at what prices they might be able to acquire vessels of various configurations. That, of course, goes alongside the question that we are looking at for the future, that is, replacement of a vessel three or four years from now. Obviously, we would look much harder at the question of constructing such a vessel in Canada.

Mr. Forrestall: Mr. Speaker, my supplementary question arises from the fact, as I understand it, that the ministry has not canvassed Canadian shipyard capacity which, as everyone knows, is greatly reduced. I wonder if the minister, in association with his colleague the Minister of Industry, Trade and Commerce, could give an undertaking that there will be a revamped and revised policy by the government toward shipbuilding in Canada. In addition, could the minister, on behalf of the government, undertake to give the assurance that during periods of undue slackness and underutilization of our Canadian shipyards, particularly in light of the thousands of jobs that have been lost in recent months and will be lost over the next two or three months, Canadian government requirements will be for Canadian designed and Canadian built ships?

Mr. Lang: Mr. Speaker, I am a little surprised that the hon. member continued with his supplementary question, because I had already said that if we were looking at the construction of a vessel which would be available several years hence, we would very clearly be interested in the question of Canadian construction, with the jobs that would go with it and the use of idle shipyards. I hope that the hon. gentleman will recognize that if what we are after is a vessel for the coming season, there is no possibility of constructing such a vessel in that time period, and we may therefore, very reasonably, go outside the country to charter a vessel not built in Canada, as a temporary measure to meet the real needs of people wanting to travel between the Atlantic provinces.

[Mr. LeBlanc (Westmorland-Kent).]

INDUSTRY

NORTHERN PIPELINE—REQUEST FOR PROGRESS REPORT ON NEGOTIATIONS FOR MANUFACTURE OF PIPE

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I would like to address a question to the Deputy Prime Minister. In view of the fact that Foothills Pipe Lines cannot call for tenders and steel plants in Canada cannot make plans for production for the proposed Alcan pipeline until they know the result of negotiations between the technical committees of the United States and Canada, can the minister tell the House the state of those negotiations respecting specifications for pipe? Can he assure the House that the negotiators for Canada will not allow themselves to be outmanoeuvred regarding specifications which rule out most, if not all, of the Canadian steel industry? Also, can he tell the House when we will have those specifications?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, joint technical discussions have taken place between officials on our side, namely, the National Energy Board, and officials of the United States. The United States has undertaken further studies on its own, as I understand it. Nevertheless, it is the intention of the National Energy Board to make a decision on pipe size, I would say within two weeks. Of course, the pipe size is a matter within the jurisdiction of the National Energy Board because it does have responsibility for assuring safety standards and reliability within Canadian territory.

Mr. Benjamin: Mr. Speaker, may I direct a supplementary question to the Minister of Regional Economic Expansion? In view of the fact that the agreement on the pipeline was reached months ago, and in view of the announcements by the Prime Minister and the Deputy Prime Minister regarding Canadian content, Canadian construction and Canadian pipe, will the minister—even though I might be worried—accept the statements and the commitments of the Prime Minister and the Deputy Prime Minister at face value and proceed at once with the contribution by his department toward the $80 million expansion for the Interprovincial Steel Company plants in Regina and Edmonton, so they may proceed to produce a major portion of the pipe for that line?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, this proposal was brought before our Department some time ago and we are considering it in conjunction with that company and the provincial authorities. It will probably take a few weeks before we will be able to bring together all the facts and elements that will help up make up our minds as take a decision about the way this project can be worked out.

[*English*]

ENERGY

NORTHERN PIPELINE—REQUEST FOR EARLY INTRODUCTION OF LEGISLATION

Mr. Erik Nielsen (Yukon): Mr. Speaker, the Deputy Prime Minister has been promising the House the pipeline legislation for months. It is a matter which went through the United States Congress last year. Obviously, it is going to be a complicated and lengthy bill, with great economic problems and others which must be discussed by hon. members. In order that we may acquaint ourselves with the provisions of this bill, rather than being confronted with a rushed, last-minute debate, will the minister indicate that he will bring the bill before the House before the end of this week, or at the latest on Monday, with ten days or two weeks set aside for members to study it before second reading debate?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I can advise the hon. member that I propose to give notice of the bill today. We will give it first reading at the end of the week, or early next week, and we will commence the debate just as soon as hon. members have had an opportunity to study the bill. I doubt whether the length of time requested by the hon. member is required in order to examine the qualities of this bill.

* * *

THE CANADIAN MINT

METRIC-SIZED COINS—GOVERNMENT POLICY ON INTRODUCTION

Mr. Peter C. Bawden (Calgary South): Mr. Speaker, my question is for the Minister of Supply and Services who is responsible for the Mint. Will the Minister say whether a decision has been made not to introduce the new metric one-cent coins because of the fact that any change in coin sizes costs hundreds of millions of dollars, especially to coin machine operators, vending machine operators, etc? Will the minister say whether the Mint now has secret designs which will result in the introduction of metric-sized coins in denominations of 20 cents, 40 cents and 80 cents to replace existing coinage?

Mr. Woolliams: Bring back the five-cent coffee, too.

[*Translation*]

Hon. Jean-Pierre Goyer (Minister of Supply and Services): Mr. Speaker, the Mint has no secret designs and, as a matter of fact, the Mint was thinking of issuing a new one-cent coin. But since it costs us two cents to make a one-cent coin and since our designs were so well known that people involved in the private market and in the public sector were opposed to the issuance of this new coin, we have cancelled this project.

It is true that we are considering a new proposal which we and the people involved intend to assess with a view to lowering our operating costs.

● (1452)

[*English*]

Mr. Bawden: Would the minister tell us whether the new one-cent coins were minted and, if so, at what cost? Would he also tell us why these changes in size were made? If it was to reduce the cost, would the hon. gentleman explain why the Mint did not simply change the alloys going into the coins but left them the same size, since this would have eliminated horrendous problems for the Toronto subway authority, for instance, and towns which have installed parking meters.

[*Translation*]

Mr. Goyer: Mr. Speaker, the hon. member is partly right: it is a matter of size, but also of weight. When the alloy used for the one-cent coin is changed, private enterprise as well as public services, such as the Toronto and Montreal transport commissions, run into trouble. We want to change the one-cent coin precisely because it costs us $6 million more than it brings in.

We are looking at new proposals and the pilot project cost $5,000. To my mind that is not prohibitive considering the fact that we are trying to save $6 million.

* * *

[*English*]

INDUSTRY

INCLUSION OF B.C. IN DECISION OF ANTI-DUMPING TRIBUNAL RESPECTING STEEL—GOVERNMENT POSITION

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question was to have been directed to the Minister of Industry, Trade and Commerce. In his absence I will direct it to the Deputy Prime Minister. It has to do with all the pressure being brought to bear in this House for protection for industry in central Canada—for example, the shoe industry, textiles and, now, the newest inequity, steel—at a cost to the economic health of the outer reaches of Canada. I have in mind British Columbia. In view of the fact that British Columbia has never been a market for Algoma wide-flange steel, would the hon. gentleman tell us why British Columbia was included in the decision of the anti-dumping tribunal to increase the cost of imported steel to the construction industry of British Columbia?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I can assure the hon. member that, as a person from the outer reaches of Canada, I am seriously concerned about the problem she has raised. I want to tell her that the matter is presently before the government for consideration, and we are expecting and awaiting further information on this question from the government of British Columbia.

Oral Questions

NATIONAL DEFENCE

ARMED FORCES PERSONNEL ENGAGED IN SEARCH FOR REMAINS OF SOVIET SATELLITE

Mr. Cecil Smith (Churchill): Mr. Speaker, I have a question for the Minister of National Defence. I may say I am appalled by the emphasis the minister is placing on the harsh environment of northern Canada, as if it were the first time anyone in this government realized that this was a cold climate and there are thousands of people living and working in such an environment every day. I should like to ask whether armed forces personnel now at Churchill, Manitoba, and involved in winter warfare training were engaged in searching for the remains of the satellite which came down in Canadian territory.

Hon. Barney Danson (Minister of National Defence): No, Mr. Speaker, not to my knowledge. Most of the personnel engaged in the search came from Edmonton and Yellowknife; none has been drawn from Churchill. If they are required, they can be made available.

Mr. Smith (Churchill): Is active consideration being given to the removal of the remaining 35 armed forces families presently in Churchill to other locations for winter warfare training?

Mr. Danson: I think it is an overstatement to say active consideration is being given to that question. A review of all our bases is a regular practice intended to increase the efficiency of the forces. It is possible that Churchill is under consideration, as it has been before, but I have no change immediately planned for the future.

* * *

INDUSTRY

REFERENCE TO COMMITTEE OF DECISION OF ANTI-DUMPING TRIBUNAL

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is directed to the Acting Prime Minister and is supplementary to that asked by the hon. member for Vancouver-Kingsway, who has taken up a subject first raised by my hon. friend from Capilano. Given that there is real concern on both sides of the House about this decision by the anti-dumping tribunal, would the Acting Prime Minister, in the interest of making parliament effective in dealing with regional concerns, agree to make an immediate reference of the decision of the anti-dumping tribunal on December 29, 1977, to the appropriate committee of the House?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): We hope to be able to reach a decision on this question shortly. It may be that in the circumstances reference to a standing committee would delay a decision on the matter, one which is urgently required.

Mr. Clark: It should be understood that our concern is that this decision did not adequately represent regional realities. There is very real concern that the same lack of attention will be displayed by the government. One way to ensure that the legitimate regional interests of British Columbia are expressed would be by affording an opportunity before a standing committee of the House of Commons for British Columbia members to make their case directly. Why does the Acting Prime Minister deny that right to a standing committee of the House?

[Mr. MacEachen.]

Mr. MacEachen: The Leader of the Opposition need not be afraid that the regional interests of British Columbia are not being vigorously pressed forward by Liberal members and by ministers from British Columbia. If that is his concern, I can assure him that it is groundless.

* * *

HOUSE OF COMMONS

INVESTIGATION INTO CONDUCT OF MEMBER—ACTION TAKEN BY RCMP

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Deputy Prime Minister. Would the hon. gentleman confirm to the House that a Liberal member of parliament has been charged by the RCMP for influence-peddling?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): No, Mr. Speaker, I cannot confirm that because I am not responsible, nor do I have official information on the subject.

Mr. Broadbent: I did not get the minister's answer precisely, but since a press report is now out to the effect that the member has been charged, I assume the Deputy Prime Minister will check this soon and have some kind of report made to the House, whether the charge was that of influence-peddling and whether departments other than the House of Commons, for example, were involved.

Mr. MacEachen: In order to make the situation absolutely clear so that there might be no question of misunderstanding later, I should like to say that the investigation into the conduct of the hon. member mentioned by the leader of the New Democratic Party was launched under the authority of the Speaker. It is my view that any further information on the subject ought to be sought from that source, because this is a matter of parliamentary conduct. I have received some information on the subject—I want to make that clear—but I believe it might be better if the channel to which I have referred were followed in this case.

[*Translation*]

INDUSTRY

INCREASE IN SHUTDOWN OF PLANTS—GOVERNMENT POSITION

Mr. Roch La Salle (Joliette): Mr. Speaker, as the Minister of Industry, Trade and Commerce is absent, I shall direct my question to the Minister of Regional Economic Expansion.

Further to the federal-provincial conference of trade and commerce ministers this week, it was shown that Canada has lost 84,000 jobs in the last thirteen months, 30,000 being in the province of Quebec. In view of these facts, can the minister tell us whether his government intends to take immediate action to put an end to this current massive closure of industries?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, first I must set the facts straight. As for the number mentioned, I believe there was a printing error in the newspaper. I think the number mentioned was rather 34,000 jobs lost during that period in the manufacturing sector, including roughly 30,000 in certain industrial sectors of Quebec. As for the purport of the hon. member's question, certain measures have of course been adopted, for example certain quotas have been applied to imports in two programs, also some support has been given to certain industries. As the hon. member knows, our department has already started a program to help certain industrial sectors in the province of Quebec, particularly in Montreal.

Mr. La Salle: I would like to ask a supplementary, Mr. Speaker. I realize the efforts the government is now making to correct the situation. Since these propositions will probably have medium and long-term effects, is the minister prepared to urge his government to call together all the industrial sectors in order to have this government and these heads of industry develop a very special strategy designed to stop at last those shutdowns we see from day to day? I want to know if the minister would be prepared to recommend such a meeting with the government to develop a special strategy in this regard.

Mr. Lessard: Mr. Speaker, I would like to add that our measures also have short-term effects. Some of them are already felt by industry and recognized as having been beneficial to them. Moreover, I would like to add that such meetings as suggested by the hon. member have already taken place and are still taking place fairly regularly because we do have a consultation process with the heads of the industries mentioned by the hon. member. Those consultations will surely go on so that the measures we have to apply get maximum results and that industries can comply with the measures we have developed for them.

● (1502)

[*English*]

HOUSE OF COMMONS

INVESTIGATION INTO CONDUCT OF MEMBER

Mr. Speaker: In reference to the matter just raised a moment ago, I think it is appropriate for me to inform the House before carrying on with any other business that the investigation which I undertook to request on behalf of the House into allegations which appeared some time ago in at least one national newspaper concerning one member of the House has been ongoing. During the course of it, there were developments reported to me which I in turn conveyed in a regular way to the House leaders. Yesterday I was advised, and I in turn advised the House leaders of all parties, that in fact a charge as a result of that investigation had been laid against the hon. member for Bonavista-Trinity-Conception (Mr. Rooney).

* * *

PRIVILEGE

MR. JARVIS—POSSIBLE CONFUSION ARISING FROM QUESTION

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I rise on a question of privilege. At the commencement of the question period, the last question that I put to the Acting Solicitor General (Mr. Basford) may have resulted in a little bit of confusion. What I had intended to ask—I have not seen the blues but what I believe I did ask—was whether a certain telex from Sergeant d'Entremont to Superintendent Nowlan related to operation "Ham". I referred specifically to the telex in the list of documents forming a schedule to the then solicitor general's affidavit of October 12. I referred specifically to item 24 on that list.

What my question may have indicated to the Acting Solicitor General was whether the subject matter of that telex was completely or at least in part relating to operation "Ham". What I intended to ask was did it relate in any way to operation "Ham"?

In that there now appears to have been two telex messages between the two officers, the Acting Solicitor General, in the interests of clearing up what is an increasingly confusing issue, may consider tabling these two telex. I suggest that particularly because, if one believes the press reports, the solicitor before the Keable commission for the RCMP is quoted as saying that his clients have no objection whatsoever to making those two documents public.

That final judgment has to rest, of course, with the Solicitor General. However, there did appear as a result of my questions, and the Acting Solicitor General's answer to my last question in particular, some confusion which he and I discused very briefly.

I raise this by way of a question of privilege first, so that the Acting Solicitor General may clear up any uncertainty that

exists in his mind and, second, that he might consider advising the House whether he deems it advisable in the very serious circumstances to table these two telex.

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I appreciate the hon. member's rising. After the exchange of questions, I went to him to see whether there was any confusion in his mind. My earlier answer indicated that in the annex to the Solicitor General's telegram there were three documents that had been excluded under section 41(2) of the Federal Court Act on the basis that they referred to other matters. I indicated in my answer there were three of them that had a file number in them that subsequently proved to be the operation "Ham" file number. That answer would include his last question.

Just so that we are precisely clear, the telex that the hon. member refers to, telex B526 listed in the annex, has within it the file number of the "Ham" file. It does not have the word "Ham" in it and does not deal with the subject matter of "Ham" or the PQ break-in.

ROUTINE PROCEEDINGS

FINANCE, TRADE AND ECONOMIC AFFAIRS

First report of the Standing Committee on Finance, Trade and Economic Affairs—Mr. Kaplan.

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

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REVISED STATUTES OF CANADA, 1970

TABLING OF PROPOSALS TO CORRECT ANOMALIES, ETC.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, pursuant to Standing Order 41(2), I wish to table in the House in both official languages copies of proposals to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other acts subsequent to 1970.

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PETITIONS

REQUEST FOR ASSISTANCE FOR PASOLDS (CANADA) LIMITED, VAUDREUIL-SOULANGES

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the third report of the Clerk of Petitions, stating that he has examined the petition presented by the hon. member for Vaudreuil (Mr. Herbert) and finds that it meets the requirements of the Standing Orders as to form.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism): Mr. Speaker, the following questions will be answered today: Nos. 276, 300, 417, 982, 983, and 1024.

[*Text*]

CANADIAN COMMERCIAL CORPORATION—EMPLOYEES OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 276—**Mr. McKenzie:**

1. Has the Canadian Commercial Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Commercial Corporation in (i) 1975 (ii) 1976?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. (a) (i) (ii) (iii) (iv) (vi) (vii) (viii) (ix) (x) Nil. (v) 1975: 8; 1976: 15. (b) Not applicable.

2. Main estimates.

3. (a)(i) $7.27. (ii) $7.50. (b) Not known. (c)(i) $10,630. (ii) $18,739.

CROWN ASSETS DISPOSAL CORPORATION—EMPLOYEES OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 300—**Mr. McKenzie:**

1. Has the Crown Assets Disposal Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Crown Assets Disposal Corporation in (i) 1975 (ii) 1976?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. (a) (i) (ii) (iii) (iv) (vi) (vii) (viii) (ix) (x) Not applicable. (v) 6. (b) Not applicable.

2. Main estimates.

3. (a)(i) Not applicable. (ii) $5.41. (b) Not known. (c)(i) Not applicable. (ii) $5,000.

CARPET—EMPLOYMENT AND IMMIGRATION OFFICE—BROCKVILLE, ONTARIO

Question No. 417—**Mr. Cossitt:**

1. Was or has carpet been purchased by the government for the new Employment and Immigration office on King Street East, Brockville, Ontario and, if so (a) from whom (b) on what date (c) at what price per square yard (d) what was the total cost?

2. Were tenders called to permit local suppliers to bid on such requirements and (a) if so (i) on what date (ii) in each case, what is the name of the tenderer and the amount (b) if not, for what reason?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works): 1. No. (a), (b), (c) and (d) Not applicable.

2. (a)(i) and (ii) Not applicable. (b) Not applicable.

BRIDGE CONSTRUCTION OVER SAINT JOHN RIVER, NEW BRUNSWICK

Question No. 982—**Mr. Howie:**

Has DREE (a) agreed (b) been asked to financially support the cost of construction of a bridge over the Saint John River at Fredericton, New Brunswick and, if so, will it assist financially in this project?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: (a) No. (b) No.

HIGHWAY CONSTRUCTION FROM FREDERICTON TO SAINT JOHN, N.B.

Question No. 983—**Mr. Howie:**

Has DREE (a) agreed (b) been asked to financially support the cost of construction of a highway from Fredericton to Saint John, New Brunswick?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: (a) No. (b) No.

FINANCIAL ASSISTANCE TO PRODUCTION OF "KINGS AND DESPERATE MEN"

Question No. 1,024—**Mr. Epp:**

Is the Canada Council, the National Film Board or the Canadian Film Development Board in any way contributing financially to the film being produced in Montreal entitled "Kings and Desperate Men" and, if so, in what amount and for what specifically?

Hon. John Roberts (Secretary of State): I am informed by the Canada Council, the National Film Board and the Canadian Film Development Corporation as follows: No.

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

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

Some hon. Members: Agreed.

Energy

MOTION FOR PAPERS

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, notice of motion for the production of papers No. 56 is acceptable to the government subject to the usual reservations concerning confidential documents and to the authorization of the government authorities concerned.

DOCUMENTS RELATING TO RCMP INVESTIGATION WHICH WERE INCINERATED JUNE 2 AND 3, 1977

Motion No. 56—**Mr. Broadbent:**

That an Order of the House do issue for a copy of the list of all documents relating to Royal Canadian Mounted Police investigations that were incinerated by the RCMP on June 2 and June 3, 1977.

Motion agreed to.

Mr. Andres: I ask, Mr. Speaker, that the other notices of motions for the production of papers be allowed to stand.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

PETROLEUM ADMINISTRATION ACT

MEASURE TO AUTHORIZE IMPOSITION OF LEVY ON DOMESTIC PETROLEUM AND IMPORTS

The House resumed, from Friday, January 27, consideration of the motion of Mr. Lalonde (for the Minister of Energy, Mines and Resources), that Bill C-19, to amend the Petroleum Administration Act and the Energy Supplies Emergency Act, be read the second time and referred to the Standing Committee on National Resources and Public Works.

Mr. Speaker: Pursuant to Order made yesterday, January 31, the House will now proceed to the taking of the deferred division for the second reading and reference to the Standing Committee on National Resources and Public Works of Bill C-19, an act to amend the Petroleum Administration Act and the Energy Supplies Emergency Act.

I think there was some discussion last evening that the House would try to move to the taking of the division in 15 minutes time. Call in the members.

The House divided on the motion (Mr. Lalonde, for Mr. Gillespie) which was agreed to on the following division:

(*Division No. 20*)

YEAS

Messrs.

Abbott	Andras	Andres
Alkenbrack	(Port Arthur)	(Lincoln)
Allard	Andre	Baker
Allmand	(Calgary Centre)	(Grenville-Carleton)
Anderson		Baldwin

Energy

Messrs.

Balfour
Basford
Bawden
Beatty
Beaudoin
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Breau
Brisco
Buchanan
Bussières
Caccia
Cadieu
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Caouette (Villeneuve)
Caron
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Clermont
Coates
Collenette
Condon
Corbin
Corriveau
Cossitt
Côté
Crosbie
Crouse
Cyr
Danson
Darling
Daudlin
Dawson
Demers
Dick
Diefenbaker
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Dupont
Dupras
Duquet
Ellis
Elzinga
Epp
Ethier
Faulkner
Flynn
Forrestall
Francis
Fraser
Gendron
Gillespie
Goodale
Goyer
Grafftey
Gray
Guay (St. Boniface)
Guay (Lévis)
Haidasz
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hargrave
Harquail
Herbert
Hnatyshyn
Holt (Mrs.)
Hopkins
Howie
Huntington
Hurlburt
Isabelle
Jarvis
Johnston
Jones
Kaplan
Kempling
Knowles (Norfolk-Haldimand)
Korchinski
Lachance
Lajoie
Lambert (Bellechasse)
Lang
Langlois
Laniel
Lapointe
Laprise
La Salle
Lawrence
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
MacDonald (Egmont)
Macdonald (Rosedale)
MacDonald (Miss) (Kingston and the Islands)
MacEachen
MacFarlane
MacGuigan
Maine
Malone
Marceau
Marchand
Martin
Masniuk
Matte
Mazankowski
McCain
McGrath
McIsaac
McKenzie
McKinley
McKinnon
Milne
Mitges
Munro (Esquimalt-Saanich)
Neil
Nicholson (Miss)
Nielsen
Nowlan
O'Connell
Olivier
Paproski
Parent
Patterson
Pearsall
Pelletier
Penner
Philbrook
Portelance
Poulin
Railton
Ritchie
Roberts
Robinson
Roche
Rompkey
Rynard
Savard
Schellenberger
Schumacher
Sharp
Smith (Churchill)
Stanfield
Stewart (Marquette)
Stollery
Tessier
Towers
Trudel
Turner
Watson
Wenman
Whelan
Whittaker
Wise
Wood
Woolliams
Yanakis
Young—178.

NAYS

Messrs.

Benjamin
Broadbent
Douglas (Nanaimo-Cowichan-The Islands)
Firth
Gilbert
Hogan
Knowles (Winnipeg North Centre)
Leggatt
Nystrom
Orlikow
Rodriguez
Symes—12.

● (1532)

Mr. Speaker: I therefore declare the motion carried.

Bill read the second time and referred to the Standing Committee on National Resources and Public Works.

[Mr. Speaker.]

FISHING AND RECREATIONAL HARBOURS ACT

MEASURE TO PROVIDE FOR ADMINISTRATION AND DEVELOPMENT OF CERTAIN HARBOURS

The House resumed, from Tuesday, January 31, 1978, consideration of the motion of Mr. LeBlanc (Westmorland-Kent) that Bill C-2, respecting the administration and development of certain fishing and recreational harbours in Canada, be read the third time and do pass.

Mr. Speaker: Order, please. It is my understanding that at the conclusion of the debate last evening, the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) had the floor. Is the House ready for the question?

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I had the opportunity in committee and through the debates in the House to take a good look at the bill before the House. It is such a short bill which contains so little that one could easily overlook its true significance. The significance of the bill is that the minister will have authority to increase to a large extent the fee structure for fishermen on the east and west coasts. We in this party are not opposed to rationalization of the small harbours system and we are not opposed to ending the idea that a fisherman can tie up at one wharf for nothing but at another wharf he has to pay the wharfinger.

I know that the minister is attempting through this legislation to solve this kind of inequity, but there are some real reasons for which we feel as a matter of principle we cannot support the bill. One of the fundamental principles which we in this party support is that one should not take the public's property and turn it over to the private sector and leave those in the fishing industry unprotected. Under section 8 this bill contains the clear provision that the minister may, subject to the regulations, lease any scheduled harbour or any part thereof to any person. First of all, I see nothing in this bill which would protect fishermen against moorage fees, which may amount to whatever the traffic can bear as far as the private lessee of that marina is concerned, or nothing to prevent the lessee deciding he does not want fishermen on his docks but just wants big yachts, because obviously he can make more money from yachts. I see the minister shaking his head and I hope he will correct us.

I do not see anything in the bill which guarantees that if the minister decides, under the powers of this legislation, to transfer a public small harbour to the private sector, fishermen will be protected in terms of the regulated fee under the act. I cannot imagine any private entrepreneur taking it on that basis without some flexibility in terms of the kinds of fees that a private entrepreneur would take.

What is really passing strange in this bill appears when one reads the record of evidence in committee and the statements made by the minister in the House about the whole question of the fee structure. On November 15, as recorded at page 2:5 of the Standing Committee on Fisheries and Forestry, Mr. Reid, who looks after the small harbours division in the minister's department, said the following:

Some fishermen pay and others are not paying, depending on whether or not there is a government wharfinger to collect the charges. In fact, we have a number of outstanding court cases in which fishermen ought to have paid charges, and they have not, and their neighbours a few villages away have paid. This has caused us considerable concern.

I agree with him that this should cause concern. He goes on to say:

The amount of money that we are anticipating collecting in the first year, should we introduce this new scheme of charging everyone, would be extremely modest and, in fact, would only equal what we are collecting today.

That was an assurance in committee that the total amount of fees taken from commercial fishermen will not be any higher.

Let us go into the rest of the evidence. We come now to the minister's statement on January 31, 1978 made in the House when he said the following about the fees to be charged to fishermen. It is to be found at page 2414 of *Hansard* of that day. He said:

However, let me assure the House that no decision has been made in respect of the details of a new fee structure. Fishermen are not going to wake up with the passage of this legislation to find they have to pay the federal government "X" number of dollars.

He did not specify the number of dollars. Then he went on to say:

I believe we should continue with our present system, with all its shortcomings, for the present, without making any charges until the health of the fishery improves and subsidies in that area are reduced. What we intend to do now is discuss with fishermen and their organizations how we can achieve a modest and equitable fee structure that would allow both better management of facilities and better on-site services for Canada's commercial fishermen. Certainly I cannot emphasize this enough.

Let us look at the evidence given by the man who actually runs the system, namely, Mr. Reid. This is what he testified in front of the committee on November 24, just before the bill came out of committee:

The level of charge will be modest and reflect regional differences; in fact, we have proposed that it should range from a low of $1 per foot per year in the Atlantic regions and Quebec to $2 per foot per year in the Pacific.

● (1542)

That evidence indicates a 63 per cent increase in the present moorage charges in the province of British Columbia, which is the evidence I have, and the minister can re-examine that. It indicates a tremendous discrimination between one coast and the other. I am not suggesting that there should not be some discrimination in favour of those who are least able to pay, but the myth that the commercial fishermen of British Columbia are wealthy entrepreneurs just does not bear close examination. In fact, there is a great number of fishermen in British Columbia for whom the moorage fees are key to their operation and to whether they can make a satisfactory living. We are talking of up to $2,000 a year for licence fees in B.C. When you keep adding all these drips and dabs in B.C., where does that leave us? That kind of discrimination is completely unsatisfactory and unnecessary, and if we pass this bill we give a blank cheque to the minister to impose whatever fee he wants with regard to commercial fisheries.

I do not think this minister has done a bad job. I do not want to carp and criticize everything, but if I was a commercial fisherman, I would not buy a pig in a poke. If I was a commercial fisherman, I would want a commitment, before the minister was given the powers contained in this bill, as to what his charges will be and how many wharfingers will be hired in the province of B.C. Are these wharfingers to be local Liberals who happen to be unemployed? That question always comes up. One of the minister's principal problems might be to find Liberals to handle these jobs. Things are getting pretty rough. We do not know how many wharfingers the minister intends to add to the rolls. Some wharfingers in British Columbia work eight hours and then nip down to pick up fees at the docks. Those people are called wharfingers, but if that is the kind of wharfinger we are going to add to the ones we already have, the government can forget about it. We do not need part-time wharfingers and moonlighters. If we are going to have wharfingers, fishermen want people who will properly manage docks so they will get something for their money.

Another myth abroad is that fishermen are mooring for nothing all over the place, and they are not. It depends, but at the docks where they are allegedly mooring for nothing a fisherman would not want to tie up his boat because it might be cut adrift the next day, boats might have to get over sand bars to get to the docks, no dredging is done, the docks are rotting right into the ocean, and there is no breakwater at all.

I do not object to the idea that we should spend more money on small harbours. The minister has not spent enough money on small harbours. We can be putting public money into those harbours, but I do not see why commercial fishermen have to bear the burden. I do not see why we should take one section of the economy and let it carry the can for something this government has allowed to decline over the last 20 or 30 years.

Another reason this bill should not be approved is that there has been a remarkable lack of consultation with those involved. I know the minister has been out to the coast. I know he has had meetings with the United Fishermen and Allied Workers Union. However, as I recall, the minister did not have those meetings prior to this bill going through committee. The fishermen's union was not invited to make representations to the committee with regard to this bill. That particular union, which is the most seriously affected, submitted a very lengthy and detailed brief on this subject to the minister, and my information is that that brief has not been responded to in any detailed way. The minister did spend some two and a half hours, but he did not spend two and a half hours with the representatives of that union on the question of moorage fees. He spent his time on salmon enhancement problems, with boundary problems and with U.S.-Canada treaty problems—

Mr. LeBlanc (Westmorland-Kent): And Bill C-2.

Mr. Leggatt: —but how much time was spent on Bill C-2? Very little out of that two and a half hour meeting. Perhaps that is consultation in the way this government operates, but it is not meaningful consultation. Surely those who are most seriously affected by the fees should have the principal input in

terms of how the program is going to work and which docks are going to become staffed docks at which there will be charges.

It is perhaps typical of this government that it moves first and asks questions of the groups most affected later, but it is wrong. Having this bill in his hand will improve the minister's bargaining position with regard to fees charged to fishermen on the west coast, but I am not particularly interested in strengthening the minister's hand. The people who need help are the fishermen, not the minister. Therefore, what we should be doing is denying the minister this bill and letting him go back to the coast to meet with Pacific trawlers, the UFAWU, the native brotherhood and all the fishing groups to develop a consensus for a bill which the people affected can accept.

That is not what the minister has done. He is going to give them a bill. If they do not like it, he will listen to them for ten minutes, but they are going to get it anyway. The minister is going to ram it down the throats of British Columbia fishermen, and this being so I suggest that there will be a real problem. Some fishermen may not obey the law, and I would regret that, but the kind of approach one takes to legislation has to be considered with care. It is important to get a consensus of the commercial fishing industry of B.C. That consensus is important if there is to be no problem collecting moorage charges.

With regard to clause 8, the question of the minister's capacity to transfer public property to the private sector, I am concerned about the minister's lack of capacity to guarantee fishermen that the rates set by regulation will be maintained by the private sector and the failure to guarantee that services to vessels will be properly maintained. That is a fundamental flaw. The number of mooring stations for commercial fishermen will be reduced because the private sector wants to handle big yachts from Seattle and get the people with the bucks to pay more and more moorage fees. This is a beautiful opportunity for the minister to abandon his reponsibility to commercial fishermen on the coast.

There are many problems in the fishing industry. The minister has not resolved the uncertainty of the A and B licensing system, and in my discussions with fishermen I learned that that is causing very real concern on the coast. The minister has not made an announcement with regard to the phase-out. I think he is putting the cart before the horse again. Fishermen want to know where they are going with regard to their licensing system.

The small harbours matter is something which could have been left alone. Fishermen would like to know whether Canada will have any clout with regard to setting boundaries. Indications are that we have given up on the Dixon entrance and on the boundary in the riding of the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) which was set by international treaty. Indications are that we are bungling on the salmon negotiations. We are not standing up. The minister cannot expect to earn the confidence of the fishing industry when Canada is rolled over by the Americans on these negotiations. The minister's department says it is doing a great job. It tells fishermen to forget about those negotiations and that it will increase moorage fees this year. The department says it is going to put the matter of small harbours on a sound foundation. How can fishermen have confidence in this kind of legislation when nothing has been done about other matters?

[Mr. Leggatt.]

● (1552)

With regard to the transfer of public property to private enterprise, if the minister would limit that provision to municipal or provincial authority and limit the capacity of that authority to set moorage rates beyond those set by regulation under the legislation, then I think he would have the support of fishermen. Unless I have misread the bill, control of power to regulate fees under the terms of the lease arrangement would be lost. From a practical point of view the bill would be useless because no private marina would be interested in obtaining a public small harbour unless it had flexibility in regard to fees. Those people are in business to make a profit and are not going to hold on to the property under lease if they are losing money.

There are a lot of areas in this country other than commercial fishermen that can be taxed. If more money is needed for small harbours it is available from many areas that have been undertaxed in the past, such as the western empire which derives as much benefit from the fishing industry as any other class in Canada. Tax concessions are granted at the top level and that is where additional money could be obtained.

If we increase the number of wharfingers there is no guarantee that they will be full time wharfingers, no guarantee of their training, of what kind of people will be hired to do the job or whether the last canvasser of the Liberal party just walks down to the end of the dock and takes his position in the little hut. Most of all, there is a lack of consultation with the groups affected.

All these things lead me to the firm conclusion that this bill is premature, Mr. Speaker, and that the government should withdraw it. The minister should take another trip to the west coast and instead of just spending two and a half hours talking on the subject of moorage payments he should spend a day with the fishermen, go up to Skeena for a day or out to the Island for a day, and then come back to this bill. I cannot accept the evidence given in committee to the effect that fishermen are crying for this legislation because that just is not true, Mr. Speaker.

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, when I heard the minister's remarks at the opening of the debate I thought that I would not speak. I have a fair degree of confidence in him and respect for his ability, sincerity and integrity relative to other cabinet ministers in this government. Of course, that qualifies my commendation somewhat. I felt that the minister had addressed the problems that I raised in committee but upon reading *Hansard* today I found a number of qualifications that led me to believe he was perhaps using a delaying tactic. Perhaps he hoped I could be convinced to keep quiet and that the fees could be slipped into place and the bill passed. That is what my concern centres upon.

I am well aware, as are west coast fishermen, that the governor in council sets the fees under this bill and that the proclamation in the *Gazette* is not to be made just yet. My concern is that there should be some indication of the nature of the fees prior to passage of the bill. I expressed that concern in committee and as a result the minister presented samples of the fees that were anticipated and defended them. He stated clearly that he wants a different fee schedule for each region. The figures shown to the committee indicated that west coast fishermen will pay twice as much as their east coast counterparts. I can tell the minister that they do not like that.

The minister admits that for years inequity has been perpetrated by the Liberal government, that the administration has been inadequate and management of our harbours poor. This is the minister's own condemnation of previous ministers and this government's efforts in the fisheries industry. We are glad the government took note of our demand for change and brought this type of bill forward. We are pleased to hear they are concerned about inadequate administration and management and the history of inequalities which they claim will disappear.

The minister speaks of erasing inequalities and then goes on to say he will recognize regional differences. I should like him to recognize regional differences in the sense that the problems of the fisheries of British Columbia are not necessarily the same as those on the east coast but must be treated differently. That does not mean they should be treated differently on the basis of fee schedules or ability to pay but, rather, that the fee structure should be based on the cost of services provided. The sample presented by the minister indicated that this factor will not be taken into account.

We already have equalization in our federal system. The income tax system is supposed to redistribute income in an equitable manner. There is also the system of equilization payments between provinces which is supposed to equalize the level of services between regions. These two federal concerns at least have some clear cut direction in theory if not in practice. Then we have a whole host of federal policy initiatives with scattered effects which dot each department.

The sum total of all these initiatives to develop equalization is actually a terrible mess and the proposed fee schedule is just one more feature. We have tariffs, transportation rates, DREE programs, the Canada Works program and so on. I am concerned that this should not be just another method of redistributing income. There are other provisions and other bills to this effect. If we want to redistribute income we should use the existing programs of income tax and equalization and not carry the burden forward. We should recognize that some fishermen in British Columbia are competent and successful but that not all fishermen in British Columbia can be classed in the same way. There are poor fishermen in British Columbia just as there are in the Atlantic provinces. In fact, to be a poor fisherman in British Columbia is more a severe plight than to be a poor fisherman in the Atlantic region because the costs are so much higher, the competition is so much keener and tougher, in that province.

● (1602)

Let me make this point very strongly. I want the minister to stand up and tell us that the fee schedule will not be based on ability to pay but will be charged equally to all fishermen in British Columbia; that instead it will be a fee that relates to the cost of service and the quality of service that is provided to those fishermen.

The new berthing charges do not grasp the user-pay concept, as well they should not. Motorists do not pay for the total cost of highways directly, nor do airline patrons have to shell out for the whole cost of airports. Fishermen should not be the exception to the rule and should not be expected to pay for the full cost of servicing their industry. The berthing charges will be directed to the salaries of harbour managers. There is little reason why these people would be paid twice as much in British Columbia on the west coast as they are on the east coast, so why should the charges as indicated in the fee schedule be twice as much in British Columbia? If a fee must be charged it must be a consistent fee between the regions. The differences should be recognized in the nature of the fisheries, but not in the nature of the fee schedule.

The minister has made much of his willingness to meet with the fishermen on their own turf. He has visited the area and he has directed his officials to become acquainted with the fishermen. I appreciate the initiatives of the minister. I know these reports are true. I have received a very good response from officials in his department. They are endeavouring to be open and are prepared to bring information forward. I commend him for that. But yet while we see this openness, it just has not quite worked as far as consultation goes.

I have made assumptions and I took it for granted that when this bill came to committee the fishermen would in fact be invited to give testimony. In committee I questioned this very carefully. I asked if this fee schedule had been accepted by the fishermen in British Columbia and if they had been consulted. It is on record in *Hansard*. I was assured by the witnesses testifying, by the minister and I believe by one of the Liberal backbenchers, that in fact such consultation had taken place. I could not believe that the British Columbia fishermen would agree to pay a fee schedule twice as much as the east coast fishermen. But I was given that assurance.

I took those assurances and the minutes and I sent them to British Columbia to the fishermen's union. What do you know? The fishermen wrote back. Referring to C-2, Jack Nichol, president of the United Fishermen's and Allied Workers' Union, in a December 5 letter to the minister, stated:

> At no time was our union contacted or consulted on this matter.

The union was referring to the matter of fees. So that consultation had not in fact taken place. The promise that the minister gives me today is now somewhat in doubt. Once the minister, someone in his department, or one of his officials have misled us about this consultation, we become doubtful and sceptical. And, Mr. Speaker, you can hardly blame us for that in this instance.

While I have a reasonable amount of faith in him as the Minister of Fisheries and the Environment, I am rather concerned that he might in fact leave this chamber. If that were to be so, I would be very concerned about giving these broad powers to another minister who might not exercise them with the discretion that this minister appears willing to exercise.

With respect to this fee schedule, we may have to look at it again. It should be put in an amended form before we pass it. It should be considered further and perhaps even a section taken out of the bill for more study. Maybe a commitment could be made to us that the fee schedule will be attached by amendment to the bill in the next session of the House—something along this line to assure that the fishermen and all those who are directly affected can appear and make their points known to us prior to the passing of this bill. Rather than giving full discretion to the minister, perhaps there should be some limitation imposed.

I am concerned that this after-the-fact consultation is a feature, not only of this particular minister, but of government departments. In all forms of environmental legislation we constantly have the attitude: "Yes, we are concerned, but let us build the plant now and see about it later". The one exception has been the Fisheries Act. Again, I am a little concerned about this act because it is masquerading a little bit. I wish that the minister would put a little more emphasis on the fact that this is a major environmental bill, that the powers the minister has taken unto himself are in fact the only veto powers to any development available in any bill before this House respecting before-the-fact legislation.

This bill has great environmental potential. It also has a great capacity for abuse. To give an example, if I were to touch my toe in the water, I could be considered a pollutant and the development would stop. That is not a confession relative to the cleanliness of my feet!

I suggest to the minister that he consider interfacing this bill with another bill relating to the environmental impact assessment or assure us whether or not it is an environmental bill. Will it in fact be used in that capacity in lieu of other legislation? These are questions which remain unanswered and are of concern to the fishermen on the west coast.

I am pleased to see that my representations which I have made continually since I have been here as a member of the House of Commons regarding recreational boating promotion have resulted from the fact that British Columbia has a tremendous coastline but has virtually no facilities for small boats. Small boats are constantly being forced to travel to the United States in order to gain berthing in Bellingham and Blaine. There is a great demand and need for recreational boating and for harbours in British Columbia. I am pleased to see that the minister has recognized this need after much pushing from myself and others. An hon. member seems to question when I have done this. If the hon. member will look at the first speech which I gave in the House of Commons, he will find it there. If he would review the committee meetings for the fisheries department he will find it there too. In addition to that, if the minister would like to consult my constituents who have worked with the minister to assist in bringing information forward, he will find it again, and again.

I have one small doubt here concerning the improvement, expansion and the updating of wharves. With respect to the wharf at Ruskin, where the local council and the local fishermen need the wharf, I received notice two months ago that they are tearing it down. This matter does not seem to jell when we are talking of maintaining, rebuilding and expanding. At the same time I am trying to tell the people of the area that the Minister is saying the wharf must be torn down. This is just an example of policy which needs to be referred to the minister's department to check. Are they operating under the auspices of this bill or are they still operating on the theory of efficiency with a lot of cutting back over the past few years?

With those points in mind I would like to say that I approve of the principle of this bill, the consolidation of it and the fact that the minister will be able to make decisions and actually do something concrete under the provisions thereof. Those are the positive aspects and the reason why the bill should pass.

But there are weaknesses. There is great concern for Canadian unity in this country and the recognition of the differences of the regions. But for goodness sake we must not play one coast against the other coast. Equity must be found, and I am sure it will be found if there is further and better consultation on the fee structure and the other items which are concerning our fishermen.

● (1612)

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, first of all, let me state that because I am concerned with both the commercial fishermen and those people who use private boats—pleasure boats—in federal harbours and harbour commissions I support this measure strongly.

I have listened with a great deal of interest to members speaking on this bill on both sides of the House. Recalling the deliberations on second reading and in the committee, it is beyond my imagination how the hon. members opposite could have concluded there are so many things wrong with this legislation. It is obvious that too little attention has been paid to the comprehensive information provided at all stages along the way. Important aspects appear to have been largely ignored.

For example, the matter of leasing harbours is mentioned in the bill and this was, I recall, explained as covering companies, municipalities, and various groups. Such a definition was, I believe, provided by the Department of Justice. This type of clause is required so that we are not bound by this legislation as we were by the old Government Harbours and Piers Act under which it was possible to lease facilities only to municipalities, provinces, or shipping companies. Very recently, for example, a fishermen's union local wished to lease a facility on the west coast in a community in my constituency—Sointula. This association was considered to be an excellent tenant, but under the provisions of the Government Harbours and Piers Act—an outdated piece of legislation—the government was

unable to enter into an agreement with it for management of the facility.

I wish the hon. member for New Westminster (Mr. Leggatt) were here because he brought this point up and used it to illustrate why he is against this particular section of the legislation. But, Mr. Speaker, when a group of fishermen, on their own initiative, wish to take over the management of a small wharf or pier in an isolated area, we are prevented under the present legislation from allowing them to do so. Under the new legislation we shall be able to allow people such as those in a union local to take over a pier and run it to their best advantage, and I am very surprised that the hon. member for New Westminster did not apprise himself of that situation. Knowing his concern with respect to unions, I would have expected him to support a bill which would increase the government's authority to make decisions for the benefit of fishermen's co-operatives. I mention this point in passing because it was also referred to by the official opposition critic. Again, I would point out that this bill would give the minister greater flexibility because, if I am correct, the legislation under which we are presently operating originated in 1938.

As I said earlier, the government is unable to enter into what we consider good arrangements at the present time. It also has to be said that leasing applies to more than the wharves. It applies to upland properties on which producers may wish to locate, to fishermen who require gear and storage facilities, fish buyers, etc. Under the present legislation we are not able to enter into an agreement with fishermen to provide these services. In the absence of this authority to enter into reasonable term leases, processors and others will not invest money in buildings and plants at harbours.

I see that the hon. member for New Westminster is back in his place. I hope he reads *Hansard* to see that I have pointed out that in Sointula—I am sure he knows where that is—a fishermen's co-operative could not lease a wharf because under the terms of the old legislation we cannot lease to individuals. I wish he would check and make sure that I am correct because we are attempting, in the bill before us, to provide more flexibility in order to deal with groups such as native groups and fishermen's co-operatives. This measure would enable us to turn over the management of these facilities to such group's. At the present time we are not able to do this.

Mr. Leggatt: Mr. Speaker, would the hon. member permit a question?

Mr. Anderson: I would be more than pleased to entertain a question at the close of my remarks.

To move on to the criticisms concerning the abandonment and destruction of facilities, let me remind hon. members opposite that the department has not abandoned any usable and useful small craft harbour facilities. I would say that some facilities have been abandoned as no longer being used. These are few in number and account for less than one per cent of the facilities.

In total, facilities have increased. However, it is obvious it makes no economic sense to spend money on facilities which are no longer required while leaving harbours used by fishermen to go begging. The government's approach is a rational one—to improve facilities where required and to abandon those no longer serving any useful purpose. As a result of consultation with municipalities and members of this House, facilities which are borderline have often been improved over the last few years through the Canada Works and similar government programs, using local labour, thereby providing a double spin-off in terms of employment and usable facilities for which departmental priorities would not normally dictate the expenditure of funds.

On the recreational side, although limited funds are expended these do contribute to the public's access to the water, as well as providing economic benefit in terms of employment. I should make it clear that federal funds allocated to community marina developments contain guarantees that such facilities are always open and available to the public. This program recognizes the importance of recreational boating and the rapidly expanding demand for public berthing. Of course, the government is not in a position to develop and operate totally recreational facilities. Our position is one of assistance in areas of greatest need.

Turning to the matter of consultation with the provinces, I can assure hon. members opposite that consultation did take place with regard to this bill on many occasions. As recently as the summer of 1977, the provinces were again asked for their views. Apparently some members have forgotten the committee discussions covering this point. We are not surprised by criticism emanating from certain newspapers in different parts of Canada, but surely members of the committee were apprised of the situation and correspondence was produced during the committee hearings.

I wish to comment on the matter of fees. I notice that the hon. member who spoke immediately before me is no longer here. There is good reason for the fact that in the bill itself no schedule of fees is set down. During the committee hearings the former director of small craft harbours explained that no fee system can be "cast in concrete", and the fact that no fee schedule is attached to the legislation allows the minister to discuss fees with British Columbia, Newfoundland and Nova Scotia before they are imposed. Consultation can take place as to the fees which should properly be charged.

I believe that everyone on the standing committee was aware there is no fee schedule included in Bill C-2. Certainly the minister has indicated on numerous occasions that the fee schedule will not be the subject of capricious decision by either himself or his officials. Rather, it will be the result of a process of deliberation, a process of meeting with those concerned in order to make sure a fair determination is reached in setting it up.

It is not as though there is no fee system already in effect. We have fee systems on both the east and west coasts. Certain members who have spoken in this debate indicated to the House, I am sure not deliberately, that there is some new concept, that the government of Canada, under the present Minister of Fisheries and the Environment (Mr. LeBlanc), has

suddenly backed away from the system of charging fees to those who use commercial fishing facilities. This is far from the truth, Mr. Speaker. We have had a system in place on the west coast for a number of years. The problem is that fishermen dependent on the wharves and harbours they use are being discriminated against. Fishermen may pay a fee in one port but not in another. Fishermen get together and discuss what is going on in the industry. It would be no surprise if one fishermen asked: "What the devil is going on? I am being charged fees when you are not."

● (1622)

Surely the hon. member for New Westminster (Mr. Leggatt) will agree that if you use a facility, there should be some charge to the user. I think the hon. member will also agree that the fee should be determined after consultation with those who are going to use the facility. The bill does not include a fee schedule.

The hon. member can say the minister is going to bring in a fee that will be totally unreasonable for fishermen in the province of British Columbia. I suspect from the past performance of this minister that the opposite is the case. Fishermen on both the east and west coasts of Canada have come to trust this minister because what he says he usually does.

The minister recently returned from a week's visit to British Columbia. I think his consultation is an indication that he is willing to listen to the UFAWU, the trawlers, processors, native groups and others in British Columbia. That is the process that will have to go on regarding fees and the establishment of berthage charges is concerned.

As I have said, I am pleased to support this legislation. It is rational. It has been on the books for two or three years awaiting third reading. I am surprised that some opponents of the legislation have suggested that we are rushing into it. If a span of two or three years is rushing into a situation, I would hate to see what would happen if we actually passed legislation within a month. It is funny, but people in Canada say one of two things. If they are in favour of a piece of legislation, they say we should get it through and quit dragging our feet. If we rush to deal with it, we are accused of ramrodding it through.

If a piece of legislation has been before this House for two or three years, I do not accept the statement that those in the fishing industry have not had an opportunity to make their views known. I suggest that anyone interested in this legislation has had ample opportunity to come before this House and make any representations that they wish.

The hon. member who spoke before me said that invitations were not sent out. Surely it is not the role of parliament to send out invitations asking every Canadian if he wishes to appear before a standing committee. Most fishing industry representatives keep a very close watch on what is happening in the House of Commons with regard to legislation that affects their industry. I suspect the reason why there was not a great deal of representation to the committee was that, by and large, the industry was in favour of it. I do not think the fact that one or two groups have expressed the desire to halt the legislation at this point will find total agreement across Canada, from one coast to the other.

[Mr. Anderson.]

For this reason, I am very pleased to support this legislation and congratulate the minister for having brought it before the House.

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I want to use this occasion to bring to the attention of the minister some problems peculiar to the fishermen of Glace Bay in my constituency. I want to deal with the concept of management and control that was introduced by my colleague, the hon. member for New Westminster (Mr. Leggatt). This was referred to in another way by the last speaker, the hon. member for Comox-Alberni (Mr. Anderson). The second concept I want to speak on in relation to this bill and the problem in my area is the question of consultation.

Very recently the question of a slipway and repair shed for Glace Bay harbour was finally solved. Agreement has been reached with the small craft harbours branch, which got Treasury Board to move on this federal labour intensive project and received their money from them.

When the order was put in for the material required for the slipway, they ordered treated lumber. Untreated lumber was received and it cannot be used, and the fishermen are rather worked up about this. They were kept waiting many months for the slipway; Treasury Board was very slow in giving approval. Now that Treasury Board has finally approved the FLIP money, the material to build the slipway must be sent back because it is untreated.

The fishermen are very concerned about the question of management and control. They have already brought this to the attention of the small craft harbour officials. I understood the hon. member for Comox-Alberni to say that through this bill there is the possibility of putting controls on piers, harbours and so on, under such groups as fishermen's associations, co-operatives—

Mr. Douglas (Nanaimo-Cowichan-The Islands): It does not say that.

Mr. Hogan: That is a question I am asking. The hon. member for Comox-Alberni seemed to suggest that. What we in Glace Bay want is control of that skidway under the fishermen's association, something similar to what the co-op has in Cheticamp. It is true they have a marine railway.

The question asked by the hon. member for New Westminster regarding the public versus the private sector is relevant to the situation in Glace Bay. We were told by an official of the small craft harbours branch that because there is a privately owned marine railway in Sydney, the fishermen from Glace Bay must use that. I can swear to you, Mr. Minister, that one fisherman in Glace Bay paid $8,500 to use that private marine railway in Sydney.

Given the income situation of inshore fishermen on the whole of the east coast, particularly in the eastern part of Nova Scotia, this is inequitable. The only way to correct it is to allow the fishermen to manage that slipway and repair shed

once it is completed. There will have to be a fee structure for use, and agreement from those who do not belong to the fishermen's association.

On my last journey back to my constituency some two weeks ago, I met with the fishermen. They informed me that the money being used to build that slipway and repair shed would be wasted unless they could control and manage it; otherwise, it would end up in a shambles. I am inclined to agree with them. I would ask the minister if he would consider this and get an expression in writing to this fishermen's association through the head of the small craft and harbours branch. Of course, the rules and regulations would have to be drawn up by the fishermen's association and by members of the Department of Fisheries. There will be some things that the department with the local area management will want to straighten out, but there is no problem there. However, the direct management of that slipway and repair shed must be put in the hands of the local fishermen's association; otherwise, having listened to the fishermen and being inclined to agree with them, the department might just as well not build it at all.

● (1632)

This has little to do with management and moorage fees, because in my particular part of the world this question has not been brought to my attention as being a major problem. One thing that is very clear when you come into this House at first is the significant differences between west coast and east coast fishing.

I take exception to what was said by one member speaking for the Conservative side today. He expressed the opinion, as I understood him, and I hope I am not misinterpreting him, that west coast fishermen, or a lot of them, are much worse off than Atlantic fishermen. If that is true, and we would have to look up the income figures to check it, then God help those fishermen on the west coast because they must be in one hell of a desperate situation. The inshore fishermen in the Atlantic region, and the minister knows about this, by and large are among the most poor of the working poor in Canada. If it were not for unemployment insurance and other things they receive they would be in even worse shape.

I say these things knowing, as those of us who are in any way connected with fisheries know, that this minister has done his best in the short period of time he has been in office to make up for the failures of this government vis-à-vis the inshore fishermen which have taken place for at least 15 years. That minister will admit, in all humility, that there is still a very, very long way to go.

Let me come back to the principle of management remaining with the fisheries associations. This association in the Glace Bay area must be given control, otherwise the minister might as well cut out the spending now because it will be waste of money to build that slipway and repair shed. We will have to enter into a consideration of such things as rules and regulations, and I as a member of parliament will listen, as I am sure will Mr. Bagnell who is in charge of the area; but we agree that the final approval of these rules and regulations will have to be made by the fisheries department, whether it is through the small craft and harbours branch or somebody else designated by the minister.

As far as consultation is concerned, I know the minister recently spent a week in British Columbia consulting the people there, but that is a very large area. He also spent a considerable amount of time in the Atlantic region in those areas more heavily dependent upon the fishing industry than is my region. As most members know, even if they go to sleep when I get to my feet, most of my riding is made up of miners, with about 25 per cent of the work force employed by the Sydney steel plant in my riding and a smaller percentage of fishermen and loggers. Although it is a small percentage, it is a very important segment.

Let us compare Cape Breton on the east coast with the metropolitan area of Halifax in respect of what has happened with the inshore fisheries. It seems obvious that the people in the department, particularly in the small craft harbours branch, were convinced that fisheries should be written off in the area as far as potential is concerned. I have talked about this matter with Devco as well, particularly regarding inshore fishing. It is one thing to let inshore fishing gradually die out in an area within a 50 or 60 miles radius from Halifax because Halifax has mushroomed in growth. There is also a special problem there now regarding ship repairing by Hawker Siddeley. But that is another concern. I suggest that anything Hawker Siddeley has touched in the maritime provinces has ultimately turned to lead anyway. That company has continually been propped up through subsidies, and so on. The government has given them substantial subsidies in Cape Breton, yet the company walked off and left us high and dry. The government then had to take up what cudgels there were left, along with the social problems and so on. I do not think it did a good job in that regard, although I appreciate the enormous effort it has recently made in respect of the coal industry. However, most of the time the government is darn reluctant to accept the notion that you have to make some kind of plans, especially in regions where there are only one or two other industries. Planning before hand is replaced by reactive planning.

Let me return to this notion of comparing the area around Sydney with that of metropolitan Halifax. Sydney is essentially the large population area of Cape Breton. I am speaking of the region close to Sydney, Glace Bay, Donkin and other such areas where the fishing industry has died or is dying. Because in addition to the seasonally unemployed in fishing there is average unemployment of 20 per cent to 25 per cent in the other sectors. Because of the growth in the metropolitan Halifax area and what has been done there for Halifax and Dartmouth through DREE and other programs, you can disregard the people who have been involved in inshore fishing for a long period of time. However, to do that in eastern Nova Scotia would create absolute catastrophe, because all you are doing is perpetuating a bad situation, and some government or combination of governments will eventually have to spend a lot

of money on welfare and other schemes. The fact is there is no metropolitan growth area there.

It is terribly important to the fishermen in the area to have management and control of such things as slipways in their areas, although they have been considered as not having as much potential in the inshore fisheries as perhaps in other areas of Nova Scotia. Obviously they have pretty nearly been dependent exclusively on the fishing industry, and when they are offered such things by the government in the way of help to the fishing industry they feel such assistance should be put under their control and management, although they agree that regulations and rules must be established and approved of by the Department of Fisheries. I see Mr. Hall up in the gallery there and I am sure he will bring this to the attention of members of the small craft harbours branch.

In addition to the management and consultation questions—and I am repeating myself now and probably rambling a bit—the minister has been down into my area for the purpose of consultation. He came down at the request of the Sydney industrial board of trade. The unfortunate thing is that while the sponsors were well-intentioned, they do not know the fishermen very well. The department was also well intentioned, but the result was that the minister received only a small representation from the fishing areas.

These fishermen want the minister to come back to that area. They have a lot of questions to ask him. Inshore fishermen have a great deal of respect for this minister as compared to the minister whose place he took. This minister has taken an unequivocal stand in respect of inshore fishermen as opposed to offshore fishing which we know is also important. They want him back to explain the philosophy he expounded in Yarmouth. They want him to explain how this philosophy is to be turned into policy in respect of inshore fishing. They are convinced now that the minister is for them, but they also know there is a strong group in the Nova Scotia government area that wants to place most of the emphasis and spend most of the money on offshore fisheries, with very little emphasis being placed on the inshore fisheries.

● (1642)

Mr. Alphonse Bergeron, who is the son of a fisherman in my area, lives at 3 Park Street, Sydney, Nova Scotia. He reminded me that the "Fishing News International" of October 1977 reported that according to Dr. Dan Reid, who is the minister of fisheries for Nova Scotia, his department wanted $135 million to be spent on nine freezer trawlers; $600 million to be spent on 125 new trawlers; and $140 million to be spent to replace old scallop draggers. In other words, $875 million would be spent in Nova Scotia alone. There was no mention of inshore fishermen in that article at all. Although Dr. Reid is a very likeable man, he is being dictated to because of the power of the Nickerson interests in the economy of Nova Scotia and its government, which power results from the recent purchase of the controlling shares of National Sea Products and even though many of us feel this will end up in a monopolization of the industry.

[Mr. Hogan.]

Continually I have requested of the past minister of consumer and corporate affairs, as well as of the present Minister of Consumer and Corporate Affairs (Mr. Allmand), that Mr. Nickerson and Mr. Morrow appear before a committee dealing with the anti-combines legislation. Because of the philosophy which has been expressed already by the Minister of Fisheries and the Environment (Mr. LeBlanc), I am sure he will make sure this monopoly will not take place. There are many questions which need to be asked in that regard. The fishermen have many questions they want answered, some of which will concern lobster licensing and how the general policy will be protective of inshore fishermen. I am sure it is possible for the minister to meet with 100 to 150 fishermen in the eastern Nova Scotia area whom we could attract in order to discuss these and other problems which they face. I appeal to Mr. Hall, who is in the gallery, and I hope the minister will take note of what I am saying.

In conclusion, let me repeat that the Glace Bay development and the approved projects which will be built there will be of no use unless the fishermen's association has management and control of that slipway and that shed.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a few comments to make with respect to the bill before the House. I welcome the opportunity it affords those of us who come from provinces and constituencies where the fishing industry is an important factor. It provides us with an opportunity to have some input into the fisheries policy in an attempt to improve legislation. Of course, that is the *raison d'être* behind this kind of parliamentary debate.

Notwithstanding the fact that this bill has been around for some considerable time, I must say I read the minister's speech which he presented in the House last night very carefully and could find nothing in it to reassure me there would be no additional financial burden imposed upon Canadian fishermen at this time. As reported at page 2414 of *Hansard*, the minister said the following:

> However, let me assure the House that no decision has been made in respect of the details of a new fee structure. Fishermen are not going to wake up with the passage of this legislation to find they have to pay the federal government "X" number of dollars.

As the hon. member for South Shore (Mr. Crouse) said so eloquently, we may wake up to find that the hon. member opposite is no longer with us and has gone on to what he considers to be greener pastures. Consequently, that assurance is no longer valid. As long as the minister is in his post, he can be held to his word. With the transpiration of events, there is every indication he will accept the siren call from New Brunswick and leave us for the Liberal leadership of that province.

Some hon. Members: Hear, hear!

Mr. McGrath: I wish him godspeed and every happiness. I cannot wish him success because I know he cannot achieve that, even if I wish it. I believe the minister is leaving, which makes it incumbent upon us to do what we can to get him to change his mind on this bill. That is why the hon. member for

South Shore indicated that our party cannot support this bill at this time.

The bill provides us with an excellent opportunity to speak on fisheries and fishery policy generally. I regret very much the minister did not seize this opportunity in his speech last night, because a lot of fish have been caught and a lot of water has flowed in the northwest Atlantic and Pacific since the introduction of this bill. Many important changes are taking place in this industry, the oldest of Canada's industries. They are welcome changes brought about as a result of the unilateral declaration and imposition of the 200-mile economic zone, which was preceded by various bilateral agreements with a number of countries that have enjoyed ancient, traditional fishing rights in some of the areas now covered by that zone.

It has been indicated that it will take anywhere from five years to ten years to build up the stocks in order to repair the damage which was done as a result of the uncontrolled foreign exploitation that took place in our fishing grounds. It will be necessary to take advantage of that period of time in order to put in place policies which will have long term effects and which will provide Canadians with a certain degree of confidence that has heretofore been missing in this industry. It should be the kind of confidence men and women can build their futures upon and be reasonably assured of a good living. The Atlantic Canada fishing industry has a potential of providing our people with a good way of living and with a good income. Certainly this holds true in the case of Newfoundland, which is currently experiencing economic difficulties that are prevalent across the country. When there is an economic crisis in Canada, it becomes all that much more severe in Atlantic Canada which already faces the highest unemployment rate in our country.

● (1652)

A number of our people who no longer have any confidence in fly-by-night industrial ventures—and rightly so when you look at the record of some of these ventures—are now beginning to look to the fishing industry because they believe that there is a future in the fishery. They know that with our management of the stock we can now control the industry to the point where we can maximize the exploitation of it for the benefit of our own people, which has not been the case heretofore.

In the past, it is true to say, the fishing industry has been a Cinderella of the Canadian government. We have had a number of ministers who preceded the hon. gentleman who now has the responsibility of the fisheries portfolio, earnest, sincere, dedicated people, whose influence on their colleagues in cabinet, unfortunately for the fishing industry, has been minimal. Consequently, matters relating to the fisheries were always given a very low priority. But now I hope that is changing, and I suspect a symptom of that change in attitude by the House is the attention that has been paid to this bill.

In normal times a bill of this nature brought before the House would only receive perfunctory attention. It would be passed through all phases of the parliamentary process quite quickly. But not so today because we all sense there is something happening. In fact, we know there is something happening. We know there are big things in store, and therefore this debate provides us with the first opportunity we have to discuss matters relating to the fishery.

As far as the industry in Newfoundland is concerned, I have stated—and I firmly believe, and the government of Newfoundland believes—that the fishing industry has the potential to provide our people with a good livelihood, to provide excellent job and business opportunities for our people, if we go about it the right way. But regrettably, all is not as it should be. What I call a jurisdictional debate has developed between the Minister of Fisheries and the Environment (Mr. LeBlanc) and his counterpart in the government of Newfoundland, to the detriment of the industry. I want to be as objective as I can. The gentleman who holds the responsibility for the fisheries portfolio in Newfoundland is a former member of the House and I believe—and I feel in all fairness that the minister opposite will agree with me—that he is certainly one of the best fisheries ministers that Newfoundland has ever had, if not the best. He has brought to the portfolio a dedication and a concern that has all too often been missing in the past.

Out of that concern and dedication, in consultation with his counterpart in the province of Nova Scotia—because essentially when we speak of the groundfish industry in the Atlantic provinces we are primarily talking about Newfoundland and Nova Scotia—he has put together a fisheries development program. The minister complained that he has not even seen the program, that the program had never been presented to him. I find that hard to believe because I suspect, indeed I know, that the minister's officials had a great deal of input in the preparation of that program. Civil servants in the provincial and federal jurisdictions in this field of activity have worked and continue to work very closely together, and rightly so. The minister knew what was in the program, but he seemed to want to go his own separate way.

What we on this side of the House would like to see implemented is the philosophy expounded by the hon. member for Burin-Burgeo (Mr. Jamieson), who issued a major statement on fisheries on January 26 in the form of a press release and an excellent paper, with most of which I find myself in total agreement. He said:

> It is important, even essential, that fishermen, the fish trade, governments and Newfoundlanders generally, work together co-operatively to make the most of this new chance because, the odds are, that if we fail this time, that chance won't come again.

I say Amen to that statement. I believe that the situation is improving. I believe that there is emerging from the dispute to which I have referred a new climate of co-operation. I give a lot of the credit for this to the hon. member for Burin-Burgeo, the Secretary of State for External Affairs, who represents one of the important fishing constituencies in this country. He initiated, with the support of his colleague the Minister of Fisheries and the Environment (Mr. LeBlanc), a symposium on the fisheries at Marystown, and from that I think has emerged a new spirit of co-operation.

I believe there will now be very close co-operation by the two levels of government, certainly in so far as the fisheries development is concerned in the province of Newfoundland, because there are problems that have to be tackled. One of them is the whole question of the utilization of the resource. At present it is underutilized. Both our present plant capacity and our trawler capacity are underutilized, and that is a situation which we must turn around.

Then there is the question—I am sure this is a question which is very dear to the minister's heart, and I do not say that sarcastically because I know it is and I applaud him for it—of inshore fisheries. Up to the extension of our jurisdiction, the inshore fishery had a very limited future because the fish were not coming in. They were not coming in because they were being caught by foreigners. It is as simple as that. Now we have a chance to control that situation, and an opportunity to develop a viable inshore industry so that a man can engage in the fishing industry with very little investment in terms of facilities, and so on, if he utilizes smaller boats and if he has some kind of assurance that there will be proper holding facilities for his catch until the plants are able to absorb it. In that lies the greatest opportunity for expansion, and not only for expansion but for the preservation of what the hon. member for Burin-Burgeo and the president of the Newfoundland Fish Food and Allied Workers' Union has called Newfoundland's social structure. It is an opportunity for the preservation of a way of life that has existed in our province for over 400 years, the very reason for the existence of Newfoundland in the first place.

I hope that we can provide these fishermen with incentives and not put road blocks in their way. I consider this bill to be a potential road block. It is another part of the user-pay concept of the Minister of Transport (Mr. Lang). We are liable to wake up tomorrow and find the Minister of Fisheries and the Environment has become the leader of Her Majesty's loyal opposition in the province of New Brunswick, and lo and behold there it is!

Mr. LeBlanc (Westmorland-Kent): Don't hold your breath!

Mr. McGrath: I believe we should be, at this critical stage in our fisheries development, providing incentives to our people to involve themselves in the inshore fishery. Here I want to refer—and I regret very much having to bring this partisan note in here—to the minister's pork barrel philosophy in approaching the whole business of allocation of funds to small craft harbours. I can cite my constituency as living proof that this pork barrel approach to the allocation of funds for wharves, breakwaters and marine facilities still exists and in fact is thriving under the administration of the present minister. Notwithstanding its urban nature, my constituency, as the minister knows, is a very important fish producing constituency. There are a number of small harbours adjacent to the city of St. John's which are the headquarters for a number of inshore and mid-shore fishermen. Yet try as we may, we are unable to get the government to give any priority to repairs and construction of new facilities in the constituency of St. John's East. I suspect the same probably holds true in the riding of St. John's West.

[Mr. McGrath.]

• (1702)

Just let me give an example by way of illustration. Between Christmas and New Year's we had an unusual storm. Even the oldtimers could not remember anything to come close to it in terms of ferocity and severity. We suspect there was some kind of subterranean upheaval. It almost caused a tidal wave. It was devastating and did a tremendous amount of damage in the southeast part of Newfoundland.

I met with fishermen from several important fishing communities in my constituency where damage had been extensive, and together with the fishermen's union, the mayor, provincial officials and officials from the minister's department we came to the conclusion that there was a serious problem. In order to ensure that it would be addressed expeditiously and urgently we sent a telex to the minister outlining the extent of the damage, requesting immediate attention to it and calling upon the minister to get on with the business of providing additional facilities. In this case we wanted breakwaters to ensure that this kind of storm damage would never recur; in other words, to ensure that we would not be spending good money after bad.

I must say that the minister's response was sympathetic. I talked to his officials, and I received a letter from the minister concerning the villages of Torbay and Flat Rock. It is here that we get into the pork barrel philosophy of the minister. As a courtesy to me as a member of parliament surely the minister could have given me the opportunity of telling these people that the damage would be repaired and that the Department of Public Works had been instructed to investigate the possibility of putting in breakwaters. But no, letters arrived three days after the minister's announcement appeared in the St. John's press. That is a discourtesy.

We have come to expect that because the minister exemplifies and epitomizes the pork barrel approach, and I say that is regrettable. The industry is too important and too critical for us to resurrect that ancient and outmoded approach to the building of marine works and the repairing of existing facilities. The fishermen in my constituency have just as much right to expect favourable consideration as the fishermen in a constituency represented by a Liberal, and that has not always been the case.

Let us examine the votes for small craft harbours. In 1973-74 the total was $2.9 million for the province of Newfoundland. Last night the minister referred to the 2,000 harbours and wharves which are under his jurisdiction, many of them in dire need of repair when he took them over in 1973. Most of these harbours, wharves and breakwaters are in the province of Newfoundland because of the extent of our coastline, and yet in 1973-74 the total vote was $2.9 million for Newfoundland.

The figure improved in 1974-75. It went up to $6.8 million. In 1975-76 the figure went down to $4.3 million. When we were going through a period of austerity in government spend-

ing, as pointed out by the hon. member for South Shore (Mr. Crouse), small craft harbours were the first to come under the knife. That is a matter of considerable regret because the small craft harbours division of the department had been underfunded for a considerable time anyway.

There was some improvement in 1976-77. The figure jumped up to $11.5 million. A very substantial portion of that, almost three quarters of it, was funds provided under the Canada Works program. That may seem logical and sensible on the surface, but in my view it represents something totally reprehensible. The minister used the Canada Works program as a means of getting cheap labour because he knew that under the program you are allowed to pay only the prevailing provincial minimum wage plus $15 which, in the case of Newfoundland, amounted to $115 per week.

An example of the problems that caused could be found at one harbour in my constituency in the town of Holyrood where there was substantial development going on, largely funded by Canada Works and with a great deal of input by the provincial government. The minister decided, and rightly so, that here was a suitable client to receive money under the marina policy of the department. It was decided that under the marina policy this project would be supported. The project was the building of a basin for a very impressive yacht club, the only one in that part of the province. It was decided to support the financing of the construction of a breakwater. So the breakwater was constructed under the marina policy. There was a contract for the hiring of workers at $6 an hour, while their neighbours employed by Canada Works who were doing the same job were getting $2.50 an hour. How totally unfair! These people could not understand what was going on, and I had to explain to them that under the regulations imposed under this program the government could pay them only the minimum wage, plus $15.

This other project came under another policy, and the contractor had to pay prevailing rates. Quite naturally, those people did not know what I was talking about, and I do not blame them, because it did not make any sense. I know of wharves throughout my constituency and throughout Newfoundland which are utilizing the cheap labour concept of Canada Works to do badly needed and long overdue repairs. That is a totally reprehensible approach to what is essentially an urgent problem. It is also the wrong way to utilize the Canada Works program, which was never intended to be utilized in that way.

I had to go along with it, and I have gone along with it. We all have because we have had no choice. If there is a wharf in a constituency which is badly in need of repairs and which the department has refused to repair because of budgetary considerations, I have to suggest an application for a grant under the Canada Works program be made, and the small craft harbours division of the Department of Fisheries supports the project and provides materials. On the surface that seems like a good idea. Canada Works supplies $100,000 for labour at $2.50 an hour where normally the labour would cost twice that amount. The Department of Fisheries supplies the materials, which might amount to another $20,000 or $30,000. Naturally, advantage has to be taken of this. There is no choice. It is Hobson's choice. However, I submit that this is misusing the intent of the Canada Works program, and it represents what I consider to be the frustration of the minister's officials in recognizing the need which is there but in not having the wherewithal to do anything about it. The minister does not seem to have the necessary clout with Treasury Board to get the funds to put these projects in place.

● (1712)

There is also the policy, which I hope will be changed, of the "chicken and egg" concept. The department will turn down a request for extension of a wharf because, on the basis of their survey, not enough fish are being landed or there is no commercial fishing activity that would justify the expenditure. How can there be when the facility is not there in the first place? Which comes first—increased fish landings or improved facilities to accommodate such landings? I hope the "chicken and egg" concept will change within the scope of the new opportunities we now have. We have a unique and golden opportunity to develop this industry as a viable and renewable one which will provide permanent jobs for as far ahead as man can see. The demand for protein will continue and will grow as the population of the world increases.

The change of attitude has to start with the minister. I know that is difficult for him, representing as he does the town of Shediac. We know the hanky-panky that went on between Shediac and Moncton. It will be difficult for the minister to change but change he must. Knowing the rules of the game as I do and having been around politics for so long, if the minister were to tell me he will spend $100,000 in my constituency, I would not make a big deal of it. People know there is a Liberal government in Ottawa, so if the minister extended that courtesy to me I would notify, as is my responsibility as their representative, the chairman of the fishermen's committee, the local of the fishermen's union, the mayor of the community concerned and the provincial member. Apparently that courtesy is not to be extended, however.

This industry is very important in Newfoundland, Mr. Speaker. I have been to Iceland and I saw how they were able to develop their industry. I can appreciate the parallel between that country and Newfoundland. The fishing industry provides them with a standard of living higher than ours—probably fourth or fifth in the world and with practically zero unemployment.

That brings me to my next comment, Mr. Speaker, the question of changes necessary to the Fisheries Act because of the 200-mile limit. The time is long past for the minister to give serious consideration to changing the Fisheries Act in order to allow foreign trawlers and draggers the right to change their crews and to have minor repairs done in Canada. The reason for the prohibition is no longer relevant. The prohibition made a great deal of sense prior to the 200-mile limit because then we had to do whatever we could to discourage foreigners from raping those resources.

Now we have a degree of control within 200 miles. This is another advantage which we can maximize by allowing foreigners to change crews and have minor repairs done here. This would mean a great deal to the ports of St. John's, Sydney, Halifax and Saint John, New Brunswick. It would mean millions of dollars in new business and new jobs. It would mean utilizing the port of St. John's which is uniquely suited to be the service station of the North Atlantic.

The government must be sympathetic and provide proper haulout facilities. By that I mean providing a synchro-lift for the port of St. John's. We have a drydock there that is capable of expansion if we had a synchro-lift that would enable us to haul ships out of the water in order to repair their bottoms. The minister is nodding his head, Mr. Speaker. I know from what he said in the House today that active consideration is being given to this proposition. It is something that is long overdue.

Now I come to the area of foreign involvement and the question of joint ventures, Mr. Speaker. There is also the question of foreign draggers being licensed to land fish in Canada and the potential of transshipment in bond for foreigners. This has great possibilities for us. The question was taboo a short time ago but the situation has changed. There are now possibilities of working out some means of transshipment, whilst retaining control, which would provide jobs. At the moment we control the resource to a large extent. In the area outside the 200-mile limit we can exercise control through the ICNAF treaty if we go about it the right way and use the tremendous bargaining power we have as a lever. This matter was touched on by the Secretary of State for External Affairs (Mr. Jamieson). We could reach agreement, I am sure, for some degree of control beyond the 200-mile limit.

Of course, the 200-mile limit is just as artificial as the 12-mile limit or the three-mile limit. Had the anchovies of Peru swum for 400 miles then we would probably have a 400-mile limit. It was only because the precedent had been set by Peru to control the anchovy stock by extending their jurisdiction to 200 miles that we were able to get approval, notwithstanding the failure of the Law of the Sea Conference. We might get agreement to control beyond the 200-mile limit if we use the position of strength that we have as a bargaining lever.

We should be looking at the potential which exists not only for our ports but for our underutilized plant capacity in the Atlantic provinces, especially Newfoundland. That does not mean that we have to sell out to foreign companies. I share the minister's concern about the proposed takeover of the Ocean Harvester's plant by the subsidiary of Unilever, Nordzee. Here I find myself on the horns of a dilemma. I see immediate jobs on the one hand and a loss of potential on the other.

Mr. Deputy Speaker: Order, please. The Parliamentary Secretary to the Minister of Fisheries and the Environment (Mr. Anderson) is rising on a point of order or to ask a question.

[Mr. McGrath.]

Mr. Anderson: Mr. Speaker, I appreciate the remarks of the hon. member regarding the Law of the Sea Conference, the 200-mile limit and various other matters but I question whether he is dealing with the bill before us, Bill C-2.

Mr. McGrath: Thank you, Mr. Speaker, for treating that spurious point of order with the silent contempt it deserved. I was saying that we are facing a dilemma in Newfoundland over the potential foreign takeover which is now quite properly the subject of review by the Foreign Investment Review Agency. On the one hand we see the immediate possibility of jobs for a depressed area where jobs are crucial, and on the other we see an opportunity for a company that had been there before, had pulled up stakes and left us high and dry, to come back and use a trawler capacity—which they are now unable to use—because of our extended jurisdiction. I think that sums up the position this company is in, as well as other west European companies. So we can get deals without selling out. But I say this to the minister, and through him to FIRA, that if in their determination this takeover is not to be permitted, they have to satisfy themselves that there is somebody else who is there who is going to move in and utilize this plant, because that plant's capacity is 50 per cent underutilized at the present time.

● (1722)

Northern stocks are crucial to the future of the inshore fishery on the northeast and southeast coast of Newfoundland. We have already bartered away unilaterally—and I say unilaterally without reference to the government of Newfoundland—hundreds of thousands of pounds of fish through bilateral agreements. I look at the figures for 1977—178,000 metric tons of codfish with a landed value of $59 million or an export value of $118,320,000. That represents jobs that may have been lost to us by allowing foreigners to fish for these quotas. Before we make any more deals with anybody there should be first of all consultation with the province that is to be directly affected. These are our resources and they are just as important to us in Newfoundland as the oil reserves of the tar sands in Alberta are to the Albertans. It is just as much our resource. It has a tremendous impact on our economic future.

I do not think the minister, notwithstanding the constitution or any right he may feel he has constitutionally in this respect, has the right, given the concept of co-operative federalism, to barter away our future in this way without reference to us. I could go down the list of all the other species; redfish or ocean perch, 55,000 metric tons bartered away in 1977 representing $9 million or an export value of $20 million. And so it goes.

The minister laughs. The minister knows what is happening. What has been happening is that I suspect that these quotas have been used as barter in making deals with other countries for other commodities.

Some hon. Members: Totally irresponsible.

Mr. McGrath: I believe it is happening, and in fact I know it is happening. It is happening in the case of wheat. They are

bartering away our quotas for other commodity deals without reference to the province of Newfoundland or the province of Nova Scotia. I would say that is totally irresponsible. Is it any wonder that the minister has problems getting along with his counterparts in Newfoundland and Nova Scotia?

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: The hon. member's time has expired. He can continue only with the unanimous consent of the House.

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, I rise on a point of order. I am not very knowledgeable about the rules of the House. The hon. member has given a rambling speech full of damaging statistics in terms of the truth. Unless he is willing to put them into context, I will have to challenge him to do so.

Mr. Deputy Speaker: Order, please. The minister knows that he has already contributed to the debate in moving his motion and he has no right of reply. There is no way, within the debate, that he can participate himself unless he receives consent to make an intervention.

Mr. McGrath: Mr. Speaker, I would be glad to provide the minister with the statistical information I have put on the record. It was supplied to me by the Newfoundland government and I believe it to be accurate.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice and Attorney General of Canada): Mr. Speaker, I would like to assure you at the outset and all hon. members of the House that I will speak for as little time as I can in completing my remarks. I will not be nearly as lengthy or verbose as the previous speaker and I will try to deal with the subject matter.

I am dismayed and surprised that the debate on this bill is still carrying on at this stage in this House. This bill has been before us in one form or another for some two years now. We have all had adequate knowledge of it, we have all had a chance to debate it, and we have all had a chance to make recommendations and improve it. And now, two years later, the Conservative and the New Democratic opposition are blocking and delaying a bill which is thoroughly needed and for which the minister ought to be commended.

I am amazed that there is not a charge being led from the middle of the Conservative opposition congratulating the minister and supporting his bill. During most of this debate I do not seem to recall having seen those good Conservative members from the province of Ontario, who knew and know right now how important the need is in this country to build more harbours and recreational facilities for small boating in Canada. It is strange too that those members from Ontario in the New Democratic Party are not here leading a motion in support of this debate.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Why?

Mr. Young: I will answer the hon. member. His own leader, the representative from Oshawa-Whitby (Mr. Broadbent), should be here supporting the minister because over the next 13 years in the area of Oshawa and Toronto there will be a need not to quadruple but to quintuple the number of berths for small boats in the Toronto area. The member for Oshawa-Whitby should be here commending the minister and getting on with the bill.

It is about time, Mr. Speaker, that some of those members who think they know what they are doing learn of the needs of sports fishermen, commercial fishermen and recreational boaters from the province of Ontario. I know that the hon. member for Parry Sound-Muskoka (Mr. Darling) is here and if he really believes in his cause—and I know he agrees with me because we sat in committee together—he is going to get up and lead that charge from the Conservative ranks, support the minister and say: "Let us get on with this bill and get the job done."

I hope that the hon. member for Sault Ste. Marie (Mr. Symes) and some of the other members of the NDP might come into this House, because people are waiting to build marinas in Sault Ste. Marie and in northern Ontario. But where are they? They should be here supporting the bill.

We have had enough delay of this bill; we have been debating it for two years. This is a bill to promote federal-provincial planning and development of harbour facilities on a shared cost basis, to stimulate construction and local operation of water access facilities through shared cost programs, and to support marina developments by the private sector. These members of the opposition are blocking and delaying just the kind of program that we need to cure some of the harbour deficiencies in the province of Ontario and throughout Canada.

I confess to having been a thorn in the minister's side for the last couple of years. I have bugged him and I have cajoled him and I have said: "Let us go and spend more money". I am not totally happy with the amount that is being spent, but I am not going to block the best bill that he has brought forward to get the job done. Neither should the opposition members be doing that. That is shameful.

We have here a bill, Mr. Speaker, to establish and improve the administrative system for the management of our harbours and facilities, to appoint harbour managers, and to make it possible to better administer, organize and run our harbours, to create better safety provisions, and to help commercial fishermen, sports fishermen and the recreational boater—the little fellow whom the NDP say they normally support, the little fellow who just goes boating on the weekend.

An hon. Member: You are worrying about them?

Mr. Young: Yes, I am worrying about them.

An hon. Member: The bill shows it.

Mr. Young: Let me answer the hon. member right now. I do not want to be nasty but I am going to suggest that his tongue

is kind of flapping like a hatch in a line squall right now. If he wants me to tell him a little bit about boating and some of the needs of recreational boaters in the province of Ontario, I can well do so. I would just like to point out to the hon. member, if he will hold that flapping tongue for a moment, that I have written articles concerning boating in national publications in this country. I have been published across the country.

• (1732)

If the hon. member would like me to teach him a little about boating, I would be glad to do so—and I know he comes from British Columbia. I would be glad to explain to him that we are going to need at least 20,000 berths in the Ontario area for recreational purposes in the next few years alone. I would be glad to explain to him that we have a $450 million sports fishing industry in Ontario and that people cannot get out to fish and use their boats, commercial or pleasure, because we do not have enough ramps and marinas.

An hon. member who spoke just a while ago said there had been pork-barrelling. Well, I have not seen any of it. I have been after the minister for three years to get a marina built in my riding so that "little people" like myself would not have to walk 200 or 300 feet into the lake to reach a boat tied up to a rock or to a mooring. People have to walk into the lake now and they do so from the moment the ice breaks up in the springtime to the day it forms in late fall.

While we are not entirely happy with what has been done, we commend the minister for at least starting on the job and increasing his budget by six or seven times in the last five years. All of us are waiting to get with this job. There are people in this province who want docks and wharves. Members of the Conservative party, members of the New Democratic Party and members of the Liberal party as well are waiting for docks and marinas to go in. Let us get on with the job. There should not be any more delay; there has already been too much. I see the hon. member for Parry Sound-Muskoka (Mr. Darling) is about to put the needle to some of his colleagues and say: "Quit messing around, let us do some of the things that are needed; let us support the minister, let us not block his way when he seeks to improve the bill; if we can do part of the work this year, that is great; next year let us do more."

I wax somewhat eloquent when I get into this subject; it is one I have been close to for a number of years. I have tried to work very hard to further the education of some of my fellow members so that they could understand the plight of the small craft boating people and industry in this country. Hon. members talk about inequities in the small boating industry. If there is anyone who can claim to be the victim of inequity he would be the Minister of State (Small Business), (Mr. Abbott). Hon. members talk about fees. A full 40 per cent of all wharfage charges in this country come from people in the riding of the Minister of State (Small Business), subsidizing a lot of boating in the rest of the country. We in Ontario are not crying the blues. We are willing to pay our way. As a matter of fact we are doing a great deal to subsidize some of the work being done in other parts of the country. But our economy in Ontario is based on recreation and the provision of manufactured goods.

Mr. Johnston: And heavy industry.

Mr. Young: And heavy industry, yes. We depend on people who create jobs through the building of small boats that some of you people on the coast sail on the ocean waters.

Mr. Johnston: You haven't got a monopoly.

Mr. Young: We build some of the best boats in this country right in my riding as well as right next to it. We have gained worldwide recognition for building some of the finest sailing boats.

Mr. Johnston: Do you think we don't?

Mr. Young: Yes, you do. I am not disputing that. You were challenging me.

Part of the economy of Ontario which goes to support those who are less fortunate in this country comes from recreational boating and the sports fishing industry. We have to do something to keep that industry growing and improving. We need a bill such as the one before us. We need the development of recreational, small boat harbours in this country. We should stop stonewalling and putting roadblocks in the way of the minister. Let us get on with the debate. Let us get it over with and let us get on with this part of the job. If there is more to do, we can come back and do the rest of it later.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I can understand the concerns advanced by the hon. member for Niagara Falls (Mr. Young) who waxed eloquently for a few minutes. It was obvious to me that we were hearing an expression of serious concern from Ontario but very little concern for the east coast. In fact, I failed to hear any reference to the east coast or to the west coast. That same concern was voiced in the Standing Committee on Fisheries and Forestry when the bill was before it; we heard a ten-minute eulogy and then a five-minute speech regarding the need for marinas in Niagara Falls. Yet, in terms of taxable dollars, the hon. member for Niagara Falls knows full well that his constituency gets more than its fair share.

To use the excuse that this bill has been before the House for debate for two years is spurious, and the hon. member should know better than to say so. It has not been before the House for two years. Last night the government thought that once again it might just be able to catch the opposition off guard so it tried to sneak it in. They did so. But the government has never yet caught the hon. member for South Shore (Mr. Crouse) off guard, and they have never yet caught the hon. member for Victoria (Mr. McKinnon) off guard. Nor will they.

Mr. Young: Bunkum!

Mr. Brisco: Mr. Speaker, if the hon. member for Niagara Falls has anything to add which makes any sense, I am prepared to let him stand and speak again; otherwise it would

be helpful if he would keep his mouth shut. I did not interject while he was attempting to make his point, even though he failed to succeed. I say again, if the hon. member wishes to interject—

Mr. Young: The opportunity has been offered. I did refer to both coasts.

Mr. Deputy Speaker: Order, please. It is not for the hon. member for Kootenay West to decide who is to have the floor. The hon. member can speak in due time. If the hon. member for Kootenay West yields to someone else, he also loses his turn.

Mr. Brisco: I thank you for your ruling, Mr. Speaker. I certainly would not want to lose my opportunity to speak.

It should also be drawn to the attention of the hon. member for Niagara Falls, that in his desire to increase the marina facilities in Niagara Falls—it is a genuine concern and he is truly representing the concern of his riding in that context—he failed to mention that under the scheme of things he proposed, which certainly involves no small expenditure, there has to be some involvement in spending by the provincial government and the municipal authorities as well. Surely, the taxpayers of Canada should not be obliged to carry the can for the marinas which the hon. member for Niagara Falls wants in his riding without some cost-sharing—cost-sharing by the boat owners themselves.

Mr. Young: That is exactly what the legislation does.

Mr. Brisco: I am thoroughly familiar with the legislation. I have sat on the committee with the hon. member for Niagara Falls and I have studied the bill from cover to cover. He clearly fails to understand that, in his representations to the minister a few moments ago, he totally neglected, in his desire to extend the marina facilities in his constituency, to indicate that there should be provincial and municipal involvement.

● (1742)

Let us get to the other inequities. If members opposite feel there are inequities, how do members on the opposition side feel about it? The member for Niagara Falls (Mr. Young) talked of obstructionism and delay. This bill was introduced last night. Is it obstructionism that we would seek to debate the bill for one or two days? If in the view of that member bills should be brought in and passed without debate, we have lost the true intent of parliament.

I recall other inequities with regard to the boating industry that were brought in by this government. I recall the spurious argument being introduced that, as an energy saving device, the government was going to tax certain boat motors over and above a certain size, beginning at a certain date, provided those motors were purchased from that date forward. There was no mention of the motors that were popping around the bays prior to that date. Those motors were exempt. There must have been some special designation that implied they did not consume the gasoline that the more recent motors consumed. What a ridiculous type of excuse that this government made on the basis of a very shallow argument.

Again to satisfy the hon. member for Niagara Falls, I am sure there are members here who agree that there is much within the content of Bill C-2 that is favourable. It is unusual to hear members on both sides of the House make statements which are clearly in favour of the minister. That rarely happens. It is a reflection of the manner in which the minister has handled his post that members from both sides of the House recognize his energies. That is not to say that improvements cannot be made. It is not to say that the minister, engrained in the Liberal tradition of confrontation with the provinces and the Liberal tradition of pork barrelling, is not a victim of those failures.

I recall after first being elected being in the small community of Procter, where there was a federal government wharf that was in a disastrous state of repair. One of the first things drawn to my attention after the election was the fact that two ladies who walked out on to this wharf in Kootenay Lake stepped on a plank and nearly ended up in the water underneath the wharf because the plank was rotten.

I was asked what I was going to do about this, and I wrote a letter to the Department of Transport. After a very substantial delay I received a response to the effect that the matter belonged more appropriately with the Department of Public Works, so I wrote a letter to the minister. Because the delay was so long, I had the opportunity to slip into a standing committee meeting involving that particular minister. I described the circumstances and asked what he was going to do about the Procter wharf.

Some weeks later I received a letter indicating that this was more appropriately the responsibility of the Department of Transport. I then wrote back to the Department of Transport, pointing out the difference of opinion and suggesting they were playing games with me and my constituents. I finally discovered the responsibility for the wharf had been taken over by small craft harbours branch of the Department of the Environment. That was in 1974.

Mr. Munro (Esquimalt-Saanich): And 1975.

Mr. Brisco: In 1974, 1975, 1976, *ad nauseam*. Two days ago, Canada Works and small craft harbours got together and began construction of a new wharf.

In the interim the people of Procter were trying to use this facility. One afternoon, when the people were at work, along came a tugboat, the wharf was sawed in half with a power saw and half of it towed up Kootenay Lake. Who knows the cost of that? It was used as a breakwater at Johnsons Landing. The next day when the people went down to the wharf, half of it was missing, small craft harbours people did not know about it. Public Works did, but they are no longer involved. How ridiculous!

An hon. Member: Who owned the chain saw?

Mr. Brisco: I think it was a government subsidy.

I hope this bill will provide some cohesive policy in terms of the maintenance of facilities. Looking at the wharf and ramp facilities put in by the federal government in my constituency, it seems to have been the policy to allow these facilities to deteriorate to the point where they must be declared abandoned structures, dangerous to the public and marked "Please keep off". It would be less costly to the taxpayer to provide proper maintenance. They are all in fresh water. They are not subject to the dry rot and other erosions that occur in salt water, yet they have been allowed to deteriorate and degenerate.

There are no launching facilities on magnificent Kootenay Lake from the city of Nelson right through to the top end of the lake. Kaslo, which has its own little harbour and marina, has a private facility. The people of Kaslo and Kootenay West have been urging that the wharf be upgraded so that they can use it. The answer is: (a) the wharf has deteriorated to the stage where it is dangerous for public use; (b) too costly to repair; (c) too costly to replace; and (d) to remove the structure and put in place an earth filled structure is too costly.

We are faced with a struggle with the British Columbia government for a release of other land in that harbour to try and put in a facility for boat launching for public use on the west side of Kootenay Lake from Nelson to the head end of the lake.

Robson has the same problem. Fortunately there is a good wharf there which has been improved and is being maintained in a state of repair by the Department of the Environment. Unfortunately, there is a breakdown in communications and a failure of the two governments to get their act together. The wharf provides access to Arrow Lake below the Keenleyside dam, that structure put in under the Columbia River treaty. It is not cleared of snow in the winter. It would take a department of highways truck about ten minutes to clear that wharf. However, they do not do that. As a result, no one can use it.

The same situation applies in the town of Nakusp, where the wharf has been allowed to deteriorate. When it gets into a shabby state because of the terrific rise and fall of Arrow Lake, due to the Columbia River and B.C. Hydro, the village is expected to handle the movement of that wharf facility when the water is low, to allow the dockage points to be moved out, and to have them brought in when the water is high. Finally, it looks as though B.C. Hydro is back in the act. Quite possibly with the efforts of the community of Nakusp and surrounding communities B.C. Hydro will now move and put in appropriate wharf facilities. Whether or not small craft harbours or Canada Works will join them remains to be seen. There is, however, an application that will shortly go before the minister, and that application is from the city of Nelson.

● (1752)

As I have already remarked, there are no boat launching facilities on Kootenay Lake for public use from Nelson to the north end of the lake, a distance of some 75 or 80 miles. There are two or three private marinas that are well maintained, but the city of Nelson has a very old marina, very old, indeed. In its efforts to improve its foreshore Nelson now proposes to develop a marina on the foreshore site at the city of Nelson. That project will probably cost in the area of $230,000. Already the city has either approached or very shortly will approach the provincial authorities for assistance. On its behalf it would be my intention to approach small craft harbours and Canada Works. Hopefully we can see that project go ahead for the betterment of a community which exists on a lake but has no adequate or proper wharf facilities.

It should also be mentioned in the context of British Columbia, and certainly in the context of Kootenay West, that the co-operation I have received from officials of small craft harbours based in Vancouver has been very good. I should like to say I enjoy the sense of rapport which seems to have developed between myself and Mr. Warren Parkinson. His co-operation has on more than one occasion been of some benefit to the people of Kootenay West.

At the present time the provision of wharf, ramp or marina facilities is important to the boating public on that major body of water, Kootenay Lake. This is also important on the Arrow lakes, but there is less traffic there. Kootenay Lake enjoys a great deal of traffic both Canadian and American.

I might point out that recently the RCMP moved in in respect of these American boats tied up at certain marinas in my riding. These boats apparently had come through customs without proper declaration as to why they were remaining in Canada. They have been subsequently seized.

It might have been of some benefit to Canada-U.S. relations if these people had been formally informed or notified prior to seizure, giving them the opportunity of either declaring they had major repairs to be done on their boats or getting the boats out of the country. These people are now faced with a Canadian assessment and double taxation before they can take their boats back to the United States. This will amount to a great deal of money, and I suggest it makes about as much sense as the $8-tax this government recently put on American citizens flying into Canada or travelling on flights originating in Canada. That has to be the chippiest piece of legislation I have seen for a long time, but par for the course for this government.

I have remarked about the boating facilities on Kootenay Lake. I would like to be able to favourably remark on the fishing facilities as well. Unfortunately we are faced with another section of the Columbia River treaty; that final portion called the Kootenay River diversion. There is some question as to what impact that diversion will have on the Kootenay Lake fishery.

The Minister of Fisheries and the Environment (Mr. LeBlanc) has provided experts in their fields, such as limnologists, to go into the Kootenay Lake area and carry out a careful study and analysis of the water quality of that lake. I wrote to the minister and asked him to provide me with a preliminary report on the water quality studies done by officials of his department—these experts whose qualifications I do not question. The Kootenay River diversion project is boiling and coming to a head. Public concern is really very

serious. What did the minister say to me in his reply? One of the most entertaining statements by the minister, which reflects Liberal thinking, was that he was not in a position to provide me with these figures, statistics and information at this time but would be pleased to do so in 1979.

The minister questions whether it was him who said that. Indeed, it was. The minister presupposes that he is going to be the minister of this department in 1979, and he also presupposes, which is even worse, that he will even be a minister in 1979. I suggest that is very much open to question and doubt.

This demonstrates the point that has been expressed by members of the opposition, that while the minister may be very sincere in what he says about the regulations and his dealings with the fishermen on the east and west coasts regarding the sort of fees that will be levied by the wharfingers, what guarantee do we have that the minister will be in place when those fees are established?

The minister is already in difficulty in respect of another piece of legislation. He declared that we had nothing to fear because he was in control. I refer to Bill C-38 which is far from settled. The minister knows that the province of British Columbia has not yet approved Bill C-38 or accepted its context. The minister knows that officials from various hydro projects across Canada where fisheries are involved have been to Ottawa expressing to his officials their concern over certain provisions of that bill which in effect could shut them down overnight. I suggest Ontario would have the biggest brown-out in its history.

The minister knows that the forest industry is far from satisfied. He knows also that the mining industry is far from satisfied and that there are other provinces in addition to British Columbia which have not yet accepted the legislation contained in Bill C-38.

I will grant the minister one victory. Let me compliment him on the stand he took with reference to the McGregor diversion. Clearly the province of British Columbia or, more appropriately, British Columbia Hydro, was fearful of the parasites in the water endemic to the Fraser moving into Arctic waterways, and there was no way to stop it. That was a major concern. The other major concern, spoken or unspoken, was that the federal government had expressed its very serious reservations about the McGregor diversion through the minister. Mr. Speaker, may I call it six o'clock?

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, February 2, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

NORAD—REQUEST FOR STATEMENT ON BRIEFING OF PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Cecil Smith (Churchill): Mr. Speaker, in view of the diametrically opposed views of the Prime Minister and General Hill, the Chief of Staff of NORAD, as to the role of NORAD in relation to satellite activity, and in view of the often repeated statements of the Prime Minister that he had been briefed fully as to NORAD activities during his visit to Colorado Springs over the Christmas recess, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House direct the Prime Minister to make a statement on motions as to the briefing received by him at NORAD, other than a viewing of the movie "Star Wars" at the Bijou in Aspen.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

COMMUNICATIONS

BELL CANADA—INCREASE IN RATES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I should like to move a motion under Standing Order 43 regarding an urgent and pressing matter. In view of the fact that Bell Canada since the beginning of 1970 has requested from the federal government six increases worth $477 million in annual income to the company, and has received approval for 87 per cent, or a total of $416 million, and considering that Bell Canada now wants to increase the basic residential telephone rate by 20 per cent, from $8.15 a month to $9.80 a month, and the basic business telephone rate by 28 per cent, from $24.85 a month to $31.80 a month, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House of Commons unanimously send the following communication to Bell Canada officials: "We're mad as hell and we're not going to take this any more".

Mr. Speaker: Such a motion can be presented for discussion, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

REQUEST THAT COMMITTEE STUDY PROVISIONS OF FEDERAL COURT ACT—MOTION UNDER S.O. 43

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a clear case of pressing and urgent necessity caused by what appear to be abuses in the use of phony and specious affidavits made under section 41(2) of the Federal Court Act in order to conceal facts embarrassing to the government and, in particular, not to be compelled to disclose its early knowledge of the extraordinary activities of the security branch, the exposure of which would have lost New Democratic Party support in the 1972-1973 and 1974 minority parliament. Therefore, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House urges that the Standing Committee on Justice and Legal Affairs be empowered, under appropriate terms of reference, to examine the manner in which this law has been used and to propose suitable changes in the public interest.

Mr. Speaker: The presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

McDONALD INQUIRY—REQUEST FOR EARLY REPORT ON MAIL OPENING—MOTION UNDER S.O. 43

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. Therefore, I move:

That there being widespread concern in this nation because the McDonald commission, which was set up in July, did not commence sitting until early winter and has made little progress since, this House feels that it should end its lagging rate of progress, which gives us all an idea of the meaning of eternity, and make its final report within two months. Furthermore, as the House will be asked to legalize the opening of mail by police officers, it should have before it

an early interim report from the commission as to whether or not such a step should be followed before the House deals with the bill. Furthermore, there being three members of this House all former solicitors general, the Hon. Warren Allmand, P.C., the Hon. J. P. Goyer, P.C., and the Hon. Francis Fox, P.C., who are now immune from being questioned in this House as they no longer occupy the portfolio, as such they should be forthwith summoned before the said commission, as they must be most anxious to have the facts known and so that the truth will not be hedged-in and the secrecy imposed on them by parliamentary rules can be lifted.

Some hon. Members: Hear, hear!

Mr. Speaker: Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

OLYMPIC GAMES

REQUEST FOR INQUIRY RESPECTING COIN DISTRIBUTING FIRM—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to present a motion dealing with an important matter of pressing necessity.

Considering that Fred Samuels Ltd., 614 St. James Street West in Montreal, a brokerage firm chosen by the Post Office Department to distribute and sell Olympic coins, is bankrupt or is on the verge of bankruptcy; considering that 300 or 400 persons who paid some $250,000 have yet to receive any of the coins they ordered, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That this House discuss the means to be taken to investigate this situation and instruct the government to proceed so that those who dealt with that firm are reimbursed as they should be for the Olympic coins which they ordered or paid for.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

GOVERNMENT ADMINISTRATION

ESTIMATES FOR RIDEAU HALL—SWEARING IN OF NEW MINISTERS, ETC.—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a matter of urgent and pressing necessity. In the ten years since this government first came to power there has been a constant stream of cabinet appointments, resignations and retirements—the whirling dervish syndrome. In view of the wear and tear this causes to the furniture and fixtures of Rideau Hall, the time that must be taken by various government assistants to arrange the swearing in of new ministers, and the degree of difficulty caused in co-ordinating these frequent ceremonies with the busy travel schedule of the Prime Minister, I move, seconded by the hon. member for Edmonton-Strathcona (Mr. Roche):

That this government consider including in the main estimates sufficient moneys to pay for a revolving door at Rideau Hall; and, furthermore, that the Prime Minister instruct one of his many assistants to include each week in his personal schedule a standing appointment to the Governor General to be used solely for swearing in of new or reconstituted ministers.

Mr. Speaker: Order, please.

* * *

ENERGY

OIL PORTS INQUIRY TO DEFER DECISION UNTIL NEB DECISION ON KITIMAT PIPELINE—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity having to do with the west coast ports inquiry. In view of the fact that a Kitimat consortium has been revived and has recently reactivated its submission to the National Energy Board for the carriage of Alaska, and possibly offshore crude from Kitimat, B.C., to Alberta, for forwarding to U.S. markets in the east, and in view of the fact that the west coast oil ports inquiry suspended its hearings almost two months ago, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House requests the government to cause the west coast oil ports inquiry to resume its hearings and instruct the National Energy Board to defer its pronouncement on the Kitimat submission until those hearings have been completed and the report of the inquiry tabled in the House and referred to the appropriate committee.

Mr. Speaker: The presentation of such a motion for discussion, pursuant to Standing Order 43, can be done at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

COMMUNICATIONS

BELL CANADA—INCREASE IN RATES

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I was going to direct a question to the Minister of Communications, who I understood would be in the House, but in her absence I will direct my question to the Acting Prime Minister and ask him whether he, speaking for the government, the Minister of Communications or any other minister, is aware of Bell's application before it was filed before the CRTC yesterday.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I cannot answer for the Minister of Communications on this question.

Mr. Nowlan: Obviously, there are difficulties, Mr. Speaker, but I would ask the Deputy Prime Minister the following question. In view of the application, which is obviously one of the most historic, involving the greatest rate application before any regulatory body in Canadian history, does he intend, as today's spokesman for the government, to discuss this matter with the Minister of Communications, considering especially the potential inflationary implications of this large rate application increase, so that there can be some semblance of restraint not only in government programs but also among major companies outside the government umbrella? Is it intended that action will be taken, and will the Deputy Prime Minister instruct the Minister of Communications to use some of her powers under the communications bill?

● (1417)

Mr. MacEachen: Mr. Speaker, the Minister of Communications is unavoidably absent today. Obviously, the matter will be discussed with her. But the application which goes before the regulatory agency for a hearing—it is a request for a hearing—does not come before the government. It is not, therefore, a matter which can be dealt with by the government at the present time.

BELL CANADA—EFFECT OF RATE INCREASE ON USERS OF SERVICE

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a supplementary question for the Minister of Consumer and Corporate affairs, who has statutory responsibility for protecting consumer interests in areas of federal jurisdiction. Did the minister have discussions with Bell Canada prior to the announcement of its application for what appears to be an excessive rate increase, given the impact this would have on Canadian consumers, especially low income earners and pensioners during this current wave of inflation?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): No, Mr. Speaker, I had no discussions with Bell Canada before it filed its application, and I was not aware of it. However, we are extremely concerned and the department will be looking into the matter.

Mr. McGrath: Mr. Speaker, does the minister intend to intervene, and is it now his intention to restore the grant to the Consumers' Association of Canada which his department cut by 50 per cent, which seriously undermined the association's role respecting consumer advocacy? Would the minister restore that grant to its original $186,000, or will a special grant be provided so the association can prepare an adequate presentation to the CRTC on behalf of Canadian consumers in Quebec, Ontario, Labrador and the Yukon who will be adversely affected by this rate increase?

Mr. Allmand: Mr. Speaker, we have already given an additional grant to the Consumers' Association of Canada for its regulated industries program, and we have arranged long-term funding so that the association can look forward to a number of years in this type of activity. In addition, we will be looking at the possibility of making the views of the department known on the subject.

Mr. McGrath: In pursuit of his consumer-interest responsibilities, will the minister intervene with the CRTC, through his cabinet colleague, the Minister of Communications, to ensure that hearings are held in places such as Sherbrooke, Quebec, St. Catharines, Ontario, Goose Bay, Labrador, and Whitehorse, Yukon, in order to ensure that the consumers affected in those areas will have a chance to appear before the commission at hearings which are important to them?

Mr. Allmand: Mr. Speaker, I will certainly take that question into consideration.

* * *

LABOUR CONDITIONS

OUTLOOK FOR YOUNG PERSONS LOOKING FOR JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Employment and Immigration. This morning the minister was quoted on the CBC as saying yesterday: "We've got to stop momma and poppa saying every kid has got to be a doctor or an engineer or a lawyer. We've got to have them look at some of the trades, the blue-collar trades". In this incredible statement, was the minister telling parents of young Canadians that they should stop aspiring to be trained professionals, but instead should be content with blue-collar training, in which category unemployment is actually much higher?

Hon. Bud Cullen (Minister of Employment and Immigration): No, Mr. Speaker. I indicated that there is a role for education in maintaining employment, be it at the secondary or the post-secondary school level. I indicated that it seemed to me unconscionable that, rather than training individuals for the better blue-collar jobs in their factories, corporations are content to rely on immigration and the very effective apprenticeship programs abroad. I thought that was the kind of thing

we should require departments of education and corporations to change. I used as one example an individual who would have been the best motor mechanic in Canada, but ended up as Canada's worst lawyer. I think we have to undertake a little more vocational guidance.

● (1422)

Mr. Broadbent: I have a supplementary question, Mr. Speaker. The minister says we have to do more in Canada regarding vocational training. Is he aware that the federal government has spent $2 billion on manpower retraining programs during the past seven years? If so, is he now telling Canadians they have received the wrong kind of training, or is he saying they have received the right kind of training but no jobs are available for them? In either case, would he admit that his government has been a colossal failure in this respect?

Mr. Cullen: I will answer the last part of the question first and say "absolutely not", Mr. Speaker. I have indicated that in the field of education, which is a jurisdiction jealously guarded by the provinces—as well it should be—we have a role to play as far as creating employment for those seeking it who do not have adequate training. That is why we have made money available under the Adult Occupational Training Act, Canada Manpower industrial training programs and apprenticeship programs to see that people get the kind of training they need for the kind of jobs that are available in Canada. I think it is reprehensible that 600 jobs at a world-scale plant in Canada—very well paid jobs—went to Americans, when Canadians could have done those jobs had they had adequate training.

Mr. Broadbent: Mr. Speaker, the minister is missing the point. If the federal government is putting up all the financing, or a good part of it, and is involved in a major consultative role with the provinces in determining the nature of the training programs, the minister has no excuse for not taking action that would have trained Canadians to fill the 600 jobs he speaks of. The clear implication of his speech, as reported this morning, was to tell young Canadians that they should not aspire to go to university, but should be content with blue-collar jobs. Is the minister aware that unemployment in the blue-collar sector is much higher and, specifically, is he aware of a statement made from his department last month that in December 4,300 Canadians in blue-collar jobs were laid off?

Mr. Cullen: Mr. Speaker, the hon. Leader of the New Democratic Party is again drawing a wrong conclusion from sketchy facts, but that is the sort of thing I have become accustomed to in his criticism. I did indicate that it was not necessary for every young person in Canada to go to university in order to get a job which gave him a splendid quality of life and an opportunity to participate in the economy. I cited the example of 600 people working at a world-scale plant who were all Americans and were drawing great salaries that should have gone to Canadians. That is why, for example, I am reorienting the adult occupational training program, in order to ensure that funds in that particular region are directed to providing the kind of training necessary for the jobs that will be available in the future.

[Mr. Cullen.]

* * *

[*Translation*]

PUBLIC WORKS

DATE OF ESTABLISHMENT OF POST OFFICE IN ROUYN, QUEBEC

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, my question is directed to the Minister of Public Works.

In answer to a letter from the former hon. member for Témiscamingue, the Minister of Public Works replied on May 11, 1972 that the government intended to build a post office at Rouyn and that an amount of $200,000 had been earmarked for the project in 1972-73, that another amount of $300,000 had been provided for it in 1973-74, and finally, an amount of $250,000 in 1974-75. On July 13, 1973, the architects were asked to start—

Mr. Speaker: Order. If the hon. member for Témiscamingue has a question to put, he should do so now.

Mr. Caouette (Témiscamingue): Mr. Speaker, it seems important to me to indicate to the minister what his department does.

In 1973, it was indicated that the architects had obtained the contract. On September 7, 1977 we were advised that the—

Mr. Speaker: Order. If the hon. member has a question to put, he must put it immediately.

Mr. Lambert (Bellechasse): The other hon. member took five minutes to put his question, and yet, he was allowed to do so.

Mr. Caouette (Témiscamingue): —we were advised, Mr. Speaker, that construction of the building would start in the spring. I would therefore ask the Minister of Public Works, since we received a letter today advising us that construction will not begin before 1979, whether he can say what those $750,000 were used for which were approved between 1972 and 1975, and when construction will really start?

● (1427)

[*English*]

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I will have to verify the previous estimates and find out where these funds were allocated. I would also be happy to check on the current situation and advise the hon. member.

[*Translation*]

Mr. Caouette (Témiscamingue): Mr. Speaker, I would like to ask a supplementary question.

Would the minister undertake to do whatever is necessary to accelerate the decision-making process since the programs are

ready? Since it had been decided that construction would start in early 1978, would the minister be prepared to reconsider the statement made by his representative, Mr. Havor, and change this decision so that construction could get under way without undue delay?

* * *

[*English*]

ADMINISTRATION OF JUSTICE

EVIDENCE PRESENTED TO INQUIRY INTO RCMP ACTIVITIES—GOVERNMENT REACTION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question and my congratulations are to our new Solicitor General.

Some hon. Members: Hear, hear!

Mr. Lawrence: We have had the opportunity of sending similar congratulations to five different cabinet ministers in the last couple of years. I know the minister's new officials and advisers have already brought to his attention the testimony yesterday of ex-Commissioner Higgitt before a judicial inquiry in Montreal. Of course, Mr. Higgitt's testimony is completely incompatible with the words spoken in this House by a former minister, the present Minister of Supply and Services. My question to the minister is simply this: Has he had the opportunity of finding out who is telling the truth in this matter? Is it Commissioner Higgitt, or the Minister of Supply and Services?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first of all I would like to thank the hon. gentleman for his congratulations. I would also like to thank all hon. members on this side of the House who met with approval that particular sentiment of congratulation. I hope as well, Mr. Speaker, that it is a sentiment which will have a long-standing effect. With reference to the question posed, undoubtedly the hon. member recognizes the complexity of all the issues with which I have to make myself familiar, and I would hope he would grant me at least this day in which to familiarize myself with the background of the question he has posed, in order that I may give him a more complete answer tomorrow.

An hon. Member: Where is the letter-opener?

Mr. Lawrence: Mr. Speaker, there will, obviously, be further difficulty in getting to the truth of the matter in this House. My supplementary question is to the Acting Prime Minister. Because of the implications of contradictory testimony respecting the actions of past and present cabinet ministers, I wonder if the government has given, or will now give, immediate consideration to urging those who have control over at least one of these judicial inquiries to see if it is possible for people in the political realm to immediately appear before one or other of those judicial inquiries or royal commissions so there is no further stigma or implication respecting the integrity of those of us who are in the political field in respect of the very obvious contradictions that are now coming to the fore. When can we have a cabinet minister appear before one or other of these royal commissions?

● (1432)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, without accepting fully the allegations that the hon. member has made about contradictions—

Mr. Broadbent: Are you partly accepting them?

Mr. MacEachen: —or even partly accepting them, I would tell him that the former solicitor general has already expressed his willingness to appear before the commission at any time he is called. It seems to me it is now up to the commission to call the witnesses in the order in which it alone determines, and to determine also the credibility of the evidence that is brought before the commission. It is certainly not the job of the government or the House of Commons to take over and replace the work of the commission.

Mr. Lawrence: For two nights running, on the national media there has been an undenied report that the Royal Canadian Mounted Police had the information respecting the circumstances that caused the resignation of the former solicitor general prior to that information reaching the hands of the Prime Minister of Canada. Can the Acting Prime Minister confirm or deny that report? If he is not in that position, can he undertake to report to the House at a very early date as to whether that information was in the hands of our national police force before it was in the hands of our Prime Minister?

Mr. MacEachen: As I recollect, Mr. Speaker, the Prime Minister did indicate the source of the information which he had received. There is no evidence whatsoever, that I have, to indicate that the RCMP had information prior to that information being received by the Prime Minister. That is my understanding of the situation.

Mr. Lawrence: That was not my question.

* * *

[*Translation*]

INDUSTRY

MEASURES TO PROVIDE FOR REOPENING OF DUPUIS ET FRÈRES PLANTS

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Finance. The Minister of Finance has certainly heard with regret, as I and thousands of Montrealers have, of the closing of Dupuis et Frères last weekend, which will throw 700 employees out on to the street. Since a group of businessmen have decided to take over this firm, has the Minister of Finance been consulted on that matter? If not, does he intend to offer every possible financial assistance to this group of businessmen, considering the mechanisms now in place, to help reopen this firm in the east of Montreal?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I did not receive any representation whatever from anyone on that matter and I cannot say anything about it because I have not had any request of any kind.

Mr. La Salle: May I ask a supplementary question, Mr. Speaker.

I suppose all hon. members on the government side take a special interest in this firm. Would the minister attach the same importance to this case as he did for other businesses which expressed their intention of leaving Montreal and, if so, would he tell the House whether, if it turns out that this group of businessmen take over, the reopening would be considered as a creation of new jobs? In that case, would this firm get the advantages of the subsidy program for the creation of new jobs which has been recently announced?

Mr. Chrétien: Mr. Speaker, we did not receive any request of that kind. There are federal agencies such as the Federal Business Development Bank and other institutions which deal with private interests and this group of businessmen can apply to such organizations. As for the tax credit program that has just been set up, I do not think, in view of the circumstances, these jobs can be considered as new jobs in that business.

Mr. La Salle: The minister did not catch the point of my question. I was talking of the 700 people laid off—

* * *

[*English*]

COMMUNICATIONS

BELL CANADA—APPLICATION FOR RATE INCREASE

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is to the Minister of Finance. It is supplementary to questions asked earlier about the application of Bell Canada for a rate increase. Given the implications this application has for higher inflation, given that the decision will be made by a federally-appointed agency on which there are no provincial representatives—even though this is in an area in which there is a great deal of provincial responsibility—and given that the federal government is continually importuning the provinces to assist it in trying to impose these restraints on inflation, will the minister advise whether the implications of this highly inflationary move have been discussed with the provincial governments?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this application has been made to the appropriate board. It is not for me to make any comment at this time. There was no such discussion with the provincial finance ministers when I met them last week.

Miss MacDonald (Kingston and the Islands): Seeing that the pending application of Bell Canada for this increase, in terms of dollars, is probably the most profound and most historic to come before any regulatory body, particularly in terms of inflation, will the minister undertake to add this as an agenda item to the upcoming federal-provincial conference?

[*Translation*]

Mr. Chrétien: Mr. Speaker, this is an application that has been made before a federal agency which has to deliver decisions. On numerous occasions the applications filed by that company have not been accepted or at least have been reduced by the agency, and it would not be appropriate for the government to intervene at this point.

[*English*]

BELL CANADA—APPLICATION FOR RATE INCREASE—GOVERNMENT POSITION

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I wish to direct a supplementary question to the Minister of Communications. I will ask only one question because I do not want to trespass too far. I do not think the Minister of Communications heard the answer of the Deputy Prime Minister, but I think she heard the answer of the Minister of Finance.

As hon. members know, there is a regulatory body, and the usual course of action in a rate application is to go through a regulatory process. If the minister did not have prior communication with Bell Canada officials with regard to their pending rate application, in view of the size of this application—coming after five others in the past six years—does she not feel she has a responsibility above the mechanics of the regulatory process to discuss the implications of this question, because after the rate hearing in May or June, depending on the political climate, this matter bounces back to cabinet for retroactive review. This government has a very bad history of retroactive review of some of the deliberations of the CRTC. Let us do something now, rather than go through all the regulatory process and then perhaps have the cabinet do something.

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, any application which comes before the regulatory body is carefully scrutinized. There were more than 800 interrogatories with respect to the last application. It took 27 days to completely review the matter. I am sure hon. members know that any demand for a rate increase is based on providing new service to different communities, and the amount of money which Bell can ask for in that increase is related to the principle of rate of return. It is for the CRTC to make these decisions: it has the proper mechanism to examine them. The hon. member is correct, once that decision is taken by the CRTC, there is a right of appeal.

* * *

FINANCE

CORPORATE TAX CONCESSIONS—EFFECT ON JOB-CREATION

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Finance. In view of the minister's assurance that corporate tax concessions of $1.2 billion

would stimulate expansion and job-creation, and since these concessions are worth $3 million to Northern Telecom which laid off 1,000 employees last year and has just announced further lay-offs of 280 workers in Montreal, will the minister now admit these tax concessions are not having the effect he promised, and will he cancel them for companies such as Northern Telecom?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we do not plan to change the law in this regard. All companies that are making investments obtain income tax credit rights, and this point has no relation to the problem raised by the hon. member, because the benefits earned by Northern Telecom last year have nothing to do with those it will earn in 1978.

● (1442)

[*English*]

Mr. Symes: I find the minister's answer incredible, in light of the fact that over the past 18 months 2,000 people have been laid off at Northern Telecom—and this is a continuing process. Since I am unable to get a satisfactory answer from the Minister of Finance, I should like to direct a supplementary question to the Minister of Communications. It arises from the fact that Bell Canada is a major purchaser from Northern Telecom. If Bell lived up to its commitment to improve rural service, there would be more employment at Northern Telecom due to increased purchases of equipment. Will the minister urge the cabinet to instruct the CRTC to obtain assurances that Bell will accelerate its rural improvement program before considering the company's most recent request for a 20 per cent increase in rates?

Hon. Jeanne Sauvé (Minister of Communications): The hon. member will have noted, I am sure, that the legislation which I brought before the House a couple of days ago does allow for the inclusion of social objectives when considering the development of Bell. This means that in future the CRTC will have the authority to encourage Bell to extend service to certain rural communities and to give better service in rural communities. However, the hon. member will understand that you only get what you can get for your money. Of course, the service in certain rural communities could be improved, and this is precisely what most of the applications are about. In fact, they say, "We are extending the service, but we need so much money in order to do so. We need an increase in rates." Whether that is fair or not is for the CRTC to decide.

* * *

INDUSTRY

BALANCE OF PAYMENTS DEFICIT IN AUTOMOBILE PARTS TRADE

Mr. Joe Flynn (Kitchener): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Having regard to the widening balance of payments deficit in the automobile parts trade, one which amounted to $1.05 billion in 1977, can the hon. gentleman tell us what his department is doing to redress the current imbalance?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): We have had the automobile industry and the imbalance in the parts trade under intensive study. We have talked to the three large automobile manufacturers. I think one new plant has already been announced for Windsor, and very shortly a couple of additional parts manufacturing plants will be built in Canada.

* * *

TOURISM

TAX CONCESSIONS TO ATTRACT VISITORS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. The hon. gentleman has taken credit for provincial tourist agency and chamber of commerce tourism promotion, and now he talks about a package deal. Bearing in mind that about two million people go through the gates of Banff and Jasper national parks, what package deal would be available to tourists who come from the United States, the majority of them by car? Will they be able to get price reductions at hotels and restaurants? Will there be any reduction of the gasoline tax, to attract tourists and bring about a better balance of trade with the United States?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): At the tourist ministers meeting on Tuesday there was a general agreement that present costs impede our country when it comes to the successful balancing of tourist accounts. The provinces and the federal government impose taxes on gasoline. The purpose of the tax imposed by the federal government was pointed out. We are addressing ourselves to that question and to the question of wages. I was particularly pleased to announce, at the time, a whole host of package tours to make it easier for Canadians to travel all over the country and to get to know one another better.

Mr. Woolliams: Mr. Speaker, that was a pretty colourful rancher's speech. I should like to ask the minister this question: Since he appears to have taken an affirmative approach to the multimillion dollar project at Lake Louise which was vetoed some years ago, is he likely to be in a position to make a judgment in this regard, or has he just horned in on the responsibility of the Minister of Indian Affairs and Northern Development?

Mr. Horner: Mr. Speaker, I have always been an enthusiastic booster of Canadian tourism, and I believe we need additional capacity to handle the needs of tourists coming to this country. Banff and Lake Louise play a major part in attracting tourists to Canada, and as a minister from Alberta I think I should take an interest in developments there.

Oral Questions

INDUSTRY

TEXTILES—REQUEST FOR EXCLUSION FROM TARIFF NEGOTIATIONS

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. It arises from a recent statement by the Canadian Textile Institute that "most Canadian textile plants would be wiped out by 1985 if tariffs were cut along the lines of the Swiss formula which has become the basis for negotiations at Geneva." Does the government intend to accede to the urgent request of the Canadian textile industry that Canadian textiles be excluded from the tariff negotiations presently going on at Geneva?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): In Geneva at the present time countries are putting forward their offer lists. Nothing is firm yet, and nothing will be firm for some time. With regard to the 40 per cent tariff offer, the so-called Swiss formula, I should like to point out that it is a hypothesis: there may be a greater reduction on some commodities and not on others. It is a weighted average, one which we may or may not arrive at when the negotiations are complete.

Mr. Hees: In view of that vague and unsatisfactory answer, is it not the case that the hon. gentleman was correctly described by Patrick Watson in a television interview last night as a minister who can only say, "I think"; "I am not sure", and "I can't say"?

* * *

AGRICULTURE

DELEGATES TO NATIONAL FOOD POLICY CONFERENCE

Mr. John Wise (Elgin): Mr. Speaker, my question is addressed to the Minister of Agriculture. It relates to the National Food Policy Conference to be held in Ottawa next month. Has the delegate list, or membership list, been finalized and, if so, when will it be made available?

Hon. E. F. Whelan (Minister of Agriculture): I believe the list is still open, but if the hon. member has in mind any persons he thinks should be there, we would be glad to send them invitations to attend, at least as observers. Agricultural producers in Canada will represent about 15 per cent of the delegates; they will be the largest single unit there. As far as I know, virtually every agricultural organization in Canada has been invited to be present, and I feel that agriculture will be well represented.

Mr. Wise: Can the minister give me an assurance that all sectors of the food chain will be adequately represented?

Mr. Whelan: I think I can. Other ministers who are interested in this meeting on food strategy are making sure that the Minister of Agriculture and the Minister of Consumer and Corporate Affairs do not forget anyone who is connected with the food chain. I believe the list is a public one; anybody who wishes to do so can find out who has been invited. If there has been an oversight, we are certainly prepared to add to the list.

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Is it correct that the Ontario Federation of Agriculture has been asked to send only one delegate to the conference? Is the minister aware, also, that the president of the federation, Mr. Peter Hannam, has described the conference as a farce?

Mr. Whelan: I used to be associated with that organization. That is where I got my political training.

Some hon. Members: Oh, oh!

Mr. Whelan: To be a successful farm leader, one has to be a pretty good politician. It may be correct that the Ontario federation will have one delegate, but let us not forget that this organization is affiliated with practically every commodity group in Ontario, as well as with the Canadian Federation of Agriculture which will send several delegates.

* * *

TRANSPORT

ESTABLISHMENT OF PRAIRIE RAIL AUTHORITY

Mr. Arnold Malone (Battle River): Mr. Speaker, my question is directed to the Minister of Transport. When will the prairie rail authority be intact? When is it the minister's intention to announce that program?

● (1452)

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, as I indicated in the course of meetings in Saskatchewan this fall or during the winter, it would be our intention to introduce legislation which would be required to bring about a prairie rail authority in accordance with the wishes of most of the farm and prairie organizations, not with railway management but essentially for some of the other functions which the Hall commission recommended. It was my intention to see that legislation in place in 1978. There is a good deal more work to be done on it with prairie organizations and with others in producing the legislation. Therefore, I cannot tell the hon. member whether it will happen while he is in this House or after he has been defeated.

Some hon. Members: Hear, hear!

Mr. Malone: Mr. Speaker, will the minister assure the House at this time that no action will be taken until there is full and complete concert with all the provincial ministers of transport and the prairie premiers? Also, will he give the assurance that action is not taking place which is not in concert with the prairie ministers of transport and provincial premiers in that regard?

Mr. Lang: Mr. Speaker, I do not think it would be wise to say that we would not act in this House without the full concurrence and approval of any group of premiers or trans-

port ministers of the provinces. Of course we intend to have the fullest discussion. But, as in the case of the ownership of the roadbeds in relation to abandoned railways, I think it is much better if we have the full agreement, support and consent of the farm groups, farm organizations and the farmers themselves in connection with what is happening here. Generally speaking, I would say we have that support. It will be on that support that we will proceed.

FERRY SERVICE IN SOUTH WESTERN NOVA

Miss Coline Campbell (South Western Nova): Mr. Speaker, my question is directed to the Minister of Transport. As the minister has been made fully aware of the concerns of the people of South Western Nova concerning improved ferry services, is he now prepared to tell the House what steps he is prepared to take to improve the service between Yarmouth and New England?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am very happy indeed to tell the hon. member—

Some hon. Members: Oh, oh!

Mr. Lang: Mr. Speaker, opposition members may sound somewhat skeptical, but I am delighted by the manner in which the hon. member has pressed this matter. We now have a firm decision in favour of the acquiring of a ferry to provide a year-round truck service between Yarmouth and New England. The charter will be signed within approximately a week. The ferry will be brought to Canada and probably will be ready by about mid-March.

Some hon. Members: Hear, hear!

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AGRICULTURE

PAYMENTS FOR PREGNANT MARES' URINE

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, my question is directed to the Minister of Agriculture. Recently he announced a $1 million payment, or the equivalent of $1 per gallon, for pregnant mares' urine for laboratory production. Since Ayerst Laboratories are ceasing the purchase of this urine at the end of April, was that payment the final payment, or is all production of PMU to cease in Canada as of that date?

Hon. E. F. Whelan (Minister of Agriculture): No, Mr. Speaker, that is a payment to assist farmers who are being forced out of that business, a production entity which they have been in for many years. There will still be a production entity for that company where they have new laboratories, I believe, in the province of Manitoba.

HEALTH

PRODUCTION OF CONJUGATED ESTROGEN—GOVERNMENT POSITION

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Were both the Frosst Laboratories and the Ayerst Laboratories under the direction of the minister's department to cease production of conjugated estrogen because of the possible link with cancer, or are these laboratories ceasing production because they are aware of the possibility themselves, without instructions from the minister's department? Can the minister assure the public that this hormone is relatively safe and there is no connection between its use and cancer?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I will inquire and report to the hon. member as soon as possible.

* * *

AGRICULTURE

GRAIN—POOL ACCOUNT DEFICITS—GOVERNMENT POLICY

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I have a question for the minister in charge of the Wheat Board. As the chief commissioner of the Wheat Board has indicated, there will almost certainly be deficits in the pool accounts for this crop year. Can the minister tell the House if these deficits are indicated now to be large and may apply to all four grain pools?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it is too early to say anything definite about such things as size and the exact number of pools which will be involved. The selling period, which is in issue, extends as far as into the end of September, 1978. Therefore, it would not be very wise to speculate very extensively. I agree, though, with the chief commissioner's statement in regard to the main pool at least.

Mr. Ritchie: Mr. Speaker, will surpluses from one pool be transferred to deficient pools, or will the federal treasury be called upon to absorb any losses in the pools?

Mr. Lang: Mr. Speaker, under the law the federal treasury is required to absorb any losses in the pools.

* * *

AIR TRANSPORT

DEVELOPMENT OF LITHIUM BATTERIES—REQUEST FOR PROGRESS REPORT

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is for the Minister of Transport. It follows a question which I asked him on December 6, 1977. It concerns lithium batteries, or ELTs. Could the minister, who promised me an answer before the end of January, tell me now whether there has been any progress in the development of safe lithium batteries or ELTs? Is there any attempt by the department to subsidize the reinstallation of effective ELTs in private aircraft?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not anticipate any financial involvement by the department. I can tell the hon. member there has been some success in developing batteries which will operate. They should be available very soon, so that those who want to may reinstall ELTs in the aircraft. It is not anticipated that we are yet in a position to return to a compulsory installation of the ELTs because the number of batteries and the extensiveness of their availability has not yet been assured.

* * *

NATIONAL REVENUE

DUTY-FREE OUTLETS FOR PERSONS CROSSING CANADA-U.S. BORDER

Mr. Jake Epp (Provencher): Mr. Speaker, I direct my question to the Minister of National Revenue before he goes to the other place, thus allowing consummation of the deal between the Manitoba New Democratic Party and the federal Liberal party. In view of the fact that 80 per cent of all visitors to Canada arrive by car, and therefore must pass through highway ports of entry, and in view of the fact that duty-free stores are being built in the United States along the United States-Canada border, can the minister indicate whether the government will follow the advice of the Canadian Automobile Association in its 1977 submission to the government and approve regulations permitting land border, duty-free shops for Canadian and United States motorists crossing into the United States?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I would like to assure the hon. member that I am not doing any wishful thinking.

Mr. Clark: Take out the adjective.

Mr. Guay (St. Boniface): In regard to the question, this matter is under review and study by the officials of my department. Representations have been made by many members of this House, particularly on this side. Rest assured, we will let the hon. member know as soon as we come out with a certain policy pertaining to this matter or in an area which will be most effective for the time being.

* * *

INDUSTRY

NORTHERN PIPELINE—JOBS FOR CANADIANS IN CONSTRUCTION OF PIPE

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I should like to direct a couple of questions to the Minister of Industry, Trade and Commerce. In view of his remarks last evening on television, which were to the effect of guaranteeing jobs in the construction of the pipeline, may I ask if he can assure the House that guarantees will be provided for those in the construction industry, and why can the same kind of guarantees not be given for steelworkers so that plants in Welland, Regina and Sault Ste. Marie can be manufacturing pipe for the pipeline?

• (1502)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): I have said several times in the House that the steel industry in Canada is very competitive with the United States—in the last number of years at a rate of 6.4 per cent in relation to 1.9 per cent. In my conversations with people in the steel industry, I have found they are not worried at all, they believe they can compete on bids with the United States in the long run. The American consumer will have to pay for this; therefore, it has to be built on competitive principles.

Mr. Benjamin: Mr. Speaker, can the minister assure the House that in his discussions with the Americans in technical committees specifications will not be agreed upon by the Canadian government which eliminate most, if not all, of the Canadian steel industry, in spite of our capacity to produce low pressure large diameter pipe? Can he assure the House that we will not be outmanoeuvred by the Americans on the specifications for the pipe, and Canadian plants will be able to bid on it successfully?

Mr. Horner: The specifications of the pipe will be laid down by the National Energy Board. I am told that the National Energy Board hopes to have a decision on that matter about the middle of February. The factors involved will always put safety of the pipeline over its economics. I want to stress that point because to me it is very important.

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AGRICULTURE

FOOD POLICY CONFERENCE—GOVERNMENT PROPOSALS

Mr. Joe Clark (Leader of the Opposition): I have a question for the Minister of Agriculture relative to the national food policy conference. Will the minister explain the logic behind a situation where, with a national conference designed to develop a food strategy for the country, only 15 per cent of the participants will be the people who actually grow the food?

Hon. E. F. Whelan (Minister of Agriculture): All in all, Mr. Speaker, I do not think we are doing too badly when we represent only about 6 per cent of the population.

Some hon. Members: Hear, hear!

Mr. Whelan: This is a total concept. "All Canadians" involved in this matter means everyone who has anything to do with food, including the consumer; that is, everybody in Canada.

Mr. Clark: Given the minister's marginal influence in cabinet—

Some hon. Members: Oh, oh!

An hon. Member: How do you know that?

Mr. Clark: —can he tell us if his colleagues are going to let him go to the conference?

Mr. Whelan: Mr. Speaker—

Some hon. Members: Hear, hear!

Mr. Whelan: —I would only refer the Leader of the Opposition to a statement made by E. P. Taylor when he spoke about offtrack betting. He said, "I had too much power in the cabinet. I threw too much weight and I was considered the heavyweight." I do not think there is much more I can say. My concern is that there be proper representation at that meeting of people who are really concerned about developing and improving the food policy with any new strategy possible. We would even consider anything the Leader of the Official Opposition might suggest.

* * *

[*Translation*]

PRIVILEGE

MR. LAMBERT (BELLECHASSE)—ALLEGED CURTAILMENT OF LIBERTY OF SPEECH FOR SOCIAL CREDIT PARTY MEMBERS

Mr. Adrien Lambert (Bellechasse): Pursuant to our standing orders, Mr. Speaker, I wish to rise on a question of privilege. Since the beginning of the 3rd session of the 30th legislature, members of the Social Credit Party of Canada have been very rarely recognized by the Chair for more than one question during any single oral question period. On the other hand, hon. members of the party of the majority, contrary to practice, have now been granted the privilege of directing questions to the ministry, which was not customary in the parliaments which had adopted the British procedure. This new way of doing things has deprived our party of the right to ask more than one question. On January 25, 1978, the Chair asked for shorter questions and replies, something with which I fully agree. Unfortunately, these recommendations seem difficult to apply. I appreciate, however, the difficult position of the Chair in this respect. Since January 25, the preamble to some questions and to some ministerial replies has been somewhat lengthy.

Mr. Speaker: Order, please. I must draw the attention of the hon. member for Bellechasse (Mr. Lambert) to the fact that, this afternoon, the oral question period started by questions from an hon. member of the official opposition, followed by the leader of the New Democratic Party (Mr. Broadbent), and finally by the leader of the Social Credit Party of Canada (Mr. Caouette).

First, the question asked by the leader of the Social Credit Party of Canada was too long. Second, it dealt with a matter dating back to 1972 which continued in 1973, 1974 and 1975. It was therefore a very acceptable matter as a question on the order paper, which could also have been dealt with by writing to a minister, but as the hon. member is leader of a party in the House, I allowed him the question. The second question was a representation, and I also allowed it. As for the number of members by party now in the House, I gave the floor for some questions from the Social Credit Party of Canada and from the New Democratic Party. If the hon. member is seeking to establish proportions as to the number of members who are present, I am indeed under the impression that today and on all other days of sitting of the House I have been fair to the Social Credit Party of Canada. As for the matter of privilege, it could be unfair to other parties, because of the proportion of members in the House today and on other days. That is something I calculate very carefully every day, and I am convinced that this arrangement is quite fair to the Social Credit Party of Canada, and all other parties in the House. However, if the hon. member is looking for an opportunity to discuss this in private, it can be done, but today is an opposition day. I therefore believe that the hon. member should briefly conclude his remarks.

Mr. Lambert (Bellechasse): Thank you, Mr. Speaker. I accept your very judicious remarks, but I was about to conclude my question of privilege anyway. I did not have the opportunity to put it completely, but I will do so now with your permission.

Here is my conclusion, Mr. Speaker. Today the hon. member for Témiscamingue (Mr. Caouette) wanted to ask a very important question to the Minister of Public Works (Mr. Buchanan). The current Minister of Public Works was not in this portfolio on the dates referred to by the hon. member for Témiscamingue and so, in order to make it easier for the minister to give him a satisfactory answer, the hon. member simply had to provide the minister with some references. It is my view that the hon. member for Témiscamingue was totally justified in giving the Minister of Public Works the opportunity to know about the facts that have preceded the event which was the object of the hon. member's question in order to make it possible for the minister to give an answer which would have been really satisfactory not only to the hon. member, but to the minister as well. So, Mr. Speaker, I do not intend to criticize or question your decisions. Your responsibility is much greater than mine and it obliges you to make very quick decisions, which sometimes makes them questionable. In any event, you are the authority in this House and I submit to it.

With your permission, Your Honour, and at the request of my colleague from Témiscamingue, I ask that his question be discussed at ten o'clock.

● (1512)

[*English*]

ROYAL ASSENT

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

February 2, 1978

Sir,

I have the honour to inform you that the Right Honourable Bora Laskin, P.C., Chief Justice of Canada, in his capacity as Deputy Governor General, will

proceed to the Senate Chamber to-day, the 2nd day of February, at 5.45 p.m. for the purpose of giving Royal Assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant
EDMOND JOLY DE LOTBINIÈRE
Administrative Secretary to the Governor General

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. It is most unusual that Her Majesty's representative should appear on an allotted day. I hope that the government House leader will convey to Government House, or perhaps to others who arrange this, the fact that we are somewhat disturbed that it should be proceeded with on this day. There may be an explanation, but I think it is something which—

Mr. Clark: Violates tradition.

Mr. Baker (Grenville-Carleton): —violates tradition, as the Leader of the Opposition (Mr. Clark) says, but it also is something which could perhaps be avoided in the future. I raise this matter and leave it with the government House leader.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if the government House leader can tell me the sequence of forthcoming government business. I am particularly interested in whether it will be acceptable to designate next Friday, February 10, as an allotted day, as indicated in the schedule. When is the government House leader intending to establish the special pipeline committee? When does he intend to introduce the pipeline legislation?

Finally, has he consulted the Minister of Employment and Immigration (Mr. Cullen) with respect to the regulations the minister promised sometime ago would be given to the committee to be studied? Would the minister deal with all those matters while he is on his feet?

Mr. MacEachen: Mr. Speaker, in answer to the last question first, I have not consulted the Minister of Employment and Immigration (Mr. Cullen). The date suggested for the next allotted day, February 10, is quite acceptable to us, and I accordingly designate that day as an allotted day. Tomorrow I would like to call the motion establishing the special committee. I hope it will be passed without debate. Then I hope we will continue with bills dealing with fishing and recreational harbours, CNR recapitalization, and the extension of the Bank Act. I have given notice of the northern pipeline bill. I expect it will be given first reading tomorrow, and I hope we will deal with it at second reading at a mutually agreeable time next week.

[Mr. Speaker.]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I have a question with respect to the business of the House which is a repetition of a question I put to the minister earlier. As a matter of fact, since the start of the session I have been asking him if he would give us a list of the legislation the government plans for this session. He has not yet done so. I impress upon him the point that when one looks at the order paper one has to agree that it is pretty thin. I think Parkinson's Law is having its effect around here. If we knew there were major pieces of legislation to be put before us before Easter, or before this session ends, whether by prorogation or dissolution, it would be helpful to us.

May I also ask if there is any firm word yet about the date for the presentation of a budget? The Minister of Finance (Mr. Chrétien) once said it would be in March. Then on another occasion he said it might not be until April.

Mr. MacEachen: Mr. Speaker, I know no firm date for the presentation of a budget. I disagree with the hon. member as to the thinness of the order paper. There are a number of substantial items there.

Mr. Knowles (Winnipeg North Centre): Like the national anthem?

Mr. MacEachen: Like ports policy, like the bills we are dealing with at the moment, the bill dealing with the Corporations and Labour Unions Returns Act, the Financial Administration Act, and so on down the list. However, perhaps the hon. member can be induced to accelerate the business of the House. On the understanding that I add one bill perhaps the hon. member will guarantee that we will move at a double rate of progress.

Mr. Knowles (Winnipeg North Centre): Give us something important and it will move a lot faster than all this unimportant stuff.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, arising out of the statement of the minister that the pipeline bill will be read the first time tomorrow and that debate will probably start next week, I wonder if he has taken into consideration the fact that much of the discussion on that bill will be dependent on a decision having been made with reference to the specifications for the pipe. It seems to me that the debate at second reading ought to be delayed, or that the government should have the National Energy Board speed up a decision with reference to that matter because otherwise we will be discussing a situation about which we do not have knowledge of a germane factor.

Mr. MacEachen: Mr. Speaker, I recognize the relevancy of the hon. member's point. It has been very much on my mind that we should at least have a firm date from the National Energy Board regarding the timing of the decision. As the Minister of Industry, Trade and Commerce (Mr. Horner) stated today, it is expected that that will come by mid-February. I agree that a decision of a certain kind would undoubtedly create a good deal of consternation.

Mr. Douglas (Nanaimo-Cowichan-The Islands): The minister is almost inviting the House and the committee to delay that legislation until we get that information. Surely that is not the best way to hasten the passage of legislation through the House and the committee.

Mr. MacEachen: No, Mr. Speaker. I think the question raised by the hon. member is quite germane to the over-all project. However, there are a number of stages. There is second reading, there will be very detailed study in the committee, and it seems to me that these stages could easily proceed in the absence of the decision to which the hon. member refers.

Some hon. Members: Come on!

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, the President of the Privy Council (Mr. MacEachen) should at least recognize that since parliament has resumed its sittings after the Christmas and New Year recess, work has progressed in a rather efficient way. Several bills have been adopted rather rapidly, and I might even say that the government has been in one instance caught by surprise when debate on a certain bill had ended, and that the bell has stolen two hours of our time that could have been spent on something else.

I would like to ask the President of Privy Council if he has provided for the number of the so-called opposition days up until the Easter recess, and also if he could tell us when those opposition days would be held; this would make it easier for us to co-operate with the government for the adoption of other bills the government regards as having priority, for as far as we are concerned, I have always said and I repeat that we are always ready to make it easier for the government to get its bills adopted first, while other private members' bills or motions should come in second. I am, for my part, prepared to accept that provided we know the government's proposed timetable until the Easter recess.

[*English*]

Mr. MacEachen: Mr. Speaker, I do have a list of suggested dates for the remaining opposition days. I do not have it with me, but I will be glad to circulate the suggested dates as a planning aid for all of us. It will probably be followed, but occasionally dates have to be changed for one reason or another.

● (1522)

Mr. Brewin: Mr. Speaker, I am not sure that I understood the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) correctly. It had certainly been my understanding, prior to the previous session, that the Minister of Employment and Immigration (Mr. Cullen) had indicated that the regulations in the Immigration Act were of such importance that they would be reviewed by the Standing Committee on Labour, Manpower and Immigration. I think it is important that this be borne in mind, and I would ask the minister whether that is still the intention of the government.

I think the Minister of Employment and Immigration indicated in the House today that it was the intention of the government to have the statutory regulations reviewed, but I think he put in a condition about this matter going through with some degree of promptness. I may say that our party has discussed the regulations and the act in great detail, and would certainly not be disposed to ignore a proper study of the regulations, but to make the discussion of them reasonably brief, and certainly not act in a delaying manner. We are anxious to see the bill passed. I think the date set was April 1.

Mr. MacEachen: Mr. Speaker, I thank the hon. member for his assurance that if this matter is to be reviewed it will be done quickly. I shall discuss the matter with the Minister of Employment and Immigration and attempt to get back to the hon. member quickly on what can be done.

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[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 742, 816, 912 and 938.

[*Text*]

VISIT OF PRESIDENT CARTER TO CANADA

Question No. 742—**Mr. Howie:**

Are any plans underway to invite U.S. President Carter to visit Canada?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): During his visit to Washington in February, the Prime Minister personally invited President Carter to visit Canada. The President accepted in principle but the dates for such a visit have not been set.

1977 GREY CUP

Question No. 816—**Mr. Howie:**

What amount was spent by the Ministry of State for Fitness and Amateur Sport on the 1977 Grey Cup pre-game and half-time shows?

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): In so far as the Minister of State for Fitness and Amateur Sport is concerned: $60,000.

DREE ASSISTANCE TO THE BRICKLIN CAR DEVELOPMENT, SAINT JOHN, N.B.

Question No. 912—**Mr. Howie:**

Did DREE grant, loan or guarantee any loans in respect of the Bricklin car development at Saint John, New Brunswick and, if so, in what amount?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: The Depart-

ment of Regional Economic Expansion guaranteed 90 per cent ($2,700,000) of a loan of $3,000,000 made to Bricklin Canada Ltd. by the Bank of Montreal. The offer of loan guarantee was made April 1, 1974 and was accepted by the company April 25, 1974.

RELOCATION OF PUBLIC SERVANTS

Question No. 938—**Mr. Epp:**

1. What procedure does the government follow when choosing and hiring moving companies to relocate employees?

2. (a) What amount was spent last year in relocating government employees (b) how many relocations took place (c) how many inter-provincial and inter-territorial moves took place?

3. (a) How many moves took place from one respective province or territory to another (b) what were the provinces or territories and the numbers involved?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): 1. The Central Removal Service of the Department of Supply and Services arranges moves with carriers on behalf of all civilian government departments and agencies. Carriers are approved for source listing by an inter-departmental committee, following examination of their capability to meet government conditions for moving household goods. The selection of the approved carriers for individual moves is on a rotational basis by dollar value using an equalization system.

2. (a) $12,883,661 on removals; (b) 10,360 removals; (c) 4,830 interprovincial, 32 inter-territorial.

3. (a) (See 2 c);

(b).

To / From	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
British Columbia	—	404	52	43	196	21	10	6	2	5
Alberta	86	—	38	36	103	7	5	8	—	2
Saskatchewan	16	72	—	49	68	6	3	4	1	—
Manitoba	24	121	92	—	161	15	4	7	2	5
Ontario	162	214	71	190	—	250	67	133	10	31
Quebec	29	34	10	32	655	—	37	38	6	77
New Brunswick	5	18	5	19	108	60	—	73	13	34
Nova Scotia	5	56	7	38	146	26	85	—	27	64
Prince Edward Island	—	5	—	1	11	3	6	16	—	2
Newfoundland	6	27	3	32	92	8	56	43	10	—
Total	333	951	278	440	1,540	396	273	328	71	220

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 148 could be made an order for return, this return would be tabled immediately.

[*Text*]

TRAVEL COSTS—MARINE AND FERRY BRANCH OF DEPARTMENT OF TRANSPORT

Question No. 148—**Mr. Munro (Esquimalt-Saanich):**

1. What travel costs were incurred by personnel of the Marine and Ferry Branch of the Department of Transport for each fiscal year since 1970-71 on visits (a) to Europe (b) to the Far East (c) in Canada and, in each case, what countries or provinces were visited?

2. (a) Which members of the Branch were involved in each visit (b) how much did each claim for each trip?

3. For the same years, what expenses were incurred, and by what foreign firms, that were asked by the Department to visit Canada?

Return tabled.

[*Translation*]

Mr. Speaker: The questions listed by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 148 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[Mr. Wood.]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—ROLE OF GOVERNMENT IN SOCIETY AND ECONOMY

Mr. Joe Clark (Leader of the Opposition) moved:

That in the opinion of this House it is essential to the economic well-being and good government of Canada that action be taken to reduce the scope and rationalize the role of government activity in Canadian society by reducing the share of the national wealth currently consumed by government, and to this end that a special committee be struck before February 28, 1978 to consider:

(1) the enactment of "Sunset Laws" to provide for the termination of programs or agencies which have outlived their usefulness;

(2) methods to limit the growing and undemocratic use of regulations;

(3) the criteria by which the government would divest itself of those Crown corporations which play no useful role in the public sector;

(4) the adaptation of new flexible budget planning techniques to discourage unnecessary growth in departmental budgets.

He said: Mr. Speaker, I think when all of us came back to parliament at the start of this year, we hoped that the govern-

ment would take the problems of the country seriously and introduce some measures that go to the heart of some of the basic problems the country faces. The government, unfortunately, refuses to do that, so we accept the responsibility.

In this first allotted day of 1978 we intend to propose a number of means to deal with the cost and size and effectiveness of government. We have framed our motion in the most non-partisan way possible, not to require government members to embrace specific proposals, but only to ask that they accept their responsibilities as parliamentarians, and have a select committee of this House established to consider specific means by which we can reduce waste and improve efficiency in the Government of Canada.

I do not intend to detain or bore this House of Commons with the details of waste that have become all too well known in this country, but I think there are two items worth recalling. One is an excerpt from the report of the Auditor General of Canada for the year ended March 31, 1976, in which he said:

Based on the study of the systems of departments, agencies and crown corporations audited by the Auditor General, financial management and control in the Government of Canada is grossly inadequate. Furthermore, it is likely to remain so until the government takes strong, appropriate and effective measures to rectify this critically serious situation.

That was the judgment of the Auditor General of Canada.

The other matter worth recalling is the really quite amazing and symbolic event that occurred before Christmas when, in the standing committee, the deputy secretary of the Treasury Board and his officials had to admit to members of parliament that they did not know the total number of Crown corporations in which the Government of Canada had an ownership position. First they said there were 366. Then they found seven more. By last month the list had grown to 387. We do not know what it is today, but quite literally this demonstrates that the government itself does not know what it is doing.

The statistics of government growth over the last decade are shocking. In 1968 when this government was elected, government at all levels in Canada consumed 34 per cent of Canada's gross national product. After ten years of this wasteful and uncontrollable government, that figure is up to 41 per cent of Canada's gross national product. According to the estimates for 1968, the year this government came to office, the federal budget was $10.9 billion. The estimates for this year are for a federal budget at $41.1 billion. That means that the dollar spending of the Government of Canada has increased almost fourfold in the ten years of the Trudeau government. We can argue about the causes of that excessive increase and the cost and waste of government, but let us not occupy ourselves in talking about politics. We in this House of Commons have to deal with the consequences of that record. Those consequences are acute and various and simply can no longer be ignored by this House of Commons and the Government of Canada.

Some hon. Members: Hear, hear!

Mr. Clark: One consequence is that investment money, which this nation needs, is leaving this country, or else it is failing to come here because mobile investors, who have a whole world to turn to, are putting their money in places where government costs less, interferes less, or is more certain. I shall not detain the House with a long list of quotations from independent experts who have made this point. I see an hon. member from Toronto indicating disagreement, which is rather strange. He should be concerned about the capacity of construction workers in the city of Toronto to find jobs. The hon. member for Davenport (Mr. Caccia) does not care about those construction workers, but if he did he would be worried about the tremendous amount of investment money that is leaving that city to go to countries where investors trust the government more than they do here.

Some time ago one of the chief economists of the Bank of Canada gave the following warning:

● (1532)

—we have to get our house in order and make it more attractive for private capital or else Canada will become a sleeping backwater.

I also refer to a study that came out just the other day from the Florida legislature which shows that Canadians are the largest foreign investors in the state of Florida. That is happening in part because people who have money to invest do not trust this government and they are concerned about the waste of this government and the size of spending here.

The consequence of that, Sir, is that it very seriously limits our ability to grow, and causes our failure to grow. I emphasize this point, our failure to grow, which puts at risk our ability to stay together as a people.

[*Translation*]

Another consequence is that the performance of our economy is dangerously low. Closing plants have large stocks—one million unemployed prove this—and the government tells us that it is not stimulating the economy because our deficit is already too high. In other words, Mr. Speaker, we cannot spend money on things we need because we have already spent too much on things we do not need. We cannot do what we should for the unemployed for instance, because we have already spent too much for Petro-Can, for consultants and for opposing the other levels of government.

[*English*]

There is another consequence, Sir, that goes well beyond the economic, and that is the effect upon the enterprise and the attitude of the Canadian people. That is much harder to quantify, but it is essential for us to face. We have to ask ourselves, as parliamentarians who are responsible for the future of this country, how many small Canadian businessmen have given up because of the weight of frivolous regulations? And what is the cost to local communities when those small businesses are replaced by companies or by managers who are strangers in the neighbourhood?

What is the social cost of having government move into areas where volunteers have worked, as this government did in the last decade? This government moved in on voluntary activities, ranging from youth hostel associations all the way through to amateur sport.

Like other members of parliament in the early days of the Local Initiatives Program I established a constituency advisory group in my constituency. Mr. Speaker, in response from one of the people I had asked to serve on that group I received a very interesting, and true story. It related to a community unknown to most members of this House, a little swelling in the road in western Alberta called Niton Junction. The people in Niton Junction wanted a community hall and they got together and applied for a LIP grant, and they failed. The man who served on the constituency advisory group from that area wrote to me afterwards and he said, "You know, 10 years ago the people of Niton Junction, if they wanted a community hall, would get together and build a community hall. Now they get together and apply for a LIP grant, and they are turned down." That means they have, failed on two counts. First of all they are left without the community hall they need, secondly they have worked together on something that failed and their sense of working together and co-operating together has become soured.

I think we must have much more attention paid to the social consequences of this kind of extensive government intervention into areas where volunteers previously made local communities work and strive for something they wanted.

Some hon. Members: Hear, hear!

Mr. Clark: We have to ask ourselves, Sir, what is the cost to our sense of national community—our sense of working together as partners? There is a new and growing hostility between the public sector and the private sector. What Sir, is the cost to Canada of the continuing competition for power between different levels of government?

Another one of those immeasurable costs, and one which should be of particular concern to all of us in this House, is the damage which has been done to the credibility of our political system. For a decade Canadians have been told by their politicians that more and bigger government would solve their problems, whatever their problems were. Governments have become larger, and they have become more expensive, but the problems remain, and more and more Canadians have come to question, not simply the wisdom of the so-called solution, but they have come to question the integrity and the credibility of those in this institution and elsewhere who have been proposing those solutions.

We have come through a decade, Sir, in which people have put too much faith in government, which meant that they were putting too little faith in individual citizens or in private or voluntary groups. The response to virtually every problem was to create government programs. Those programs then grew beyond control. Examples abound; the growth of the Ministry of State for Urban Affairs, from its original purpose as a co-ordinator into a little empire of its owe that competes with the people it was supposed to co-ordinate; Petro-Can which was established to make the government itself a competitor in the oil industry, and which has been used to bend and twist and distort regulations to give an unfair advantage to the creature of the government.

Indeed, the very principle of decentralization has been—and I use the word deliberately-perverted into a program of patronage for ministers. I understand the Minister of Fisheries and the Environment (Mr. LeBlanc) is entertaining invitations from New Brunswick to go back and lead the Liberal party in that province. The understanding which I have is that he has agreed to accept that position on the condition that they will move the capital of that province to Shediac, New Brunswick.

Some hon. Members: Oh, oh!

Mr. Clark: In Canada that tendency of putting too much faith in government has been aggravated by this particular government to concentrate power in their own hands. Some people sometime impute sinster motives to the Prime Minister (Mr. Trudeau) and his close colleagues in this regard. Frankly, I see nothing in this pattern more sinister that arrogance. They really do believe that they can run everything better than anyone else despite abundant evidence to the contrary.

Their pattern, the clear pattern of these ten years, has been to centralize power. Economic power is gathered to Canada by investment review agencies, by competition boards, by literally more Crown corporations that the government can count, and the growth, literally by volumes, of regulations.

[*Translation*]

Constitutional powers have been centralized in Ottawa through the creation of federal departments which are supposed to deal with matters of provincial jurisdiction, such as urban affairs, through financial blackmail, in the case of health insurance for instance, and through interference in traditional provincial jurisdictions such as natural resources, communications and culture. The Minister of State for Amateur Sport (Mrs. Campagnolo) is still trying to take away the powers of managing organizations in the area of sports and to concentrate government control. This trend toward centralization of power is one of the main causes of our problems in Canada and contributes to the increase in costs that we can no longer afford.

[*English*]

Years ago, Sir, if we look back on the history of political development, it required an act of imagination to recognize that government did too little, and the consequences of governments doing too little were poverty, injustice, and social turmoil. So government became active doing things that needed to be done, doing things that would not have been done without government intervention. We have an honourable history of that kind of intervention in Canada, and I am personally proud to lead a party which had the imagination to create the CBC, the Canadian Wheat Board, the Agricultural and Rural Development Act, and other necessary agencies.

However, I trust that the hon. member for Davenport, who has no concern for his constituents who are looking for work in the construction industry, will take the opportunity, now that he has been excluded again from the cabinet, to take part in this debate rather than sitting and shouting from his seat.

Some hon. Members: Hear, hear!

Mr. Clark: Just as it once required, in this country and elsewhere, an act of imagination to recognize that government did too little, so is a new act of imagination required today to break conventional thinkings and recognize that government can try to do too much. Now, as then, the standard is not the size of government of even the cost of government; the standard has to be the effectiveness of government.

Some hon. Members: Hear, hear!

Mr. Clark: The Government of Canada today, while it is unquestionably costly and unquestionably big, is just not effective in doing the jobs that Canadians expect it to do.

● (1542)

What we need is a fundamental change in our approach to the role and accountability of government. We will be kidding ourselves and the country if we pretend that another so-called "restraint program" will do. Every President of the Treasury Board during the past decade has risen at least once in this House to announce a new era of austerity in the government. And yet the size and cost of government grow and grow without effective control.

The problem runs much deeper than any tinkering with the federal books. The system itself is out of control, and what we must change are the attitudes upon which the government operates. For example, we must end the prevailing view that advancement in the public service depends on growth and spending. We must reverse a system where it is considered some kind of a disgrace for public servants to allow funds to lapse at the end of the fiscal year. The public service must know that advancement and recognition can come from saving money and ending unnecessary programs.

Some hon. Members: Hear, hear!

Mr. Clark: That new direction, that new spirit, has to come from the political level. Public servants did not create the present atmosphere; they are only working within the rules of the game laid down by their political masters. Indeed, it is a matter of encouragement to me that nowhere does concern about the present system run higher than among public servants themselves, who see the waste first hand and have to carry the can for political decisions that they did not make.

Some hon. Members: Hear, hear!

Mr. Clark: The government is bringing in a Comptroller General, bringing him in reluctantly, and in a way that invites the question as to whether this will be an office with real powers, or just paper powers. But even if the Comptroller General has the means and the will to be effective, that appointment is simply spitting in the wind unless it is backed up by a fundamental change in attitude, not just about control of government, but about the size and effectiveness of government.

This parliament cannot wash its hands of its responsibilities simply by appointing a new official who will not even report to us. We are here to control government. That is one of the basic things that parliament is about.

We will betray our responsibility to the people of Canada unless we have the courage and the determination to act ourselves to make government less expensive and more effective.

Some hon. Members: Hear, hear!

Mr. Clark: I want, today, to spell out some of the ways we can do that, and my colleagues will elaborate on these proposals later in this debate. First, we need to introduce the idea of the "sunset law" into Canadian practice.

In the natural world, the sun rises and the sun sets. If you come, as I do, from the foothills of Alberta, you know that the setting of the sun is often more dramatic and inspiring than its rising. But governments violate nature. Virtually every month the sun rises on new government activities or agencies—governments get into things far more easily than they get out of them—and we need a system that will allow the sun to set on government activities after their day is done.

Some hon. Members: Hear, hear!

Mr. Clark: Why should FIRA go on forever? Why should the Halifax Disaster Relief Agency have endured so long after the disaster? Why should other agencies escape the kind of life and death scrutiny which would allow MP's to discuss not just their funding but their future?

We will be describing a mechanism which will require certain Crown agencies and activities to come back to parliament at regular intervals and justify their need to continue to exist. If they can justify that need, they will carry on, perhaps in amended form. If they cannot, they will end, and that money will be available for the individuals and governments to do things that do need to be done. That is the kind of decision that parliament is supposed to make.

Because of a perversion of the rules that take power away from parliament, we can only ask questions, not stop programs. Canadians send us here for more than that, and we owe it to our country to let the people's representatives stop the waste of the people's money.

In another field we must stop the practice of government creating more and more regulations, which parliament cannot control, and with which private Canadians cannot cope.

[*Translation*]

The government is now compiling all existing regulations. These regulations cover 12,000 computer print-out sheets, and when they are printed and bound, they make up 15 volumes of 800 pages each, which is much more that the Revised Statutes of Canada. A few years ago, a survey by the *Financial Post* concluded that, in Canada, businessmen spend 35 per cent of their time conforming to government regulations. In the United States, it is estimated that government regulations cost the American economy from $50 to $60 billion a year. If we suppose that there are on the average as many regulations in Canada, which is a reasonable assumption, Mr. Speaker, the

cost for the Canadian economy is at least $5 or $6 billion a year.

[*English*]

We need to review the need for nearly 400 federal Crown corporations, and review that calmly, sanely and without ideology. The idea of the Crown corporation is an essential and valuable part of Canadian life and history. We have needed Crown corporations in the past. We need some of them now. I think it is safe to predict we may well need to create new Crown corporations in the future. But the fact that some Crown corporations are necessary does not mean that all are, and the fact that a specific Crown corporation was necessary at one point in time does not mean that Crown corporation is necessary forever.

To my mind, the simple standard is that government intervention should come as a last resort, when other ways will not work, and not as a first resort, as it was with Petro-Can, where the motive is only to get the government into something where it should not be.

It is absurb to have more Crown corporations than you can count. It is often wasteful to spend public money on things where private money is available. It is possible, as other jurisdictions have shown, to divest of unnecessary Crown corporations in ways that will let more Canadian citizens develop an equity interest in our country.

Finally, we need new, more flexible budget planning techniques to discourage unnecessary growth in the budgets of government departments.

There is no question that we can control government spending, no question that we can reduce waste, improve effectiveness, and put government in a position again where it is capable of taking the initiatives that government must take. It is absurd, in a country like Canada with more than one million people out of work, that the government cannot take the economic initiatives that are necessary because it has wasted so much money in the past that it has a deficit that strangles its ability to act. That is unforgiveable.

Some hon. Members: Hear, hear!

Mr. Clark: There is nothing revolutionary about what has been proposed today. Sunset Laws are in effect in several states in the United States. That country already has underway a major review of the impact of regulations. The state of Israel has put at least 90 of its state-owned agencies up for sale. Tomorrow is the final day for the submission of tenders to the Progressive Conservative government of Manitoba for the purchase of Cybershare Limited, a data processing company purchased by the former government of that province. These things can be done if there is a government prepared to do them.

Some hon. Members: Hear, hear!

Mr. Clark: They must be done because Canadians are not going to accept leadership from a government or from a parliament that is unable to control its own excesses. That is not just a question of investment, important as investment is, and unlikely as it is that investment will come to a country that continues to build deficits and refuses to eliminate waste. The deeper question concerns the confidence ordinary Canadians have in a government which they see is costing more and more and doing less and less that makes sense to them.

Our union is under assault from several sources. One of them is the idea of separatism. Another is the reality of cynicism. People do not believe governments. People do not take parliament seriously. That we have brought upon ourselves.

In the months and years to come we must demonstrate to the people of Canada that our institutions can work, that our governments can serve real needs, that there is leadership here that is tough enough to recognize and reform our own weaknesses before prescribing for others.

Today, I have brought before the House of Commons a resolution which will allow us as a parliament to do the work that parliament was created to do, to get control of government and to make government effective again in Canada. The operative part of this motion is the request that we immediately establish a select committee to cut away at waste in government. I earnestly hope that other parties in this House will follow our example and agree to this proposal in the interest of Canada.

Some hon. Members: Hear, hear!

● (1552)

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the Leader of the Official Opposition (Mr. Clark) closed his speech by asking all members in other parties to support his motion. He did so having argued that there are innumerable Crown corporations which ought to be eliminated, and having given us just two illustrations of what he had in mind. I suggest he did not give more examples because he has not done the work which is called for, and cannot prove the case he has tried to make. The proposal put forward by the Leader of the Opposition, if put into effect, would mean a return to the depressed economy of the thirties.

Some hon. Members: Oh, oh!

Mr. Orlikow: The motion states:

> That in the opinion of this House it is essential to the economic well-being and good government of Canada that action be taken to reduce the scope and rationalize the role of government activity in Canadian society by reducing the share of the national wealth currently consumed by government . . .

The Leader of the Offical Opposition wants the people of Canada to forget the depression years of the thirties when the private sector of our society collapsed and when governments were completely immobilized. It was not until the Second World War, when we realized we had to produce the necessities of war, that we put people back to work. The earlier depression was the result of government inaction, especially at a time when the private sector was not functioning.

Of course all Canadians want government to operate as efficiently as possible. Of course we want the Government of Canada to be accountable to people and to justify its programs. Of course we want to get rid of Crown corporations and agencies which no longer serve a useful purpose. But on the basis of the examples given by the Leader of the Opposition we certainly cannot support his proposal.

Canadians who have studied the level of government activity and believe governments should reduce the scope of their involvement and the share of the national wealth they consume, know that in order to achieve anything substantial it would be necessary not just to cut back on Crown corporations and agencies but to cut back on programs presently provided for the people. If one thing was obvious in the speech we have just heard it was that the hon. gentleman did not deal with programs which would have to be eliminated if there were a real intention to achieve the end proposed, that is, a significant reduction in the size of government spending and government's share of the national income.

I challenge speakers from the Conservative party who will follow to tell us which programs they would eliminate or restrict. Do they wish to cut back on health insurance or health care? Do they want to cut back on hospital insurance? Do they want to cut back the program of old age pensions? Do they want to eliminate or reduce family allowances or Canada Pensions? These are among the most expensive programs which the government, alone or in conjunction with the provinces, provides. If the Conservative party is serious about cutting back government expenditures, it is programs of this kind it will have to consider.

We have heard a great deal about Crown corporations. I join with the Leader of the Opposition in expressing amazement at the figure he produced—he told us we have some 340 of them. But Crown corporations have not been created by socialist governments—we have never had a socialist government in Canada.

An hon. Member: What is that over there?

Mr. Orlikow: Crown corporations were created in the past by Conservative and Liberal governments to meet needs which were not being met by the private sector. Consider the CNR. The rail lines were laid down by private investors with the help of huge grants of land and money from governments both federal and provincial. The companies' bonds were guaranteed by the Government of Canada. When the private companies went bankrupt the government created the CNR. Again, the Wheat Board was created by a Conservative government, as was ARDA. Are these the kinds of Crown corporations the Conservative party proposes we should get rid of? If they are, the case must be explained in much more detail.

The only two Crown corporations to which the Leader of the Opposition referred in the examples he gave were FIRA and Petro-Can. We can easily understand why the Conservative party opposes the operation of Petro-Can. That party is quite happy to leave the oil industry in the hands of the U.S. multinational corporations which control about 97 per cent of it. We do not believe the multinational oil corporations have been working in the interest of the Canadian people. We are aware of the fantastic increases in company profits. We have been fed stories which change from month to month and from year to year about the extent of the reserves available in Canada.

It is interesting that the Leader of the Opposition should talk about cutting back on government expenditure at the same time as Conservative provinces are calling on the federal government to increase its activities in various fields such as the provision of employment, the provision of forestry services, and the funding of health care services. This would imply the expenditure by the federal government of more money and the employment of more staff to monitor that expenditure.

● (1602)

Conservative provincial governments are among the highest employers of public servants. According to Statistics Canada, in September, 1977, the province of Newfoundland, which has a Conservative government, had 23 provincial public servants per thousand population; the province of New Brunswick, which has a Conservative government, had 37.1 provincial public servants per thousand population; the province of Alberta, which has a Conservative government, had 26.2 provincial public servants per thousand population; and the province of Manitoba, which had a New Democratic government until recently, had only 14.9 provincial public servants per thousand population.

The Conservative party is saying, "Do as we say and not as our fellow Conservatives do." The New Democratic Party wants better government, and not bigger government.

When one looks at the federal public service, it is interesting to note the increase in the number of federal public servants. There has been an approximate 3 per cent to 4 per cent increase per year. At the same time as this increase is taking place, the increase in the number of senior public servants has been tremendous.

I should like to refer to the SX employee category, which is an executive classification for federal government employees. From 1968 to 1975 there was an increase in it from 381 to 1,260, an increase of over 20 per cent a year. Next, I should like to deal with professional employees, which is the category below the executive class. This category includes economists, lawyers, engineers and other specialists in senior federal government positions. During the period from 1974 to 1976, when supposedly the government had accepted the fact that a slowdown was necessary, their numbers increased from 5,938 to 7,521, which is an increase of almost 27 per cent, or over 13 per cent a year.

Did this tremendous increase in the senior level of federal public servants provide a better government? Did it provide a better service for the ordinary citizen? On the basis of my observations, I have to indicate that it did not. This is not the time to discuss why that took place, but it was a mistake of major proportion which is costing Canadians tens of millions of dollars.

At the same time as those tremendous increases at the top have occurred, there has been a steady, continuous increase in the hiring of temporary employees for relatively unskilled jobs. I am referring to secretarial help, filing clerks and so on. Also at the same time there was an explosion in the number of contracts which have been let for studies by various departments into present and future governmental policies, and examination of administration or internal operations.

The amount of money allocated for contracts has increased continuously. I should like to compare 1973 with 1974. During those two years in the Department of Agriculture there was a 131 per cent increase in the amount of money allocated for contracts; in the Department of Fisheries and the Environment there was a 104 per cent increase; and in the Department of National Health and Welfare there was a 179 per cent increase. Those examples indicate that the increases amounted to over 100 per cent in those years.

Also I have figures for term, casual and other temporary employees for the years 1971 to 1975. It is not a complete list, because it is difficult to get one. Over those four years there has been an increase of 133 per cent.

Government has permitted senior level bureaucrats to grow at an unprecedented and unwarranted rate. We have been told that has stopped, which is the case every year, and usually we find the government has found a way around the so-called freeze, and is spending more money and hiring more people. My party is suspicious of what has happened.

I should like to return to the motion we are debating today. The principles of the motion cannot be accepted. The concept that the percentage of the gross national product, which is now devoted to providing services by the three levels of government, can be sharply cut back cannot be accepted, particularly at a time when the private sector is not operating at full capacity. It would be a disaster for the three levels of government to cut back sharply. That would not be productive. In fact, it would simply increase the percentage of unemployed Canadians, which is much greater than it ought to be at the present time. Because that is the situation, the New Democratic Party cannot support the motion proposed by the hon. Leader of the Official Opposition. We propose to vote against it.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I was somewhat surprised when I read the motion introduced by the Leader of the Official Opposition (Mr. Clark).

At last the Progressive Conservatives realize that the government administration has complicated matters but as the spokesman for the New Democratic Party stated a while ago, they have yet to see that when they were in power they operated exactly as the Liberals do right now.

Generally speaking, the motion advocates setting up a committee to consider the possibility of putting an end to government intervention in certain areas, a curb on the excessive use of regulations under legislation introduced in the House and the removal of some government agencies to improve the planning of the budget. On the whole, those are wise suggestions. However one must realize that the government administration is inefficient.

• (1612)

Not long ago we were discussing the problem in the Post Office and the increase in the cost of postal services in Canada. Recently the Prime Minister said that Canadians might very well have to get used to not having their mail delivered at home. In other areas, in growing municipalities, they say they can no longer afford home delivery of mail. We have come to the point where we can see multiple mail boxes installed on the street corners downtown. The Post Office gives half the services it used to give three or four years ago and we have to pay three times as much as we used to. Things have gone down to the point where it is impossible to know when a letter will be received. The service stinks and that is due to a large extent to the increase in the number of public servants, to the increase in the handling process. That is what makes the costs double or triple. And then we are told that we are going to keep on paying without getting our money's worth in service and even that the services we were used to will be cut down.

The Post Office is just one area. For instance they mentioned Air Canada, the so-called unity crisis, the east-west confrontation, and we realize that this government agency cannot provide adequate service to the Canadian public. I have just returned from a trip to western Canada and Quebec. When I fly to Vancouver I pay as much as I would to go and bask in the sun down south or in the Caribbeans, where a company systematically refuses to give Canada any publicity, exaggerates costs and provides to its customers a deplorable service which is not in line with the price of the ticket. Bureaucracy is on the rise again.

Remedies exist. I could mention the fact that we had to fight to obtain at least two official languages spoken on board Air Canada planes. I could even fly from Vancouver to Edmonton where people were served in two languages, either English or German, but not French. That is the approach taken by Air Canada, a corporation which is unable to provide the service we are paying for, which ought to be able, with the assistance of the government, to provide a service superior to that of any other airline, but which just simply cannot. I was dealing this afternoon with a matter which again demonstrates the ineffectiveness of the government, and on two occasions the Chair had to urge me to put my question, for there are cases which date back to 1970-72 when agreements were signed by the government.

The matter I raised this afternoon during the question period was related to the post office in Rouyn where it had been agreed in 1972 to start the construction of a new federal building in the riding of Témiscamingue, and indeed funds of $200,000, $250,000 and $300,000 had been allocated for three consecutive years; but after those funds have been spent, we hear in 1978 that they are not going ahead with that building, that it has to be delayed for a year supposedly, as they say in

the letter, because of adjustments in the department's budget, there will be no funds available for that project before fiscal year 1979-80. What a weird administration! Hundreds of thousands of dollars are spent on the preparation of a project and when the time comes to see it through the whole thing flops and you have to start from scratch again. That is the very type of administration we now have.

I was talking about Air Canada and the fact that it costs $100 to fly to Florida whereas for the same distance within Canada you have to pay $200 or $300.

In public works, for example in the case of the CBC, another governmental agency, the same thing has happened. Fabulous amounts of money have been spent and the public does not even know what is going on in Canada where, day after day, we ask questions in the House, we deliver speeches and the CBC systematically refuses to report what happens in the House. They are playing a political game. They systematically refuse to present the point of view of a fourth party in the House of Commons. And we pay for administrations like those! As for paying, as for raising the subventions to those corporations, no problem! Bills and budgets are submitted to us every year, and every year we have to raise the budgets of those corporations while at the same time downgrading the services they give us.

I was talking about regulations a moment ago. The government is adding too many regulations to the laws after they are passed. We had this situation in unemployment insurance where it was agreed that people over 65, for example, could draw unemployment insurance benefits and where, under the law, some bureaucrats decide by themselves to enact a regulation cancelling the law and they put this regulation into force. We see that constantly in most of the acts in which, through the play of regulations, the government tries to circumvent the law, tries to fiddle with it, and even after three cases were won before the courts for those people of 65, the government comes again with another bill to justify regulations previously passed by the Unemployment Insurance Commission.

Present government measures will require fortunes to be spent and will not solve the problem. Today we know that we have an unemployment problem across the country. The only solution the government has found so far was to introduce band-aid programs, investing money in an attempt, was it said, to reduce unemployment. Year after year it became obvious that unemployment was still growing and in many cases, instead of reducing unemployment, the government was increasing it. That is the case with the Canada Works Program, for instance, where in a riding like mine, the rate of unemployment has reached 21.8 per cent, where only 57.6 per cent of the people work; and we ask the minister to invest money, not to spend it to give short term jobs of eight, ten or 12 weeks, but to invest money to build plants, to create companies that could finance themselves later on, to launch and help small businesses.

Instead they prefer to give $1,658,000 for Canada Works projects as they did in my riding. That in fact enables us to create 314 jobs for a certain period of time, but after, what do you get? Nothing at all! The government did not try to help those who are now filling applications for employment. Small businesses have been providing permanent employment for several decades but with the proliferation of taxation forms nowadays they must spend 30 to 35 per cent of their revenues and their time only to fill those forms which increase their production costs. So they have to reduce their staff to make ends meet and operate efficiently. The government does not help those small businesses. In big businesses it is the same situation.

A few days ago I made a suggestion to the Minister of Transport (Mr. Lang) about mining in northwestern Quebec where Noranda Mines might be in serious trouble next year, if not this year, because of an unsufficient supply of ore. Mining production in northern Ontario has been reduced and we know that in many cases, because of transportation costs, it is cheaper to process western copper in Japan than in Canada not because of production costs as such but because it is more expensive to ship copper to the east of the country than to Japan. Recently I urged the department to set special rates to promote employment for Canadians and I asked for special freight rates for the transportation of western ore to eastern Canada where our processing costs are competitive with those of any other country but where the problem is one of transportation cost.

I received a letter from the minister telling me that my proposition was good but that they were not about to make special concessions in the transportation field. In the meantime, imports are allowed in across the country, the doors are wide open, jobs are destroyed. We had that problem in the shoe industry. Every day we get letters from producers who would be quite ready to increase production if only the government would leave them alone, if it ceased overtaxing them, if it reduced the ever growing pile of forms to be supplied.

Everyday we get some. I received one not later than today. Washing machine manufacturers were facing in 1966 a 37.6 per cent competition from imports, and produced 31,203 units. In 1976, the last year for which data are available, 43,293 were made in Canada, while imports accounted for 78.6 per cent of sales. The government on the one hand reduces our production, it reduces producer efficiency through government intervention, and on the other it allows massive imports. With such an approach, understandably unemployment has reached astronomical levels, as in my area for instance. We have reached 21.8 per cent, and this is no joke.

And it is still less funny that 57.6 per cent of the people only are at work. So, 57.6 deducted from 100 per cent leaves 42.4 per cent of the people not working, not producing for the country. Of that number, 21 per cent get unemployment insurance benefits, but where are the others? Yet the government does not find a way to invest or help existing corporations reduce their costs. Instead we have social measures, band-aids. That is the attitude of this government now.

What are the solutions? First, to help those small businesses, lower interest rates on the money they borrow. They are no longer able to operate with their own money, they have to

borrow to finance production, inventories, sales, sales advertising. Our governments are doing exactly the same thing by going into debt, they pay interest on it and fuel inflation. The further we move ahead, the more they spend, the more taxes you pay, the fewer services you get in return. We have been calling for a reduction in interest rates on loans to an acceptable level of 5 or 6 per cent as it was in 1967 before this Liberal government blew the lid off interest rates and sent inflation on its way up. We also ask that governments be financed by interest free loans from the Bank of Canada. Those are solutions that would reduce administrative costs, production costs for businesses and enable us to start over again, put production and the economy back on a positive track and enable us at the same time to create jobs that are now being destroyed by the attitude of this government of applying a band-aid on a wooden leg.

Mr. Speaker, those are the few remarks I wanted to make, and I sincerely think that the creation of a committee to study those solutions would certainly not be the best way of solving this problem. But I think that if we really want to take major steps the population as a whole must make government understand that it is time for it to stop its interventions in all areas. As I often noticed in my tours, people are telling us: We are prepared to work, we are prepared to produce but ask government to stop scratching our backs and continuously taking away what we can produce. I think the government will understand through this motion that time has long since come for it to get off the backs of industrialists and businessmen, to allow them to live because they are the ones who can create productive jobs, not government, as it is now.

● (1622)

[*English*]

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, when some of my colleagues read the motion of the Leader of the Opposition (Mr. Clark), they were somewhat critical of its content. When I was given the motion to read last night, I looked forward to this debate. I thought it could be potentially constructive. Some of the wording in the motion is current and topical, and the House should address itself to it. Having said that, I must say now, after listening to three speeches, particularly that of the Leader of the Opposition, that we have not advanced the theory or the practicality of the intent of this motion very far. We have heard some motherhood—or perhaps fatherhood—statements, but a very distinct lack of specific recommendations.

The Leader of the Opposition started off by hitting the high plane. He caught my ear and my fancy by saying that he would not be partisan, but then he proceeded to be very personal and very partisan. That was a slight disappointment.

In any event, the motion proposes that another parliamentary committee be struck to examine an area which is fundamental to parliament. It proposes another committee to do the job of the Public Accounts Committee. I think the Public Accounts Committee is doing very well and with increasing competence, and generally speaking—with some relapses from time to time—in a fairly non-partisan and constructive fashion. The motion denigrates the whole process of examination of estimates, which is made up of procedures which were endorsed and approved by this parliament.

Mr. Clark: Railroaded through.

Mr. Andras: The Leader of the Opposition criticized very selectively. He made reference to the 1976 report of the Auditor General, which nobody on this side of the House would parade before anybody with great joy. Admittedly, it was certainly a blast at the government in terms of financial control. However, that was very selective because the hon. member did not even make passing reference to the 1977 report of the Auditor General. If the hon. member had done that, he would have been a great deal more credible. Some opposition members in different parties have been straightforward enough to admit that the 1977 report pointed out that there was a vast improvement. As a matter of fact I heard one of them say—in the House, and it is recorded in *Hansard*—that it was one of the best he had seen in the many years he had been in parliament. It would have given the Leader of the Opposition a little more credibility if he had at least nodded toward the evidence the Auditor General offered of the beginnings of improvement and the good start which has been made. However, that is the way it goes.

The Leader of the Opposition made reference to the office of Comptroller General. I want to assure the hon. member that we will be debating this in more detail in the not too distant future. The appointment to this office is taken very seriously. The delay in finding and appointing a comptroller general is an indication of our agreement with the other half of the Auditor General's recommendation that, equally as important as the creation of the office, is the obtaining of the services of a fairly competent person whose competence is recognized. Our search for the right person is almost complete and I am hopeful that we can attract a very competent person from the outside.

● (1632)

The House might like to know that one of the interesting problems, which I shall not dwell upon, is that when you seek a competent person with the necessary credentials and experience in the outside world, then you are searching for someone with experience and earnings considerably above the very top level of salary offered in the federal public service. I say that in light of the often quoted criticisms of the level of pay offered public servants in this country. Six candidates were considered to have the qualifications, but we were faced with salary ranges $30,000 to $75,000 above the maximum range of top level senior public servants.

Mr. Paproski: Is that what Juneau is making now?

Mr. Andras: It has nothing to do with Juneau. That is utterly ridiculous. Mr. Speaker, there is no senior deputy minister in the federal government who is at the top range of the allowable maximum for senior deputy ministers.

Mr. Paproski: Did you say $60,000 or $65,000?

Mr. Andras: I was using those figures when I was referring to the competition we face in attracting qualified people. I simply say that, before we talk about those salaries being completely out of line, we must recognize what the competition is paying. However, I do not want to be diverted.

The Leader of the Opposition referred to the growth of government spending in this country. Since I am on public record as suggesting it is time we looked at a general curtailment of the spending of governments, I am not going to attack that general theme. This is where I would also probably differ with the comments of the hon. member of Winnipeg North (Mr. Orlikow). As is sometimes the case, I find myself in the middle, but I hope my position is based on more facts than he has offered.

The Leader of the Opposition spoke about growth. I shall use a slightly different time period because the statistics in my mind relate to probably a ten-year period and may not coincide, except for the final year. The growth over ten or eleven years went from about 30 per cent of GNP to about 41 per cent at the end of 1976. Those final figures have been shaded slightly downward because of the adjustment of GNP figures. That is simply a statistical change, but nevertheless the trend is there. In examining where that growth took place I should like to place the following comments on the record.

At the beginning of that ten-year period the federal percentage of GNP was in fact 15 per cent, and this has grown to a little over 16 per cent, at the same time as the provincial and municipal share to make up that 30 to 41 per cent has grown from 16 per cent to 25 per cent.

The Leader of the Opposition mentioned his fears about constitutional attacks. In this context I want to place on the record an interesting fact that I have observed. In terms of taxing and spending, this country is the most decentralized in the world, other than Switzerland. The proportion of revenue raised by taxation—federal, provincial and municipal—and the spending in the same ratio compared to any country except Switzerland, indicates that more is raised and more is spent by other levels of government than at the federal level. I grant that the total of all spending may be too high, but it would probably be more constructive to look more closely where the growth in spending occurs. We have recognized this fact and tried to do something about it in the last few years. There is no doubt that during the minority government period of 1972 to 1974—which I have described as being a very responsive and expensive one—we saw year on year increases that were unsustainable for any length of time.

In 1975 we articulated a policy to constrain the growth of federal government spending, all budgetary, non-budgetary, capital, non-capital spending and during the full fiscal year, to not more than the growth in the gross national product, that is, real and inflationary. We have met those commitments ever since.

In 1975 or 1976, the first full year in which this would have been effective, we indicated we were aiming for a spending ceiling of $42,150 billion, which would have represented a 13 per cent increase over the previous year. We cut that shortly thereafter and came in $1 billion under our reduced and publicly stated objective, and held it to around 10 per cent. With any luck in the six or seven weeks that remain of the present fiscal year to March 31, I am quite confident that we can bring in the final expenditures for this fiscal year at or below the committed public total of $44,450 billion. That will represent about an 8 per cent increase over the previous year, which adjustment from the 7 per cent as we had announced is purely because we came in $1 billion under the previous year. I think 8 per cent is not a bad performance, and when inflation is discounted it really represents no real growth.

The Leader of the Opposition spread gloom and doom saying that investment is leaving the country because of mismanagement by this government and so on. He had the temerity to quote a Royal Bank of Canada economist. That gives me the opportunity to quote that person's boss—the Chairman of the Board of the Royal Bank of Canada, Mr. Earle McLaughlin. I do not think that by any stretch of the imagination he could be called a closet liberal or even a person lacking in realism. Mr. McLaughlin said:

> . . . the most calamitous thing for business and Canada would be to be swept away by the waves of pessimism often displayed by too many.

Although he acknowledged that over the past two or three years Canadian economic performance has not matched that of the United States, he chided the business community for its short memories of Canadian successes. He was talking about the past seven years and he said that selection of years was "a purely arbitrary medium term yardstick", because he said almost any other similar reference period would do. He also said that Canadians have outperformed the United States by almost any economic yardstick you might propose. That is the boss of the economist that the Leader of the Opposition quoted in absolutely different terms.

Mr. McLaughlin said also that in that period real personal incomes in Canada had increased 38 per cent, even taking into account the weakening Canadian dollar, compared with a U.S. increase of 17 per cent.

He said that the Canadian material standard of living had increased more than in the United States and, despite our unemployment, we had been creating jobs, new jobs, 50 per cent faster than the U.S.

He commented on another vital indicator when he said the total investment in Canada, investment spending in Canada, rose by 168 per cent compared to a growth of only 107 per cent in the United States and, he added, the past 12 or 24 months notwithstanding. He said that Canadian corporate after tax profits grew by 186 per cent, 7 per cent more than the United States.

He had more to say, but I will not bore the House with the rest of it. I just wanted to indicate to the Leader of the Opposition and members of the House that there are differences of opinion. I think the most important thing I can comment upon is Mr. McLaughlin's statement that it would be calamitous for business and Canada to be swept away by the

waves of pessimism that are inherent in some of the comments we hear.

● (1642)

To return to the more specific subclauses of the motion before us, I quote:

(1) the enactment of "Sunset Laws" to provide for the termination of programs or agencies which have outlived their usefulness;

I do not find too much argument with the selective application of "sunset laws" of a very special type and for very special situations. Indeed I think this government has done that on occasion, and I can think of certain programs. I remember that when I had the responsibility for housing and urban affairs we had the sewage treatment loan program which had an expiry date, which is a "sunset law" application. We have the Neighbourhood Improvement Program right now, and I think we have to take a close look at this one. It is due to expire at the end of March. There is the anti-inflation program which is operating under the date of a "sunset law" and requires a review by parliament if it is to be continued.

If that is the kind of application, and one could think of others, that the opposition is suggesting be wisely used over a period of time, I can agree with that. If the hon. Leader of the Opposition is suggesting that we go the route that is being touted in the new American fad that all departments and agencies be placed under "sunset laws", then there are certain theoretical advantages to the review or evaluation that that triggers. But let us face the practical fact of life that this parliament could not, nor could the American Congress, deal with the legislative burden that kind of a blanket across-the-board "sunset law" application would require.

Mr. Clark: You could do it one at a time.

Mr. Andras: If the hon. Leader of the Opposition is talking about a selective, periodic review, zero based budgeting and that kind of thing, I do not think he made it clear, nor is it clear in the motion that may be different.

Mr. Clark: "Sunset laws" applied one at a time.

Mr. Andras: That is exactly what I said, Mr. Speaker—

Mr. Clark: No, Sir.

Mr. Andras: —when I said I had some sympathy with it on a selective basis and on a very carefully planned basis.

An hon. Member: Let us have a committee look into it.

Mr. Andras: Before you have a committee deal with that particular subject, there is another committee that perhaps should meet and look into the total revision of the rules and procedures of this House.

Mr. Baker (Grenville-Carleton): Right on.

Mr. Andras: Because the legislative procedures under which we are operating now are about 19th century, and we would have to bring this House into the 20th century in order to provide for many improvements of that nature. That is where you would have to begin, because the theoretical suggestions of these kinds of improvements would absolutely bog down if you did not have that accomplished.

Mr. Clark: Talk to Allan MacEachen.

Mr. Andras: While I listened with great interest for the specific nature of the dramatic chops that the opposition was going to make with respect to Crown corporations, I only heard FIRA and Petro-Can mentioned. I thought Petro-Can would come up; it is one of their favourite flogging horses. FIRA, that is another matter.

There is a suggestion of the development of criteria. I have not heard a suggestion of what the criteria would be for the elimination of Crown corporations. Again, I am simply saying that in my disappointment at not hearing specific suggestions here, just the grand generalizations, this does not mean that we do not have a great deal of sympathy or that we are not looking very closely at the idea of what we can effectively get rid of and put into the private sector. I will look forward to constructive suggestions respecting that aspect.

Because of the pressure of time. Mr. Speaker, I would like now to come more to the final subclause in the motion, the adaptation of budget planning techniques, etc. I think this is an area to which, on a non-partisan basis, that we, at some time, have to address ourselves in this House. But let us please understand what we are really getting at here. As the President of the Treasury Board I doubt that there are many people more conscious of the rigidity and lack of flexibility that our present expenditure process involves.

Under any acceptable ceiling of expenditure I can tell you that you start off with about 57 per cent of your budget precommitted in about 11 or 12 statutory programs. Let us not argue about the quality of those programs, I am simply telling you the facts. Much of this is in a book which was published about a year ago explaining how your tax dollar is spent, and I commend it to you for reading. This is a mutual problem for all of us if we are going to be serious about whether it is bigger government or better government, or whatever the clichés might end up saying.

Some 57 per cent of our expenditures are committed at the beginning. They are basically the social programs, of which most of us in this House are proud, even if a lot of us think they are probably things which have to be looked at, for example adjustments. An extra 10 or 12 per cent, I cannot recall the exact figure, is also precommitted in the nature of contractual obligations to the provinces, such as manpower training contracts etc. You could argue about their value, but they are commitments. There are longer term commitments, established program financing, and a dozen other things, with the result that 23 per cent of the budget of expenditures of the federal government today are transfer payments to the provinces. The federal government collects the revenue in the main, obviously through taxation, and then transfers this to the provinces. Equalization payments and many others of that

nature, establish program financing, for instance. Again, I am not arguing with the merits of the particular programs. I am talking about the totality and buildup of this situation.

Certainly the federal government, and to a degree parliamentarians on all sides of this House receive criticism of the federal government expenditures. But the fact is that the 23 per cent right off the top, which we just pass through to the provinces, which they spend, and which we have collected for them. That is not recognized generally, Mr. Speaker.

In recent years I have often wondered if it is not at least better for the Canadian people to have a much clearer picture of that distribution of transfers. Of course another sizeable portion of our expenditures is transfers to persons. So when you add transfers to persons and transfers to provinces, you have absorbed approximately 50 per cent of the federal government's expenditures. What is left is what we call operations of government. I will show you the figures at any time, or I can elaborate on them in more detail in committee. They have not really grown that much.

An interesting fact I observed in analysing certain facts the other day is that we are all conscious of the growth of the size of the public service. Indeed, during the last two or three years we have been taking very definite measures to restrain and control that. The first year, and I think the hon. member for Winnipeg South—

Mr. Knowles (Winnipeg North Centre): Winnipeg North.

Mr. Andras: North, thank you. He talked about this exponential growth particularly in the senior management category. He did quote some figures that were close to being accurate anyway. He mentioned that for some years the totality of our man year growth was around 3 or 4 percent. But starting in 1976 we committed ourselves to constrain it to 1½ per cent, and we came in at just above one per cent. Last year, and I can assure you, and I will be tabling estimates later this month, for next year we will be continuing that restraint to about one half of one per cent growth. We will be taking quite drastic measures with the senior management complement.

The contract bit is a myth which the opposition members have been running through the rhetorical mill for four or five years, some of them knowing very well how fallacious it is, and I will be very glad to deal with that when I table the estimates later this month.

Flexible budgeting—who can argue? The priorities of any party in government will have to change from time to time. If you have the rigidity of precommitment to the degree which I have tried to describe to you, 57 per cent on established programs, indexed in the main, and another long term sizeable portion of any expenditure ceiling committed to contractual obligations, then I agree we need more flexibility. It means we need to have the guts in all parts of this House to look at some of those established programs. There is no other way to get flexibility than by looking at those kinds of decisions. I have not heard from the opposition the selective programs which they would be prepared to cut.

• (1652)

It is a strange pattern to listen to all this talk from the Leader of the Opposition about over-expenditures, waste, where we should cut back and all the rest. As reported at page 2251 of *Hansard*, he took exactly the opposite line. The implication of what he said to the Minister of Employment and Immigration (Mr. Cullen) was that because there had been a brutal tightening up of unemployment insurance benefits, we should in turn send that money to the municipalities for welfare. In that narrow context, I cannot see his argument. The end point was that unemployment insurance benefits should not be cut back or welfare payments should be increased. Either one of those would involve more expenditure.

Mr. Clark: Mr. Speaker, I rise on a point of order. I am sure the minister is not deliberately distorting either the language or the purport of what I said. I do not have the question in front of me as he does. He will recall that the questions to his colleague had to do with discussions that that colleague might enter into with the provinces and municipalities which were being victimized by the failure of this government to generate jobs, in part because this government over the past ten years of which the minister has been speaking entrapped itself into such heavy expenditures that it does not have the fiscal flexibility to do those things which ought to be done. I am sure he will want the record set straight.

Mr. Andras: Mr. Speaker, before this becomes a debate on what the Leader of the Opposition may have intended or an interpretation of what he said, I will leave it to him to examine it. It is page 2251 of *Hansard*. I say, with all sincerity, that clearly the intent comes to me that he was implying that you should not tighten up unemployment insurance or you should give the money to municipalities in terms of welfare. Let me get away from the partisan comment on it.

I am illustrating the difficulty of talking about general control, adjustment, more flexibility, and changing of priorities. That can mean only one thing. You have to cut back in some areas. It certainly is not as easy as members opposite try to make out. You do not follow the totally impractical suggestion of the hon. member for Don Valley (Mr. Gillies) of firing 60,000 public servants in one fell swoop.

Mr. Baker (Grenville-Carleton): He did not say that.

Mr. Andras: He was quoted as saying it.

Mr. Baker (Grenville-Carleton): He did not say it.

Mr. Andras: We often suffer from that kind of thing.

Mr. Baker (Grenville-Carleton): You should not do it in the House.

Mr. Andras: To be accused of that by the opposition is most interesting indeed.

I regret that I probably will not be able to hear every comment of every member speaking in this debate. I assure hon. members that the general theme and thrust of it is very

close to my portfolio and responsibility, and is of great interest to me. I will read *Hansard* for any comments by members that I may miss as a result of a few minutes' absence from the House.

So far, I am a little bit disappointed in the lack of specific suggestions by the Leader of the Opposition, the New Democratic Party and, indeed, the Social Credit party. Perhaps I should have a little patience. Maybe in the course of debate there will be something we can get our teeth into.

Mr. Crouse: Mr. Speaker, before the President of the Treasury Board (Mr. Andras) resumes his seat, I wonder if he would accept a question.

Mr. Andras: Yes, Mr. Speaker.

Mr. Crouse: When the President of the Treasury Board referred to the speech made by W. Earle McLaughlin, chairman and chief executive officer of the Royal Bank of Canada, it was fortuitous that I was reading the same speech. The title of the speech is "There is a Bright Side". The minister quoted from page 1. I flip over to page 2, and there I read as follows:

> Now I must admit that 1978 is not shaping up as the greatest year in economic terms. We will be fortunate to achieve real growth of more than 3½ or 4 per cent. However, inflation—that corrosive cancer on the market system—will continue at an unacceptable level. That is simply intolerable. Nothing will destroy investment, growth prospects, or rising living standards faster than continuing inflation.

Does the President of the Treasury Board agree with those remarks by Mr. McLaughlin?

Mr. Andras: Mr. Speaker, I certainly agree that inflation is insidious and has to be fought.

Mr. Baker (Grenville-Carleton): Like the government.

Mr. Andras: By every government, and all institutions in the private sectors, unions and so on. I have no disagreement fundamentally, but those two or three comments really do not indicate what the Leader of the Opposition was saying about gloom and doom, that investment is leaving the country and everything has gone to hell. That does not relate to the more optimistic observation of the Chairman of the Royal Bank.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, there are only one or two observations that can be made with regard to the intervention of the President of the Treasury Board (Mr. Andras). One thing was obvious to anyone here this afternoon, or to anyone who has been following the activities of this government in recent years. The minister spend 20 minutes, more or less, making his comments, but like his tired and weary colleagues, he failed to say anything concrete.

The minister's intervention was tired, almost apologetic. It is not acceptable to the people of this country. The sooner they wake up and realize that, the better they will be.

Following the return of those on this great cross country tour to promote policy sessions of the government and the Liberal party, I hope the President of the Treasury Board will heed the advice of the hon. member for Scarborough East (Mr. O'Connell) and the president of his party, the distinguished Senator from Nova Scotia. They have suggested that one current theme is that this government is too big, that it must be reduced in size.

With regard to my colleagues to the left, their interest and concern in the subject matter of the motion are such that they did not even bother to deal with it this afternoon.

I intend to follow very closely on the suggestion put forward by my leader with regard to "sunset laws". One particular aspect of it requires our wholehearted concern.

It has been indicated that this government has grown at an alarming rate in recent years. Governments, agencies and departments grow. They do not have a natural life. They do not come to an end. We have no mechanism or capacity to determine whether their programs continue to be justified, or whether they should be amended to bring them more into line with the purposes and requirements of the present time. In fact most of them seem to acquire a life of their own. They grow on themselves.

● (1702)

My leader has suggested a unique and promising approach, an approach by way of "sunset laws" which is currently being used in the United States—the Congress is actively considering it along with about 24 of the states. The concept involves the setting of fixed dates for the termination of programs in order to bring about a full-scale review and oblige a decision to be made one way or another. If the agencies and programs concerned are serving the purpose for which they were created, their operations could be extended by a positive resolution. If they were deemed to be no longer useful or necessary they could be modified or allowed to lapse.

"Sunset legislation" is only one method by which legislatures can assess the effectiveness of their past endeavours and eliminate programs which are ineffective or unnecessary, while undertaking new initiatives suited to the times and circumstances. It is only one way of revising priorities and allocating scarce dollars and human resources in a manner more consistent with the need.

There appear to be three measures central to the concept. First, there is provision for a mandatory review. Legislation would contain a termination provision under which the House would be obliged to reconsider and reorganize programs, in default of which they would terminate. This places the onus on supporters of programs to justify their continued existence rather than requiring opponents of programs to put forward reasons for their discontinuance.

The second approach is through a budgetary process. The legislation tends to focus on the funding of a program or agency rather than on the act establishing it. The "sunset" provision terminates the funding authority, leaving the laws and regulations unaffected. Thus a program can be re-established or continued without the need to create new legislation.

The third principle involves broadbased evaluation. The mandatory evaluation of a program or agency should take place, we suggest, in the broadest possible context, that is, in context with all other programs or agencies of a similar function. This would ensure that overlapping programs or duplication of services are identified and eliminated. It should be pointed out that the termination clause inherent in any "sunset" legislation is only the mechanism which obliges a review or re-evaluation process to take place. In no way does it imply that agencies or programs listed should be terminated; only that they will be terminated if the statutory review does not take place.

The major ingredients which would make for effective legislation include time-limited budgetary authority, classification of programs and agencies, a program review schedule, definition of review process and responsibilities, evaluation criteria, and a termination process. These elements should be clearly defined within the legislation to ensure that the legislating body understands its responsibilities.

It is not my custom to refer to the specific details of proposals we are putting forward, but on this occasion I believe I should go into somewhat greater detail than usual with respect to the positive steps which we believe could be taken by the government, and which would be taken by us when we form the government, to curtail and bring into line some of the programs and agencies which have been in operation for years and years without review. With this in mind, I turn to a draft bill which I have before me. It will not be necessary for me to read the preamble because my leader has placed its purpose clearly on record. As a short title, the legislation may be cited as the "Canada Sunset Act, 1978." I shall not read the definition clause because it follows the usual pattern. Thereafter, the act would read:

Part II

Termination

New Federal Bodies

3. (1) Subject to Section 5 of this Act, every Federal Body established after this Act comes into force shall terminate eight years after such Federal Body is established.

(2) Notwithstanding subsection one, the Governor in Council may, by regulation subject to affirmative resolution of the House of Commons, designate a termination date to occur before eight years after such Federal Body is established.

Existing Federal Bodies

4. (1) Subject to Section 5, every Federal Body enumerated in Schedule I of this Act shall terminate on October 31, 1980.

(2) Subject to Section 5, every Federal Body enumerated in Schedule II of this Act shall terminate on October 31, 1982.

(3) Subject to Section 5, every Federal Body enumerated in Schedule III of this Act shall terminate on October 31 1984.

(4) Subject to Section 5, every Federal Body enumerated in Schedule IV of this act shall terminate on October 31, 1986.

(5) Where a Federal Body that exists at the time this Act comes into force is not referred to in any of the Schedules of this Act, subject to affirmative resolution of the House of Commons, the Governor in Council may, by regulation, provide for a termination date for such Federal Body.

(6) For the purposes of Subsections (1) and (5), subject to affirmative resolution of the House of Commons, the Governor in Council may, by regulation, change the termination date of a Federal Body.

(7) Notwithstanding anything in this Section, every Federal Body that exists at the time this Act comes into force is deemed to terminate not later than eight years after this Act comes into force.

Continuance of Federal Bodies

5. (1) A Federal Body shall not terminate pursuant to this Act where the House of Commons, after considering a committee's report upon such a Federal Body, resolves that it is in the best interests of the public to continue such Federal Body.

(2) For the purposes of this Section, a motion to continue a Federal Body under review shall be debated for no longer than five hours at the end of which time such motion shall be decided forthwith without debate or amendment. Where a Federal Body terminates, the House of Commons may resolve after considering committee report to re-establish such body.

Re-examination

6. Subject to Section 5, where the House of Commons has resolved to continue a Federal Body, that Body shall terminate eight years after that resolution.

Review Process

Purpose of Committee Report

7. A committee shall assess the public need for the continuation of a Federal Body under review, and shall table its report thereon in the House of Commons before the termination date of that Federal Body has been reached.

Committee's report

8. When a committee reviews a Federal Body it shall:

(a) Examine the reasons why the Federal Body under review was established and identify that Body's objectives and mandate:

(b) Assess the degree to which the Federal Body has

(i) achieved its objectives and fulfilled its mandate;

(ii) established or been subject to policies, such as but not limited to regulations and standards that are consistent with its objectives and mandate; and

(iii) promote public participation in its decision-making process;

(c) assess any alternative methods of achieving the objectives and fulfilling the mandate of the Federal Body that may be more effective or more economical;

● (1712)

(d) analyse the impact of

(i) terminating the Federal Body;

(ii) continuing the Federal Body at its current level of activity;

(iii) reducing the Federal Body's level of activity;

(iv) increasing the Federal body's level of activity; and

(e) provide a statement including the number of and classifications of beneficiaries served by the Federal Body.

I am quoting from the draft bill in order to indicate the process of review which is necessary, and to reassure hon. members opposite, as well as the minister, that we have given some thought to this. In fact we are concerned enough to bring the matter before the House this afternoon. Again I should like to quote from the draft bill we hope to introduce very soon. It continues:

9. The Auditor General of Canada shall make such examinations of a Federal Body that would enable him to fulfil his duties as provided for in the Auditor General Act, and shall submit his report to the Speaker of the House of Commons within a reasonable time before the Federal Body's termination date and the Speaker of the House of Commons shall lay each such report

before the House of Commons forthwith after receipt thereof by him or, if that House is not then sitting, on the first day next thereafter that the House of Commons is sitting.

10. In reviewing a Federal Body a committee may
(a) consider the Auditor General's report referred to in Section 9;
(b) receive and consider written representations from the public;
(c) conduct public hearings; or
(d) receive reports and recommendations from officials of the Federal Body under review.

Part IV

Effect of Termination

11. Where a Federal Body is terminated pursuant to this Act no payment shall be made out of the Consolidated Revenue Fund for the purpose of operating such a body, and the Governor General shall not sign a warrant prepared on the order of the Governor in Council pursuant to Section 21 of the Financial Administration Act.
12. When a Federal Body terminates pursuant to this Act it shall be afforded a reasonable period of time to conclude its operations and to wind up its affairs.
13. (1) The termination of a Federal Body pursuant to this Act shall not in any way abrogate, abridge or diminish the right of a person to any legal remedy to which he may be entitled.
(2) This Act is binding on Her Majesty in the right of Canada.

Commencement

14. This Act shall come into force on a day to be fixed by proclamation.

The course which I have followed today is somewhat unusual. Since coming to the Chamber, I cannot remember an occasion where a private member, backbencher or opposition member, read the contents of a proposed bill which his party hoped to put forward in a very positive and real fashion so that it would be considered before the House.

The review process must take place in the House of Commons, rather than in an existing or yet to be established agency. The main purpose is to force parliament to re-examine its past decision-making and reaffirm its priorities. This is the job of politicians, not public servants. It has been suggested that the review process take place within standing committees, and that the decision to extend the life of an agency be made by a positive resolution of the House.

There may be some confusion as to exactly what "sunset" legislation is all about. The fact that 20 or 40 government agencies may be scheduled for termination over the next eight years in no way implies that these agencies will be terminated or that they are not useful. It is only the mechanism to ensure that the goals and activities of these agencies are in fact re-evaluated by politicians in light of the needs, ambitions, hopes and priorities of Canadians. Pressure groups need to be made aware that "sunset" legislation probably will help them in their function and will in fact act in their best interests, as it will give them an opportunity on a regular basis to review and update the departments and agencies they support.

Government complexity and unaccountability has become an increasingly critical problem. Basic questions about the relationship between people and their government need to be asked, and "sunset" legislation provides a practical step which could result in one promising answer. I commend it to hon. members in the hope, at the end of the debate later this evening, the government might see fit to support this matter as a practical measure, or at least refer it to the appropriate standing committee in order for it to receive the type of in-House examination such a proposal demands. As well, I commend it to individual groups outside of parliament, and I commend it to the House.

[Mr. Forrestall.]

I congratulate my leader for the foresight and concern he displayed in proposing this motion not only to the House but, more important, to the people of Canada.

Some hon. Members: Hear, hear!

Mr. Thomas H. Lefebvre (Parliamentary Secretary to the President of the Treasury Board): Mr. Speaker, I have listened carefully to the speeches made by the hon. members who have preceded me. The motion put forward by the hon. Leader of the Opposition (Mr. Clark) is far-reaching. I will confine my remarks to the section which deals with Crown corporations.

The Crown corporations which are in existence were established to satisfy needs in our society, things which are highly desirable but would not be undertaken by the private sector at all or to the extent required by Canadians. I expect it would be difficult to interest someone in the private sector in acquiring some of these corporations which, because of special requirements, such as the provision of broadcasting services in isolated areas by the CBC, require financing by the government. Likewise, the Canadian public may not be prepared to see the profitable ones turned over to the private sector, especially if this affected the level or universality of service provided.

Surely the opposition is not suggesting that we should be discontinuing such Crown corporations as the Export Development Corporation, which is a vital component in the development of our economy; the Central Mortgage and Housing Corporation, which was referred to by the President of the Treasury Board (Mr. Andras) and which is in the business of providing accommodation to our lower income population, the aged and others; or the Farm Credit Corporation, which is assisting our agricultural community to produce the necessary food and other items so vital to our well-being.

Surely the proper perspective on Crown corporations would be to continue to create, modify, or dispose of them in relation to the needs of the Canadian people. They are not and have not been created for their own sake, nor should they be altered or eliminated capriciously. An example of sound reasoning for the creation of corporations was the acquisition of several aircraft companies, notably Canadair and de Havilland, for the purpose of rationalizing the Canadian aircraft industry. I am sure the opposition would not quarrel with this type of action which was required for the economy and to protect the Canadian aircraft industry. It is still the intention that these revert to the private sector once they have been completely rationalized.

● (1722)

The government is always reviewing these operations, and in this connection may I point out that during the past few years it has reviewed the need for corporations, their direction and control, as well as their accountability. When completed, this

will result in the updating of the Financial Administration Act to provide a much clearer mandate.

The establishment of a committee, as proposed, would either duplicate the work already done or set aside the well established roles of committees already in place. Indeed, Mr. Speaker, the Standing Committee on Public Accounts—which is, by the way, ably chaired by a member of the official opposition, the hon. member for Capilano (Mr. Huntington)—has just completed five meetings in a row on management and control practices of Crown corporations, following a study on Crown corporations entitled, "Direction, Control and Accountability", made public by the government last summer, which was under the direction of the Privy Council. The Auditor General brought people from his own staff to these meetings and also people from private firms who had been involved in the study that he had carried out, independently of this government's own study.

The deliberations of the Public Accounts Committee are to be found in the committee's reports, issues Nos. 10, 11, 12, 13 and 14, beginning on December 8 last. I would commend them to any member interested in the ongoing study by government and committees of this House of the affairs of Canada's Crown corporations.

I believe it became obvious at these hearings—and I took part in them—that the government shares the concern of the Auditor General and other members of this House that there must be controls on Crown corporations with regard to the direction they are taking. In fact, Mr. Speaker, the President of the Treasury Board announced, on December 16 last, guidelines for Crown corporations. I would like to cite some passages from this document. I believe they are worth repeating.

[*Translation*]

It is expressly forbidden for crown corporations to render or accept any bribe or other improper benefit or apply improper influence in the conduct of their business. The guidelines released by the President of the Treasury Board (Mr. Andras) also imposed on Crown corporations certain obligations when retaining sales and procurement agents.

They must adopt an established selection process to ensure that the agent's qualifications for the work are clearly established and evaluated; negotiate formally written agency agreements including specific undertakings by the agents to act in accordance with the laws of the place where the transaction occurs; establish a procedure for approval of agency agreements; ensure that remuneration under the agreements is based on justifiable and sound business practice, and that payments are strictly in accordance with the formal written agreement; disclose in their annual reports the names of their agents, as well as the aggregate of all remuneration paid to such agents, and any approved administrative exception for the policy and the reasons therefor.

Mr. Speaker, the President of the Treasury Board also wanted to emphasize that rigorous ethical standards and dedication to propriety can sometimes be expensive. What I am really saying today, the minister said on December 16, is that, while we Canadians need and want to expand our foreign trade, we are not prepared to sell our goods and services on any terms or under any conditions. Principles, just as commodities, can be expensive. We Canadians must be fully aware of the price we must pay to live by our principles, to be the kind of people we want to be and to maintain the kind of society we want to have.

It is clear enough, Mr. Speaker, that the government is aware that Crown corporations must be made accountable for their actions to the government and parliament. The guidelines released by the President of the Treasury Board and the new steps that were announced to ensure that all officials within those corporations are well aware that the new measures that were announced are going to be of great help in giving the people of Canada confidence that Crown corporations not only represent the government of Canada well but also properly carry out the terms of reference they were given by this Parliament.

[*English*]

I feel confident that these guidelines, coupled with the findings of the government study and the Public Accounts Committee's work with the Auditor General and representatives of the Treasury Board and Privy Council, will result in the changes in accountability that the Canadian people and parliament expect, require, and deserve.

The Privy Council study mentions in its introduction on page 7 the following concerns:

> To what extent should crown corporations be used as instruments of public policy when the pursuit of policy objectives may detract from the financial performance of such corporations? How can increased responsiveness to public policy be reconciled with the arm's-length relationship which the theory of public enterprise requires government, ministers and parliament to maintain with crown corporations?

There has always been concern in this country when crown corporations are set up. Right from the beginning, it was quite apparent that parliament wanted to make sure that there would be no political finagling in the day-to-day operations of Crown corporations. This is a concern which must be reconciled with the concern that the taxpayers' money be well spent and that there be adequate controls on the administrators of these Crown corporations so that they are in effect responsible to parliament, on behalf of the Canadian people.

The arm's length relationship is very important in the minds of many, and indeed will require a great deal of thought and review before changes are made so that there is a consistency and clarity in the relationship between the corporation, the ministry, and parliament. There is no doubt that the present government has shown great interest and concern in the wide field of public spending and accountability. The Auditor General's office has been strengthened both by the new legislation and by the increase in budget that allows him a greater freedom, and also very important, more personnel to enable him to carry out his work on behalf of the taxpayers of Canada. Indeed, Mr. Speaker, the Auditor General has stated in committee that he is completely satisfied with the co-operation he has received from this government and the various departments. It is also worth mentioning that the Lambert

Commission is another proof of this government's ongoing concern with this subject. I am certain that this Royal Commission on Financial Management and Accountability will bring forth many proposals of interest and importance in its report.

No, Mr. Speaker, this motion cannot be supported. It is too vague and does not take into account the changes and proposals already put into motion by this responsible government.

● (1732)

I hope hon. members who missed the remarks of the President of the Treasury Board (Mr. Andras) will read them in *Hansard*. He pointed out that over 50 per cent of the budget of this government is made up of moneys which are transferred either to people directly or to provincial governments. In other words, the day the minister lays down the estimates 50 per cent of the funds are already committed to ongoing programs. I am sure no one in this parliament would want the government to renege on agreements which have been duly signed and officially made part of the agreement between the federal government and the provinces.

I and many others are looking forward to the time when the government appoints a person who is willing and able to accept the position of comptroller general. That office will provide safeguards for the taxpayers of Canada. The person must be a highly placed and capable individual whose integrity deserves respect. If he is a person like the present Auditor General, the secretary deputies of the Treasury Board or others who are in this work now, I am sure we will indeed be assured that money paid into public coffers is properly spent.

I am sure that this government will continue its work and will see that it is done with honesty, integrity and with a view to making sure that Canadian taxpayers get all that is due them in return for their hard earned tax dollars.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I would like to add to the comments already made. I am sorry that the President of the Treasury Board (Mr. Andras) is not here; I understand that he has some urgent matters to attend to. I want to reflect for a moment on his remarks today. Many of us on this side appreciate the difficulty he has in trying to get a handle on government expenditures. At one time in my business career I had the task of changing the loss position of certain companies into a profit position. I can appreciate that department heads as well as employees do not have all the solutions. If they had, certain departments and companies would not be in the position they are now. A tough line really has to be taken. Surgery is required. I think the current view of those charged with these responsibilities in other jurisdictions is that 1 per cent or 2 per cent per year is really not effective control at all.

I want to address myself specifically to deregulation. If I tend to be a little partisan in my remarks, I apologize. I think, however, that that is very normal in the atmosphere in which we work. We are partisan. I mean no offence to any individual. I will speak in generalities in this regard. There is a great deal of interest in the concept of deregulation of government statutes. The interest in Canada arises for several reasons. One is the style of government we have had for the past decade. We have a neighbour to the south which speaks the same language as about 80 per cent of the people of Canada, and in many instances we tend to have a knee-jerk reaction to much of its legislation. We know that the United States is well down the road to the deregulation of some of its statutes.

A further reason for interest in deregulation is the fact that we have had one-party rule in this country for 40 of the past 52 years, and many of the programs and much of the process of legislation have become entrenched and accepted as if written in stone, never to be challenged. Rather than the government's responding to the requirements of the economy and of the people of Canada, we find the people of Canada reacting to programs put in place by a bureaucracy which we feel is out of touch with reality.

I want to examine each of these points and put some examples beside them. However, let me say at the outset that we have in the public service of Canada many thousands of dedicated public servants who know this country is in desperate straits. They know it, and they are concerned. When I make reference to bureaucratic bungling and game-playing, I am not referring to the thousands of dedicated public servants who truly want to serve Canada, who are concerned about our national plight and who want to see the country put back on course.

When I refer to the style and structure of the present government I refer to the way the rules of this House and the committee system of this House have been perverted to serve the ends of the Liberal party. I say with the deepest respect that we are not really performing the function we were elected to perform when we are in this House. We have an appointed Senate which is stacked politically. It is in fact a rubber stamp for the government.

The House of Commons is stripped of its power to control government spending because of rule changes put in place by the present Prime Minister (Mr. Trudeau) in 1967 and 1968. Indeed, the House of Commons is so sterile that in one of his emotional fits the Prime Minister was moved to say, 50 yards from Parliament Hill, that members of this House are nobodies. We all remember that remark. This loose structure carries through to the committees of the House where, with the exception, perhaps, of the public accounts committee, by and large a charade is played with the legislation placed before them.

Most substantive legislation brought before this House has a structure which pushes it beyond the reach of parliament forever once it has passed all stages. The structure can be recognized by the following observations. A typical bill states that the governor in council shall make regulations as required, that regulations will be attached thereto upon proclamation and that regulations may be changed by the governor in council from time to time as required. Once that process is completed the governor in council moves in with staff require-

ments. Senior appointments are made, salaries and expenses are set and tenure of office is determined—all by the governor in council.

I feel that that process has become a way of life for this government. There is a proliferation of boards, commissions and tribunals, staffed mainly by political hacks rewarded for past political favours. The power of the boards, commissions and tribunals originates with the governor in council. It flows from the cabinet and back to the cabinet. The existence of a board is at the pleasure of the governor in council. Its funding and appointments are at the pleasure of the governor in council.

There must be a relationship between the number of consultants employed by the government and lack of experience on boards and commissions. It seems that if you have a problem or a tough decision or if you are in conflict with career public servants over a matter you are considering, the solution is to put the matter out to a consultant for study.

The citizens of Canada through their elected representatives have lost control of the spending of this government, as the Auditor General said in several of his reports; citizens increasingly find themselves controlled by the government. In its drive to legislate a controlled society and remove the uncertainty from life this government has fettered the average Canadian with rules, regulations and compulsory programs to such a degree that his individual freedom has been substantially reduced and is under perpetual threat. An example of the heavy hand of regulations is the current undertaking to compile existing regulations. In raw form these regulations cover over 12,000 sheets of computer printout, and when printed they will consist of 15 volumes of 800 pages each. In other words, these regulations are considerably more weighty than the consolidated Statutes of Canada. I think it is a fair comment that the existing regulations are estimated to cost the people of Canada about $6 billion annually.

● (1742)

I believe the fact that we have spent 40 of the last 52 years under one political party has led to entrenchment of a level of bureaucratic regulation that is moving us away from the rule of law and deeper into administrative law.

Through the process I have described where parliament passes legislation that has regulations attached to it by the bureaucracy through the governor in council upon proclamation, we place in operation regulations that have the force of statutes designed by nameless, faceless bureaucrats who are not elected and who answer only to the governor in council. They are not responsible to the people or to parliament through this imperfect process we knowingly deal with every day. We knowingly pass unconstitutional law and attach to that law equally unconstitutional regulations. It is only when some citizen has sufficient financial resources to hire legal counsel to challenge such law that we change the regulations.

But aside from the legislative approach to regulations, I am concerned about the human side. I am concerned when business people tell me that because of the heavy hand of regulations they are not going to expand their factory. Many people have made representations to me and expressed fear of reprisals from bureaucrats in the Departments of Finance, Industry, Trade and Commerce, Consumer and Corporate Affairs and National Revenue if they rock the boat or make too much noise about certain regulations that are rumoured to go in place or are in place. They fear an appearance before a board or commission. A corporation which appeared before one of our standing committees last year told us that each appearance before a particular board of this government cost them $1 million. They claimed that the fastest growing department of their business was the legal department and that government regulations cost the corporation $21 million per year.

I have also noticed the timid approach some national associations take to proposed legislation. The views they express privately differ vastly, in many instances, from those expressed in a brief. Why is this? When you question them closely they seem to fear the heavy hand of government which may change taxation or tariffs or put in place some new reporting procedure that will cause difficulties and be an added burden for their members, so they modify their remarks.

The process of deregulation is as complicated as the process of putting regulations in place in the first instance. It must be an ongoing function and the Parliament of Canada must be involved.

As a start, let me suggest that, starting now, all legislation put to this parliament should have the regulations attached at the time the bill is given first reading. The regulations should be debated with the bill. At committee the regulations should be dealt with along with the legislation itself. When we pass the legislation, we pass the regulations at the same time.

There should be established immediately a committee of the House of Commons similar to the public accounts committee to look into and recommend changes in regulations already in place. I know that a great deal of work has been done in this area but I think if we had a committee of that type we would begin to grapple with the regulations we have now. This committee should have a staff of legal, economic and accounting advisers. The committee should report on the economic impact of regulations on our society and on the economy and recommend changes. It should be a permanent committee that reports to the House of Commons and the government should be required to act on the recommendations put before the House within a specified number of days.

I want to deal now, Mr. Speaker, with some examples of regulations that I have encountered. All western governments recognize that governments have grown too large and that in many instances regulations are inhibiting economic activity. In my business experience, both with companies I have been involved with personally and those that I have endeavoured to assist, I have run up against regulations that are just deplorable. It is a difficult thing for a businessman struggling with our economy to have an employee of Statistics Canada, for example, telephone him and demand that a certain form be completed or a fine of $250 per day will be levied if this is not done forthwith.

Many years ago in my own business we had to decide whether to deal with government forms or do business and try to make a profit. I devised a very simple system, Mr. Speaker. All the government forms that came in were sorted into two piles, one for Statistics Canada and the other for the tax department. Recognizing that if I did not pay my taxes I would have some difficulties, I had my accountant look after the tax forms. For the other forms, however, I bought a large rubber stamp which said "not applicable". I bought a red stamp pad and stamped all the Statistics Canada forms "not applicable", put them in the envelopes and sent them back. I received a form letter from Statistics Canada referring to form No. such and such which was "not applicable" according to the words written in the relevant part. There was a squiggly signature which looked like something out of the Arabic alphabet. The next time a form came in we just stamped it "not applicable" and sent it back. A strange thing happened Mr. Speaker—government forms were cut by 40 per cent. That allowed me to earn a profit that year and to pay some taxes.

Another example I should like to give is the income tax form. I can remember when that form was about the size of a No. 10 envelope and was very simple. Today it is in four or five colours and comes with a manual. The television carries cartoons telling us how easy the form is to fill in, seminars are held on the subject and there is a proliferation of companies in the income tax business which make a profit out of filling out a government form. Surely that is an indication that the growth of regulations and forms is out of control. I am sure that if we asked the Minister of National Revenue (Mr. Guay) if the tax form could be simplified he would reply that the government are studying it. Every minister studies it, Mr. Speaker. This is a serious matter and we must deal with it.

I am also concerned about definitions. The language of regulations is weird and wonderful. For instance, the auto pact carries a definition of a motor vehicle. It is described as a vehicle having an engine, wheels, tires and so on that can travel on the highway. Then the body that fits on to a motor vehicle is described and "for the purposes of the act" that body, which has no motor or wheels, is a "motor vehicle". This language is twisted around for the purposes of the act and oranges and apples and grapes become bananas. This is the sort of thing we have to deal with in regulations. I have travelled this country from coast to coast on business and regulations that are applied in Vancouver have a different interpretation in Montreal.

● (1752)

As we look into this process, we find this is one of the great things inhibiting the economy of Canada at this time, and we will have to deal with it sooner or later. I believe there is no better way to deal with this matter than for the parliament of this country to do so through a committee or through a standing committee structure, along the lines of the public accounts committee. We have the competence to deal with it, and I certainly know we have the interest to deal with it because of the serious plight our economy is in and the high level of unemployment that we face at this time.

I would mention one other thing, Mr. Speaker. When you run a business you gather up a lot of letters, forms and records. If you ask someone in the federal government how long you should keep your business records and which business records you should keep, you cannot get an answer. I sometimes wonder whether somebody in the government, maybe some member, has some shares or stock in a company which manufactures filing cabinets. There is hardly a business in operation which is not overloaded with filing cabinets full of dead records. We have spawned a whole industry microfilming these records just to try to comply with government regulations.

The customs forms that we use for importing goods into Canada state "Subject to review". Every customs entry is subject to review. Look at the difficulty that creates from a businessman's point of view when he is required to certify the profit that he has made and he knows that perhaps $1 million of it is subject to review. There is no limitation to it. There is no statute of limitations. As we go through this whole process of regulating, which I hope we will review in the near future, I hope that we will follow this suggestion that we have made and look very carefully into these things. We should involve the members of parliament in this process so that they can respond to their constituents who come to them with very real problems concerning government regulations and the interpretation of those regulations. We should try to get rid of some of the tyranny that is placed on the business community by some of the bureaucrats that we must deal with.

I can say no more at this time other than to ask the President of the Treasury Board to consider again the remarks made by my colleagues and those that will follow. We are very sincere in the motion that we have put forward and we do want to see things turned about in this country. We do not like to see the economy travelling in the direction it is. We do not take any pleasure in the negative attitude that we see in some parts of Canada.

Indeed, in my own business I was so struck by the negative attitude of my own directors that I caused them to approve an addition to my little factory because I came to the conclusion that there was no better time to build than right now when construction prices could be had at such a reasonable level.

We are genuinely concerned about where this country is going, to the extent that we put our motion forward and we ask you to consider it seriously.

[Mr. Kempling.]

[*English*]

ROYAL ASSENT

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

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

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

● (1802)

And being returned:

Mr. Speaker informed the House that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

Bill C-23, An Act to amend the Income Tax Act and to establish the Employment Tax Credit Program—Chapter No. 4.

Bill C-3, An Act respecting the reorganization of Air Canada—Chapter No. 5.

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

At 6.07 p.m. the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—ROLE OF GOVERNMENT IN SOCIETY AND ECONOMY

The House resumed consideration of the motion of Mr. Clark:

That in the opinion of this House it is essential to the economic well-being and good government of Canada that action be taken to reduce the scope and rationalize the role of government activity in Canadian society by reducing the share of the national wealth currently consumed by government, and to this end that a special committee be struck before February 28, 1978 to consider:

(1) the enactment of "sunset laws" to provide for the termination of programs or agencies which have outlived their usefulness;

(2) methods to limit the growing and undemocratic use of regulations;

(3) the criteria by which the government would divest itself of those crown corporations which play no useful role in the public sector;

(4) the adaptation of new flexible budget planning techniques to discourage unnecessary growth in departmental budgets.

Mr. Lloyd Francis (Ottawa West): Mr. Speaker, the motion we are debating this evening has four main thrusts. It has reference to the need to reduce the scope of government activity in Canadian society and to rationalize its role by reducing the share of the national wealth currently consumed by government. It refers to "sunset laws" to terminate programs and agencies which have outlived their usefulness. It refers to ways of eliminating the growing and undemocratic use of regulations and, presumably, other statutory instruments. Finally, it refers to Crown corporations and ways of

getting rid of those which are of no further use and whose activities might better be carried on by the private sector and to more flexible budget planning.

No one can object to any of these objectives. But the motion would create a special committee to study all these matters and the question in my mind is whether a reference to a committee would really be the most effective way of achieving these objectives.

This afternoon the President of the Treasury Board (Mr. Andras) dealt with the general issue of government expenditures. He pointed out that provincial and municipal governments have increased their expenditures at an even greater rate than the federal government has; the sector we are considering, the federal government, now spends a diminishing portion of the national income from year to year. Nevertheless, all of us, regardless of the party to which we belong, are concerned about the objective advanced here, because it is basic.

There is a great deal of current mythology implicit in the motion. Hon. members advocate "sunset laws" to get rid of agencies or programs which have outlived their usefulness. Mr. Speaker, there is not a day of the week on which I do not interview people in my office whose services are redundant because the programs upon which they were working have been terminated. A determined effort is currently under way to review all government expenditures and bring about a measure of economy in the public interest.

When hon. gentlemen opposite were in power—it does not seem so long ago—they named a body to look into government organization, the Glassco Commission, whose terms of reference followed generally along the lines of the motion before us. The commission made a series of recommendations. The sum total of their philosophy was this: government was too big, too bureaucratic, too cumbersome; expenditures were controlled by Treasury Board with too heavy a hand under a Comptroller of the Treasury and all applications for employment were carefully funneled through the bureaucratic institution called the Public Service Commission. The Glassco commission said: let the deputy ministers manage things; let them be responsible; get rid of the heavy-handed apparatus of control and in this way we shall achieve efficiency.

Well, Mr. Speaker, we know what happened. The Glassco recommendations were accepted in many instances and the result was not an improvement in government efficiency. Indeed, the upshot was the situation which the Auditor General called to our attention in his 1976 report. When the office of comptroller general was abolished the mechanisms designed to check government expenditure were removed; the financial control officers and the financial control manuals were not in place. Now the wheel has turned again. Under pressure from the Auditor General the government is restoring the office of comptroller general. The terms of reference have been changed and his functions are somewhat different, but from where I sit as a layman it all has a familiar ring. After all these years we are coming back closer to the machinery with which we started.

On the employment side the deputy ministers were given authority to do their own hiring. They did their own spending and their own hiring. We are presently conducting an investigation to ascertain the effect. How many violations of the Public Service Employment Act were revealed in the audit by the Public Service Commission of some 6,000 appointments in 1974? Something like one-third of them were in violation of the act. I am not citing these examples to suggest that the process of constantly seeking new ways of doing things is without purpose. It does have a purpose. What I am suggesting is that there is no need to create another special committee to study these things because, in my opinion, it would not make a significant contribution. Turning to the second paragraph of the motion, it reads as follows:

● (2012)

methods to limit the growing and undemocratic use of regulations;

I do not like the use of regulations where it should be possible to legislate, but I do not know how we can escape it. The House cannot deal with the legislative priorities which are placed before it now. The measures the government places before the House in any particular session do not receive orderly and prompt consideration in the management of House business because of the archaic rules under which we operate. The more the presentation of legislation is thwarted, the more there will be pressure to do things by regulation and under statutory instruments which might perhaps be better done in other ways.

There is a joint Standing Committee on Regulations and Other Statutory Instruments of the House and the Senate. It has done some very good work. The members of that committee have acted in a non-partisan fashion trying to come to grips with this problem of what is happening in the multiplication of these instruments. Do hon. members opposite want to create another omnibus special committee to look at these and duplicate the work of the Standing Committee on Regulations and Other Statutory Instruments? Is that a solution to the problem? Hon. members should become involved in that committee, participate in its affairs, and allow that committee to come to grips with the problem. It is a very real problem; I do not wish to minimize it.

Turning to the third paragraph, it reads as follows:

the criteria by which the government would divest itself of those Crown corporations which play no useful role in the public sector;

Mr. Friesen: Just like the NCC.

Mr. Francis: I suggest that is a simplistic view of the problem. As a member of the Standing Committee on Public Accounts, I participated, along with many other hon. members, in the review of two Crown corporations which gave us cause for concern: Polysar and Atomic Energy of Canada, Ltd. If I may be so bold as to say, the problem is not that they should never have been Crown corporations. The problem is caused by evolution, growth, change in function and responsibility of these Crown corporations, without the corresponding surveillance that they should have received. Atomic Energy of Canada, Ltd. began its life as a research organization created by order in council in wartime. It was very necessary. For many years its function continued in that capacity. It expanded into the use of radioactive isotopes and radioactive cobalt for the treatment of cancer. It developed a health division.

Then this Crown corporation came into an entirely new age: the development of atomic energy and nuclear reactors. This transformed a small research-oriented Crown corporation into a multibillion dollar, multinational corporation almost overnight. It was in the business of selling atomic reactors abroad at a price of $400 million each and up.

A technology was developed in Canada of which we were justly proud. It was one of the outstanding achievements of Canadian science and engineering. I am referring to our heavy-water cooled, natural uranium without enrichment CANDU reactor. As part of the development of that reactor, the responsible Crown corporation had to envisage a program. The acceptance by Ontario Hydro and domestic consumers was readily obtained in the beginning. In order to produce reactors of the necessary size and scale, there had to be a regular production schedule established. There were gaps in that schedule for the marketing of those reactors. The corporation undertook a program of aggressive sales abroad. Because of its insufficient resources, marketing skills, management skills, experience in sales and contract negotiations, the corporation was not equipped for the task it was called upon to do. Competitors abroad were very well equipped. In the United States Westinghouse knew the business backwards and forwards. When AECL was reaching a point of going into sales in some parts of the world, there was a question of what was necessary to gain acceptance of the product. There was a strong suspicion, in the case of one or two sales, that irregular payments may have been made to influence the governments of the purchasing countries.

Having broken through by the use of agents and the payment of large commissions, which were not substantiated by accurate documentation, the Crown corporation did something which was absolutely unforgiveable according to our scales: it lost a lot of money in its Argentine sale. The process of growth and development of a Crown corporation attracted public attention when it lost money. That is when the matter became serious, and that is when it brought headlines.

The problem of Crown corporations is not whether we should have them or not. That is what the third item of the motion suggests: "... Crown corporations which play no useful role in the public sector." If a committee restricted itself to these terms of reference for a long period of time, it would come up with exactly nothing in the way of findings. One could find a reason for every Crown corporation. If a person restricted himself to these terms of reference, he would miss the real problems which the Crown corporations had to face as a result of a change in their nature, function, status and the scale of which they were doing business.

In his 1976 report the Auditor General made some very blunt points, and the government has reacted. A very interesting document was prepared by the Privy Council and made

public last year. It indicated the policy the government is considering and what it is going to do in order to tighten up this whole field. That is long overdue, Mr. Speaker.

What are hon. members opposite going to achieve by creating a special committee which will look at Crown corporations, among other things? The Auditor General, the special Lambert Royal commission and the Standing Committee on Public Accounts are doing that. The hon. members who participated in the Standing Committee on Public Accounts would agree that it was generally a non-partisan committee whose members, regardless of political party, were anxious to do the right thing in terms of coming to grips with the areas where it was necessary to bring about a greater economy in the use of public resources.

● (2022)

It was a bit of a joke in that committee that we never knew how many Crown corporations there were. The number kept expanding. When the representative of the Treasury Board came in, the first question asked of him day after day was: "Have you found any more Crown corporations since the last time?" Well, there is now a comprehensive list. It is a good joke, but the problem lay in the fact that many Crown corporations had incorporated subsidiaries and the incorporated subsidiaries may or may not have been active. In many cases they were dormant, and were added to the list, and properly so. The most significant and active Crown corporations, I am happy to report, were discovered some time ago and were documented.

The process of review, I submit, has to be done by this parliament through its committees. We will have an occasion to do so when the Financial Administration Act is revised, which the government intends doing in the very near future. The revision of that act will establish a framework for re-examining government policy with regard to Crown corporations. It is a far greater problem than deciding whether or not we should have a Crown corporation. The problem is to make sure the proper resources are at the disposal of the Crown corporation; that there is a periodic review in response to some instrument of the democratic government of Canada; that guidelines are issued and followed concerning the ethics which will guide that public corporation in its expenditure of what are, after all, public funds; and last but not least, to make sure that at every point the basic question is asked: Are we getting value for our money? Are we getting good use of our resources? Are we in effect doing those things which government should be doing? We must admit quite frankly that from time to time the function may well change and that we should get out of the business. When that time comes, it should be possible to make a rational decision.

Mr. Speaker, the last of the arms of this multiple resolution—it has at least these four sides to it—is the adaptation of new flexible budget planning techniques to discourage unnecessary growth in departmental budgets. We are also trying to do this. Treasury Board is doing this, searching from day to day. This is the task for all of us who participate in parliament. The current approach, of course, is to set limits on the manpower side. Within the entire public service of Canada, six tenths of one per cent is the total permitted increase of manpower within the current budget year.

Hon. members on the other side are smiling about this, but there is reason to believe that these limits will be observed. If there is any reason to show they are not being observed, it is our task to find out and demonstrate it, not just make a general allegation. I know as an Ottawa member that it is very hard for any young graduate to get a job in the public service today because job opportunities are not there. The restrictions on hiring are there. The restrictions on the budget are there. I know the hon. member for Grenville-Carleton (Mr. Baker) will agree with me because he must be getting as many letters as I am. Positions are being declared redundant. Fathers and mothers come in to me and say that there are just no job opportunities for their children in the public service because of the restrictions that are now in place, the decentralization moves now in effect, and also the adoption of new flexible budget planning techniques to discourage unnecessary growth. The old-fashioned way to limit growth is to say: There is the line; this is the sum that must not be exceeded. This is the established number you can have for personnel; you cannot exceed it.

Within the national capital region today, growth is negative. The growth taking place in the public service is largely outside the national capital region.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired. Nevertheless he may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Ethier): There is no unanimous consent.

Mr. Harvie Andre (Calgary Centre): I have to open my remarks by saying how surprised I am at the negative and unconstructive posture of the speakers opposite. I find this especially surprising in view of the report in yesterday's Ottawa *Journal* in which the hon. member for Scarborough East (Mr. O'Connell), the chairman of the forthcoming Liberal policy convention and the president of the Liberal party, the senator from Nova Scotia, were reported as saying that, as they returned from their tour across Canada, having talked to the Liberal rank and file, they found that the predominant concern of the Liberal rank and file was the growth and size of government and the necessity to bring this under control.

The motion put forward by my leader today outlines four very responsible initiatives which we believe, if implemented, would accomplish the goal which obviously concerns not just us in the House but, in fact, the rank and file of the Liberal party.

The negative posture taken by spokesmen on the other side is a little hard to understand and reconcile. It shows a lack of

sensitivity and concern among the rank and file of their own party. The NDP, on the other hand, have reaffirmed what has been a notion of mine for many years, namely that they are without doubt the most reactionary party in the House of Commons and on the national scene.

Some hon. Members: Hear, hear!

Mr. Andre: Their position is very clear. It is that everything is fine. We should not touch anything. Everything that happened before was absolutely perfect. We should not entertain any radical ideas that are going to affect the status quo.

Mr. Knowles (Winnipeg North Centre): Your smile is showing on television!

Mr. Andre: The Canadian economy simply cannot sustain the burden of this size of government and still provide jobs and the material well being that Canadians desire and have the right to expect. The fact of the matter is that every responsible economist or economic institution, in putting forward a prescription for the long term economic wellbeing of Canada, has as part of that prescription a reduction in the percentage of national wealth consumed by government. That is one of the reasons that we feel this subject matter is worthy of careful consideration in this House.

The second reason is that our democratic system just cannot cope with the complexity of modern government. I refer members opposite to a speech given by my former leader, the hon. member for Halifax (Mr. Stanfield), to the University of Acadia last year as part of the lecture series in which he very skilfully put forth the thesis that in fact, with our complex government of today, the cabinet cannot even control its activities, let alone the House of Commons. So we have a choice. The choice is between parliamentary democracy and more government. If we want to maintain parliamentary democracy in the system that we now have, the system that Canadians want and I am sure Canadians want to maintain parliamentary democracy—then we have no alternative but to look at ways in which we can reduce the scope and nature of government activity.

The third reason is that individual freedom and all-encompassing government are simply of opposite polarity. There is no question that governments have a vital responsibility to protect the individual from some of the nearer potentialities of life; but when governments attempt to remove all uncertainty from life, then individuality—individual freedom—must suffer.

We think a better balance can be drawn. We are not suggesting great cuts in government spending, such as great reductions in spending on social benefits. Indeed, we are not even proposing today any cuts. What we are proposing is to put in place procedures and techniques which will result in selective, refined, proper reductions in the roles and activities of the government, thereby saving the government money, reducing the size of government and, over the long haul, resulting in a more efficient, more effective and more appropriate Government of Canada.

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Indeed, in the weeks and months ahead we will undoubtedly be proposing more spending in certain areas, but we recognize that the taxpayers of Canada just cannot be burdened further with additional taxes for these new proposals, which we think are important, and we feel that the place to look for those funds is within current government spending activities. We are absolutely convinced that there is ample room to generate these funds through employment of the techniques we are talking about.

I wonder how many members of the House saw the cartoon in yesterday's Ottawa *Journal*. It depicted a number of bird watchers with binoculars. They were on a bird counting expedition. The leader of the expedition explained to one of the participants that the reason they were engaging in this seemingly meaningless task was to pre-empt the government from doing it at a cost of million and millions of dollars.

There is more than a modicum of truth in that because three years ago I encountered an old colleague from university days who, working for the Department of the Secretary of State, was in Calgary as part of a national tour. He was visiting all the major centres in Canada, and the purpose of his visit to Calgary, as to all the other major centres in Canada, was to count playgrounds. He had been given the task of touring the country and counting all playgrounds. Over the last decade, started by the Pearson administration and carried on enthusiastically by the Trudeau administration, the federal government has involved itself in a great number of new areas of responsibility which, considered individually, probably were relatively minor and perhaps not significant, but when looked at in totality, the picture is one of a government involved in almost every aspect of human life.

As I indicated earlier, we do not think wholesale across-the-board slashes are the responsible way to approach this problem, but we do believe there are many activities in which the government is currently involved but should not be involved. There are other activities which could be performed better and which could and should be put into the private sector. One of the popular vehicles which has been used by the government to involve itself more and more in the private sector has been that of the Crown corporation.

As was indicated earlier, the government does not even know how many Crown corporations there are. Last May the number was perhaps 366. There were a few others discovered. As of January of this year the number had risen to 387, 21 in seven months or about three a month. Since that report came out a couple of weeks ago, the number now is probably up to 388. How can any rational human being tell me or anyone else that these Crown corporations are performing some vital role in fulfilling public policy when it is not known how many there are? Not knowing how many there are, the government cannot be managing them properly. Therefore, it comes as no surprise that in his 1976 report the Auditor General stated, and I quote:

In the majority of crown corporations audited by the Auditor General, financial management and control is weak and ineffective. Moreover, co-ordination and

guidance by central government agencies of financial management and control practices in these Crown corporations are virtually non-existent.

This afternoon the President of Treasury Board (Mr. Andras) said we did not look at the 1977 Auditor General's report. Well, I did, and with regard to the control of financial management of Crown corporations the report said: "Progress has not been spectacular". Either through dereliction or through its inability to cope, the government has failed to exercise proper financial control over those Crown corporations which are wholly-owned and are, by and large, direct operating arms of the government.

I do not have time in this speech to get into detail, but I refer the President of Treasury Board and the House to the reports of the Auditor General for 1976 and 1977 and to the proceedings of the public accounts committee dealing with those reports. The government does not know how many Crown corporations there are, and those it knows about it is not managing properly. The response of the government to this criticism of its management of Crown corporations was to commission a Privy Council study which led to a white paper published last year dealing with the direction, control and accountability of Crown corporations.

However, it is worth reminding the President of Treasury Board that prior to his being in that portfolio, in 1973 and 1974, a fairly thorough review of the Financial Administration Act was undertaken to see if it should be revised in order to be more functional and to cater more closely to Crown corporation peculiarities and requirements. The conclusion was that no such revision was either necessary or particularly desirable unless or until the role of and expectations for Crown corporations were first reviewed, revised and updated, with clarification and refinement of all associated mandates.

Those observations are equally valid today. To attempt to improve the direction, control and accountability of Crown corporations, which this Privy Council study very unsuccessfully tried to do, is simply premature. There must be a reassessment. Until the government is prepared to go back to square one and confirm or revise basic corporations' mandates in light of existing and expected national needs, tempered by political objectives, nothing of consequence can be anticipated from trivial adjustments to the Financial Administration Act, which in themselves lack direction or purpose.

The proposal of my party is to establish a select committee of this House to look at mechanisms for reviewing Crown corporations. However, we would not leave it at that. We have some specific suggestions which should be looked at by this committee. We think a review process should be undertaken, including a strategic audit of existing Crown corporations, which would have the following guidelines: What is each Crown corporation contributing to our national welfare or policy goals; what is it costing us; is the Crown corporation vehicle the most appropriate one with which to continue; what mandate particulars will be appropriate for each ongoing Crown corporation to guide its board and management?

The result of such a review would undoubtedly lead to fewer Crown corporations and more clear and more essential mandates. Once it is known which Crown corporations remain after that review, it would be practical, possible and desirable to introduce a program for improved direction, control and accountability of Crown corporations. Only then can we really succeed, and I refer hon. members to proceedings of the public accounts committee to show the difficulty of trying to do that before there is a rationalization in this regard.

In November of 1975 the Progressive Conservative party undertook an extensive analysis or special audit of just 11 Crown corporations. The conclusions of that limited study—limited in terms of the number of corporations but fairly in depth with regard to them—was that seven, or more than half, of the 11 Crown corporations had in fact lost any sense of public purpose; five could be disbanded without any damage or loss to the public interest; two should probably be privatized and the remaining four needed changes in their mandates.

There was a request for specifics. I am prepared to give specifics. The five which could and should be dismantled without any loss or damage to the public interest are Canadian Arsenals Limited, Canadian Defence Construction (1951) Limited, Canadian Commercial Corporation Limited, Canadian National (West Indies) Steamship Lines and Canadian Patent Development Limited. Each of those corporations do perform minor functions which could be brought back in. The two which should be privatized are Northern Transportation Limited and Eldorado Nuclear.

There are a number of Crown corporations which operate as day to day operating arms of the government. These are the so-called schedule C, or agency, corporations. They are a misuse and abuse of the Crown corporation concept, with its arm's length feature. Many of these require public funds. They require appropriations from parliament for their functioning, and as such an arm's length relationship is absolutely inappropriate because normal economics and balances simply do not apply. Again, I refer the minister to the discussions with regard to the Canadian Dairy Commission in the public accounts committee. To apply the term "Crown corporation" to these agencies is a misnomer. These agencies should be brought back under the control of government where the normal checks and balances of ministerial responsibility could apply.

● (2042)

If it is necessary to have a corporate framework in order to deal with clients, so that separate bank accounts can be maintained, cheques written, funds received and so on, then I would suggest a new type of corporation. It could be called something like a "federal government corporation"—FGC—which would give the necessary flexibility without the implications of arm's length that goes with a Crown corporation. There should not be any arm's length relationship with a corporation that requires annual appropriations from the people of Canada in order that it may function. It is, in fact, a part of government and should not be considered arm's length. I am prepared to discuss with the minister those agency corporations on

the schedule C list that could most appropriately be treated in this way.

Mr. Clark: That would be ideally suited for a committee.

Mr. Andre: That is right, Mr. Speaker. It would be an ideal matter for a select committee of this House to look at, and that is one of the reasons why I think an affirmative vote on our motion would be most appropriate. There are a significant number of Crown corporations which operate in the commercial sphere and compete against other privately owned corporations. These corporations are by and large beyond any control or influence either from parliament or from the government.

For example, Air Canada and Canadian National Railways operate in the transportation field. I submit that it is unnecessary that the federal government own these corporations. The government can influence any company in any industry just by its size. Moreover, it has the direct ability to regulate those companies through the Canadian Transport Commission. It almost creates continuous conflict of interest situations.

A number of Crown corporations fit into this category and I submit to the House that the following very simple test should be applied: if they were privately owned today, would there be compelling public reasons to nationalize them? If the answer is in the negative, then they should become candidates for privatization. Some Crown corporations which fall into this category are Petro-Canada, obviously; Eldorado Nuclear Limited, obviously; Northern Transportation Company, obviously; Air Canada; Canadian National Railways; the Canadian Development Corporation and its many subsidiaries, and so on.

I will go further for the benefit of the House and the minister, Mr. Speaker and suggest ways in which that privatization could occur. In some cases it might be appropriate to sell the corporations as whole entities to private purchasers. Where the corporation is less than successful, as is the case with Northern Transportation Company Limited, the more appropriate thing might be to break it up and sell the assets. With annual losses of $50 million this company is not a great investment. There are other private suppliers of the service available so no one would be deprived of an essential service.

A more interesting procedure for privatization is the method used by the government of Alberta in the mid-1950's. That government decided it was necessary to create a monopoly in the province to gather gas from producing gas fields and effect delivery to border points for sale to other companies so that there would not be a lot of separate gas lines running all over the province. This sounded like a candidate for a Crown corporation, and had the government been Liberal or NDP, that is what would have happened. It was a Social Credit government, however, and it chose instead to create a private corporation and offer shares to people of Alberta above the age of majority; the offer was something like 20 shares at $10.00 each and more could be subscribed if the first issue was not all taken up.

Mr. Andras: Were there any guarantees?

Mr. Andre: No guarantees. The company was Alberta Gas Trunk Line Limited. Instead of a sleepy Crown corporation gathering up a little gas, this is now one of the most dynamic, active, contributing corporations in Canada today. What a tragedy it would have been if the traditional, lack-lustre, reactionary method of creating Crown corporations had been used in that case. This is a corporation that took on the multinationals and won.

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

Mr. Alan G. Martin (Parliamentary Secretary to the Minister of Consumer and Corporate Affairs): Mr. Speaker, I am pleased to have the opportunity to participate for a few minutes in debate on this opposition motion which asks members of parliament to establish yet another special committee of this House. The apparent purpose of that committee would be to look into the economic well-being of the country and to see if we can somehow or other arrive at a better form of budgeting and running our government than we seem to have at present.

Before we undertake the establishment of any special committee, Mr. Speaker, I think all of us should look at the numerous standing committees of the House that exist and the mechanics that are available to us for examining estimates that come before those committees, and focus on matters of serious concern in relation to government expenditures in each department or agency. Should we brush all that aside for this new idea of a special committee to try to come to grips with some of the horrendous problems associated with the apportionment of some $45 billion, which is basically the level of government expenditure we are talking about? I do not know of many committee meetings where the full complement of members present—and I speak of members from this side as well as members of the opposition show their real concern at those committees. Before we even consider establishing another special committee I think we should look at ourselves very closely and ask if we are doing all we can to make the system work. That is my first point, Mr. Speaker.

It is suggested that this special committee could in some way or other make proposals to rationalize the role of government activity in Canadian society by "reducing the share of the national wealth currently consumed by government". As federal members we must realize that close to half the 44 per cent of the gross national product which is devoted to government in this country today is actually spent at provincial and municipal levels. Try as we may, as a federal government there is no way we can control expenditures at the municipal or provincial level. I suppose the argument could be advanced that if we have a special committee then perhaps the ten provinces will also have special committees, thus following our leadership. That is wishful thinking, Mr. Speaker.

Having put that in context I should like now to speak to one of the proposals put forward by the Leader of the Opposition (Mr. Clark). He proposes that the special committee should consider the enactment of what has come to be known in the

United States as "sunset laws" to provide for the termination of programs or agencies which have outlived their usefulness.

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It is very difficult to argue against the concept of cancelling programs which have outlived their usefulness. Rather let us consider what would be the best way to resolve that problem. Is it more objective to do it by establishing a special committee of the House of Commons which can bring forth proposals? Or is it more efficient to examine the workings of government and to ensure that through mechanisms such as Treasury Board management concepts are put in place appointing the deputy minister and his assistants to fulfil that function each year when they propose the budget for the following year. They will then look at a program, realize it has been carried out for 10 years, and then contemplate whether it is needed for another 10 years or five years. They will then likely come to the same conclusion as those made by a major corporation in the private sector, namely that it is not.

I believe this is already happening directly as a result of the kind of leadership that is being shown by the President of Treasury Board (Mr. Andras) and his immediate predecessor, the Minister of Finance (Mr. Chrétien), when he was in that post. They insisted each year that, before departments brought their budgets to Treasury Board for approval and ultimate passage into the legislative process, they scrutinized and removed from their budgets whatever redundant programs there were.

I endorse the comment made by the hon. member for Ottawa West (Mr. Francis), the current very able vice-chairman of the public accounts committee, that perhaps that is not being done adequately. In fact, we know that it is not being done adequately.

I might say from my experience in the private sector, one of the concerns of chief executive officers in many large corporations is that this process is still not being carried out adequately in those corporations. We all have to improve. I believe the establishment of the position of comptroller general within the government service is going to be a step in the right direction. It will be one of his responsibilties to ensure that financial control procedures are indeed in place within departments and agencies of government which will require an annual examination and an explanation from them of how they have spent their money and how they propose to spend future moneys, just as we might anticipate would occur in a major organization in the private sector.

This concept of "sunset laws" which is running into difficulties in the legislative process in the United States and is far from being enacted at this time, is really an attempt to accomplish by the legislative process what first must be done at the management level.

Directors of a corporation, Mr. Speaker, cannot be expected to perform the day by day and week by week chores of a corporation, which includes the checking of detailed budget planning for five years or so. They must insist that professional people in their organization take on that responsibility and produce budgets and programs for their scrutiny.

Many members of parliament on both sides of this House must wonder at times how carefully this process has been followed before we are presented with the blue book in committee and are expected to ask logical and sensible questions on figures which are put before us. I suggest that this is the type of procedure that the President of Treasury Board is trying to implement. The appointment of a comptroller general will indeed assist members of parliament and give us an increasing assurance that, when we are considering programs for the coming year and the amount of money to be allocated to them, we can be confident the figures are accurate.

If we can achieve this—and I presume that this is what the Leader of the Opposition (Mr. Clark) has in mind with a special committee—it will be much more meaningful than 20 members of this House using valuable time which could be used for other important legislation. This job should be done by the capable executives who are hired to do it. From my point of view it is not our job; I think it is their job. It is our task to ensure that the job is being done adequately.

I suggest this is the problem that the United States government has encountered in its senate with the Muskie bill. If this is added to other legislative work, it is going to require far more time than the senate committees and subcommittees can spare. The same situation will arise in this House, although we have a somewhat different system. This is why this idea is bogging down in the United States, even though it originally had the support of 55 sponsors in the senate. It was part of President Carter's program and, was one item he mentioned in his initial fireside chat. The theory sounds great. Under the "sunset law" legislation it would be possible to halt all programs found to be redundant, which would mean that no money for them would be required the following year. Mr. Speaker, that is an over-simplified way of explaining it. You do not simply shut down the post office if you have a problem with the post office.

Mr. Fraser: Try starting the post office up.

Mr. Martin: Perhaps you look at other alternatives, but you certainly do not shut down the post office. You do not stop AECL from producing nuclear reactors because there have been some problems in that corporation in relation to their international dealings. You do not close down an organization such as Polysar because they became involved in what the report from the public accounts committee termed some wrongdoings in their international negotiations. Instead you must try to correct what is wrong and go on from there.

I suggest we should be supporting and occasionally pushing the government to implement additional procedures in order that the allocations of budgets are very closely scrutinized. After all, it is the electorate who are footing the bill for these things. There is a great deal of room for improvement. However, changes cannot happen overnight. The budget of this country and the budgets of our provinces, governed by various political parties, have grown tremendously over the past 10 years. All levels of government have made greater inroads into society than was the case 15 years ago. All of this is costing

more money. It is therefore essential that financial controls and procedures which protect the taxpayer in a meaningful way are implemented. I do not think a special committee of parliament is a solution. I do not believe the establishment of "sunset laws" is a solution either.

We must ensure that when a deputy minister places a budget before his minister requiring so many millions of dollars to run the department for the coming year, that minister knows the budget has received the utmost scrutiny. I personally hope that the comptroller general, as one of his functions, will be making absolutely sure of that point. This is not in the realm of the Auditor General's duties. He looks at expenditures after they have been made. This job, then, is parallel to that of a chief executive officer in the private sector, who must insist upon double checking all figures in order to keep his corporation healthy and competitive.

The concept of instituting better control over government expenditures cannot be argued with. We must be realistic. First, we must understand that the federal government consumes only roughly 50 per cent of the gross national product of this country. As the President of the Treasury Board mentioned this afternoon, only about 50 per cent of those expenditures, or 25 per cent of the gross national product, is really controllable. The other 50 per cent is taken up by ongoing programs to which a "sunset law" could not apply. For instance, the government cannot arbitrarily cease to make payments to the provinces. There are other kinds of statutory payments, such as interest and so on, which are impossible to control.

● (2102)

The way we control the other half of our budget is through the kinds of personnel and dollar controls that are being instituted by this government more and more through effective measures advocated by Treasury Board. It is our job as members of parliament to continue to push for those. That is our idea of the way in which we can ultimately get a much better grip on the public purse.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I am somewhat mystified by a couple of things that occurred in the speech of the hon. member for Ottawa West (Mr. Francis) and the last speaker, the hon. member for Scarborough West (Mr. Martin), regarding their view of what this motion means. Either they have read the motion and not understood it, particularly the last speaker, or if they do understand it, they do not want to admit its validity. It concerns me that two parliamentarians have taken the view that parliament as such has no place in the boardrooms of the public service.

Mr. Martin: I did not say that.

Mr. Baker (Grenville-Carleton): The hon. member says he did not say that. He said he thought it would be best if the control of government expenditures was left to Treasury Board. There is nothing in the motion put by the Leader of the Opposition (Mr. Clark) which says that Treasury Board ought not to have the kind of control about which the hon. member spoke. We say the facts speak for themselves.

Over the course of time the federal government has been a contributor to the eating up of the gross national product. The question in the minds of many members is whether Treasury Board control by itself has proved to be adequate. It is time parliament began examining the accounts from the point of view of the percentage of the gross national product being eaten up by government. When we consider the situation, there is only one group of people in Canada ultimately accountable to the people, and that is the members in this chamber who also occupy the committees.

There is nothing sacrosanct about the standing committees of the House of Commons. Of course, there ought to be a study with regard to their relevancy, and I intend to say something about that later from the point of view of control.

Let us not fool ourselves. Let us not try to get the public to believe that the present system of control has been satisfactory. Perhaps it is time that we got into the business of examining the expenditures of government and the operations of agencies of government to see whether the people of Canada are obtaining the best value for their tax dollar. That is the purpose of this motion.

I commend the Leader of the Opposition on the speech he made and the new approach he has taken. It is perhaps an indication that the old rules which have been tested on the old boys are not sufficient today for the control of government. For the sake of being able to supply the social necessities to the public of Canada, we must look at new ways of controlling the cost of government.

The speech by the Leader of the Opposition indicated a new approach. It is unique because he said that parliament has a part to play in it. What disturbed me about the approach taken by the first NDP member who spoke was not only that they were prepared to have the old ways prevail, but that they are going to vote against this concept because it is new. It is a crass kind of conservatism that shakes me. Perhaps it is an indication of where that party stands in the scheme of things. More than that, it probably indicates the trauma from which they have yet to recover resulting from the election of the government of Sterling Lyon in Manitoba and what that government has done.

The government of Manitoba has established a force to look into the expenditures of government. They have involved the public service in a participatory way. My friends in that government tell me that the response they have had from the public service has been tremendous. There may be possibilities that that kind of approach can be operated with the involvement of the parliament of Canada. The government ought not to take the view that parliament has no place in deciding the fate of crown corporations and agencies. Parliament should have a place in deciding whether programs have become useless or whether their objectives should be changed.

I was interested in the approach to this whole matter by the President of Treasury Board (Mr. Andras). He agreed with us.

Mr. Andras: In a very limited way.

Mr. Baker (Grenville-Carleton): I look forward to him and his colleagues supporting this motion because it is needed. The minister tried to tell us that the government is interested in the process of a comptroller general. Well, they had to be dragged kicking and screaming to it. I do not know whether the President of Treasury Board has noted it, but in the long list of priorities of this government for this session. Bill C-10 of last session which created the office, of Comptroller General does not appear. While the minister may give lip service to the idea, I would rather see the bill on the government's list of priorities.

The hon. member for Pontiac (Mr. Lefebvre) spoke about crown corporations. He said it will be difficult to decide whether to eliminate this Crown corporation, retain that one or change an objective. He is absolutely right. That is very important from the point of view of the operation of the government in a credible way. It is important from the point of view of the expenditure of public money. That kind of decision ought not to be made by a royal commission, commission of inquiry or task force. This country is overflowing with those.

As we see with the McDonald commission, once it is established, the people's representatives, the Parliament of Canada, and I guess even the Government of Canada, have no conrol over its function, speed or approach. It may become an excuse for government inaction. We have had enough of that.

This place, which is accountable in some way, given the expertise and advice that is available, is equipped to decide priorities and which programs should go ahead. After all, the people sent us here for that purpose. They sent all of us, no matter on which side we sit, to superintend and act as watchdogs over government expenditures.

The hon. member for Pontiac quite properly asked which agencies would be dealt with. There are some that are obvious, and the hon. member for Calgary Centre (Mr. Andre) set them forth. Also he set forth criteria for dealing with cases which may not be so obvious. Crown corporations are not accountable in any real sense. There is even difficulty in having their annual reports before committees. I believe such criteria should be in place. The government has stolen a number of suggestions in the past and I think they would do well to steal this one, too. Decisions should be made in public.

● (2112)

If parliament really was able to exercise any control over the establishment or operation of programs, would it have consented to embark upon the relocation program and have carried it out at the same time as the government was decentralizing? I do not think the hon. member for Ottawa West (Mr. Francis) would have been so silly as to consent to running those two programs in parallel. Parliament would have rebelled. The hon. member for Ottawa West has spoken out against the decentralization program. But he supports a government which has operated this program, one based upon the crassets political motives, one which involves ministers of the Crown in the shabbiest patronage. Those are the kinds of decisions which, as he and I know, were made behind closed doors in the absence of studies and foisted—not by parliament, because parliament was never consulted—on the people of Canada.

Of course, a case can be made for decentralization, but certainly not for the way in which it was carried out in this instance. The hon. member for Ottawa West knows this. He has talked to people who have been affected by this policy; he has talked to administrators whose programs have been mucked up and whose lines of communication have been stretched beyond recognition. Can you imagine this parliament, Mr. Speaker, tolerating the way in which the status of women program has been handled, if it truly had a voice in it? I cannot imagine it being tolerated by the hon. member for Vancouver-Kingsway (Mrs. Holt) if that were the case, or by the hon. member for Kingston and the Islands (Miss MacDonald). It has been a sham. But there is no channel through which the program can be effectively examined by parliament and all members know it.

A proposal for an ombudsman is before us; a white paper has been prepared by senior public servants. No input has been made by parliament, yet the people we represent are much affected by these proposals and legislation will be drawn up on the basis of the white paper. I think parliament is the place where these programs should be examined. Take the bilingual bonus program which is discriminatory, wasteful and wrong in principle. I do not think any parliament would have started that nonsense, let alone persisted in it as the government has done after making the decision behind closed doors.

What has been the effect of that program upon public servants? They have become demoralized. They feel put upon and discriminated against. The merit principle has been destroyed. Talk about regulations! Three thousand public servants, it turns out, have been placed improperly, recruited without any competition. If anything ought to be supervised by parliament it is this program.

There are some of us—and I am one—who think this place is not perfect. The government wants its legislation passed quickly and members of parliament want to be able to look at some of these programs. We have never been able to resolve these divergent points of view. But the committee proposed by the Leader of the Opposition would give us for the first time a parliamentary opportunity to consider these matters, as opposed to their being considered by a royal commission of inquiry. After all, they are of importance to each one of us as well as to the people we represent.

Parliament has to take one further step. There is not a member who can honestly say that our system of standing committees is adequate to the task of examining the estimates. That is why two years ago I made a proposal to the Standing Committee on Procedure and Organization on behalf of the Conservative party aimed at establishing an ongoing committee in which the programs and ongoing policies of government, as provided for in the estimates, could be examined. We could then take specific programs out of the estimates and consider them in depth, not against the guillotine at the end of the fiscal

period but in depth. We could call public servants as well as ministers before us and assess which programs were relevant, the direction they were taking and whether there might not be a better way in which their purpose could be achieved.

If we pass our most important problems to bureaucrats and task forces we are simply going to drift along. For example, there is no one in the country who believes that the road show of Pepin and Robarts will save confederation. It is a bureaucracy. A nation, I have always thought, is a matter of spirit. No one believes there is likely to be any fundamental change in the way government carries out its business unless parliament gets to the root of it. As things are, there is no way in which we can help the Minister of Employment and Immigration (Mr. Cullen) with his costly programs. We cannot help him unless parliament has an opportunity to examine these programs.

I do not speak in a partisan way when I suggest the reason a lot of these programs have gone off the rails is because we have reached the point in Canada at which the only body examining the operations of government is the Treasury Board; it is not an independent body, it is the government examining itself. It is time things changed, and the appointment of a select committee as we suggest is one of the ways in which this process can begin. We all know a general election is coming soon and that we are unlikely to see any procedural reform in those circumstances. But we should not lose sight of the part parliament can play in changing our approach, in changing our way of governing, in making government accountable, in—

An hon. Member: Filibustering.

Mr. Baker (Grenville-Carleton): The hon. member over there no doubt suggests that the way this House operates is by the government proposing and the opposition filibustering. What both he and I must consider is the relevancy of this institution to the needs and problems of the country. The unfortunate thing is that too much is done behind closed doors in Canada and not enough is done on the floor of the House of Commons with respect to matters which affect the Canadian people.

● (2122)

[*Translation*]

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, I will try to be brief to allow my colleague from the NDP to take part in the debate. When I read the motion introduced today by the Leader of the Official Opposition (Mr. Clark), I was particularly surprised—although the motion deals with four different matters—by the second paragraph. And for the benefit of the discussion, I take the liberty of reading again that second paragraph. I quote:

> . . . that a special committee be struck before February 28, 1978 to consider:
>
> . . . .
>
> (2) methods to limit the growing and undemocratic use of regulations;

Mr. Speaker, I was amazed at the word undemocratic because it shows the lack of ethics in the opposition. Mr. Speaker, the opposition should know, especially their leader, that regulations in Canada are not an undemocratic exercise. This exercise originates from the power which is given by the House and by legislation to the executive so that it can set up the details of its implementation.

Mr. Speaker, it is one thing to talk about an excessive number of regulations and that is debatable, I agree. But when they say that regulations are undemocratic, I do not quite see the point. I do not intend to enter into an academic argument to show that regulations are part of our institutions to the same extent as laws or other areas of concern of the institutional activity in Canada, but still I wanted to stress some principles. One cannot include in a motion which otherwise has some merit a word such as undemocratic about a government function which has endured through time. Mr. Speaker, regulations are the privilege of the executive, but again they stem only from the powers which are conferred by legislation passed by the House in the first place.

And I remind the opposition that this power can be used only if the House has first of all conferred its powers; as long as it has not done so, this power cannot be used.

Mr. Speaker, my second point concerning regulations consists in the analysis of its function. Is the opposition saying that the legislative power in Canada, that is this House, and accessorily the Senate, should deal itself with all the regulations? This would mean that all members of this House would have to be experts in all endeavours of daily life, and we all know that this is impossible. I would like to give a few examples of cases where I believe that it would not be a good thing for the House itself to discuss the details of regulations.

Let us take for instance the Fisheries Act. Is the opposition suggesting that each year the House of Commons should discuss quotas, the general control of fisheries, catches and permits? Mr. Speaker, we would talk about fisheries for the whole year. The Fisheries Act provides a structure within which the executive is responsible for issuing regulations for its application. Mr. Speaker, I believe that this is normal and that no one would question the validity of this function.

Here is another example, Mr. Speaker: the radioactive products and materials legislation. Is the opposition implying that the House should study all the cases of materials or products giving out dangerous radiation and that the House should study every one of the products which will eventually be prohibited? We are not experts in nuclear energy; we are not experts or scientists in radioactive materials. This is another example, Mr. Speaker, of a situation where the experts, through regulations, can do a much better job than we can within the context of legislation which provides general guidelines.

Mr. Speaker, here is one last example: the navigation legislation which makes the government responsible for regulating navigation safety, shipbuilding specifications and ship equipment. Mr. Speaker, is the opposition trying to make us believe that it is anxious to study every detail concerning navigation? Mr. Speaker, how can we—264 members in this House—go into every detail of the navigation legislation?

Mr. Speaker, those are mere examples demonstrating that regulation authority is justified and is not undemocratic. On the contrary it is part of our institutions. Now, if we are told that the executive makes an overly generous or laxist use of that authority, we might discuss that; there are arguments for and against. But I shall remind the House that there is a principle as concerns authority, the principle that any gap tends to be filled. And why is this gap often filled through regulation? Because the House is often inadequate, inefficient and operates with such archaic rules that we cannot be really efficient and really professional in our capacity.

An hon. Member: Right on!

Mr. Lachance: Mr. Speaker, if hon. members really believe that the legislative has progressively relinquished its powers and if they are serious when they denounce it in such a motion—because a no confidence motion is a very serious matter—I urge them to get together in committee or otherwise to redefine this House as a modern institution with up-to-date rules so that it can really play its legislative function and spell out for the government the limits within which it must act. And that, Mr. Speaker, is the real issue. It is not saying: You have undemocratic regulations. It is not true. They are democratic since they emanate from a decision of this House but it is rather a matter of properly defining the framework within which they must operate.

But besides that, Mr. Speaker, and I will be finished in a few moments, I would like to remind the House that the exercise of the right to regulate operates within very specific criteria. It will be remembered that in 1971 the House passed the Statutory Instruments Act which defines in very specific terms the framework within which the process of regulation must operate, the criteria a regulation must meet to be legal and the obligation for any regulation to be in accordance with the Human Rights Act.

Mr. Speaker, a section of the Treasury Board studies all regulations on a daily basis to ensure that none of them violate the provisions of the Human Rights Act. I must say that it is more than our courts were willing to do since they did not accept the power they were being given to exercise some discretion in the interpretation of our laws under the Human Rights Act. And without going further into this, Mr. Speaker, the government deserves to be commended for setting up this review mechanism within the Privy Council. And that is not all, Mr. Speaker. For some time already in certain statutes—and I am referring in particular to new legislation such as the regulations relating to the Motor Vehicles Act, for example, or the Clean Air Act, or the Anti-Pollution Act—all those recently enacted statutes contain a mechanism providing for the publication of the regulations to allow the public to make its views known to the government on the effects such regulations might have.

Furthermore, Mr. Speaker, last December the President of the Treasury Board (Mr. Andras) announced that from now on a new system involving the socio-economic analysis and impact of any regulation would be implemented under which any regulation involving expenditures or a major social or economic impact would be reviewed. The results of that examination would then be published in the *Canada Gazette* giving interested organizations a period of 60 days in which to make their opinions known to the agency involved, to make representations and thus ensure more enlightened regulations.

Mr. Speaker, I am not here to stick up for the regulations put out by the government. I am merely attempting to define the framework within which clause 2 of the motion of the official opposition must be considered. Once again, the big question, as the hon. member for Grenville-Carleton (Mr. Baker) said so well, the question is not so much to complain about the number of regulations promulgated by the government, as that of ensuring that they respect the spirit of the law which confers upon the executive the authority to issue them and of working towards the future, as the President of the Treasury Board said this afternoon, by reforming the standing orders of the House and making the legislative body more efficient, more critical and more pertinent, thus better circumscribing the authority and the scope of the executive. That is the big question, Mr. Speaker. Unfortunately, the motion of the opposition does not touch upon that aspect of the situation which really is of prime importance for both our institutions and our country.

● (2132)

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this has been a very interesting debate. A good many sensible things have been said, and they have been said from both sides of the House. I like, in particular, the appeal that has been made by some of the members of the official opposition for means whereby we can scrutinize more carefully the expenditures of government and have an opportunity to review programs. I also like the same sentiment as we have heard it from the other side of the House by members of the government, who have suggested that when things are not right the course to follow is not to throw out a program but to see what can be done to correct it. So, sir, I think it has been a useful day that we have spent on this motion.

In a few moments, however, we shall be called upon to cast a vote. We are not being asked to vote on the sensible things that may have been said from either side of the House; we are being asked to vote on a specific motion. The motion is a lengthy one. No matter what one picks out, somebody is likely to say, "Didn't you notice line so and so?"

I suggest, Mr. Speaker, that the essence of this motion is found in the words, "... that action be taken to reduce the scope ... of government activity in Canadian society ..." My hon. friends to the right are trying to say that this is a motion of new ideas. The Leader of the Opposition (Mr. Clark) has been congratulated for putting forward something that is new. There is nothing in the whole motion that is new; no forward steps are proposed. Everything in this motion calls for cutting back, cutting out, or discontinuing something that government is doing. It is all summed up in those words that I have already

underlined, " . . . that action be taken to reduce the scope . . . of government activity in Canadian society . . ."

Mr. Clark: How reactionary, Stanley!

Mr. Knowles (Winnipeg North Centre): Just a moment, my young friend—

An hon. Member: Whipper snapper.

Mr. Clark: CCF philosophy.

Mr. Knowles (Winnipeg North Centre): Like quite a few members of this House, but not all of them, I remember the days when the scope of government in Canadian society was a lot less than it is today. I remember those days well.

Mr. Paproski: One hundred years ago.

An hon. Member: Show some respect.

Mr. Knowles (Winnipeg North Centre): Yes, years ago. I experienced what we had in those days in terms of poverty, lack of health care, insecurity. I could tell the story of it in my own family. I could tell countless stories of what it was like to live in that kind of society by recounting what happened to families in the churches in which I had the privilege of being the minister. Mr. Speaker, I do not want to go back to those days.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I do not want a society—

Mr. Clark: That is known as a red herring.

Mr. Knowles (Winnipeg North Centre): Never mind that language, I am talking about reality. I am talking about the perspective of history. I know what it was like when there was less government concern. I know that today things are better for the people of this country in terms of health, housing, security, minimum wage and other labour laws, farm marketing, culture, highways and travel, and all the rest of it. It has all come about because the Canadian people have taken action in these areas through the medium of government activity. To turn all of that back is unthinkable.

I have to say, as I stand here tonight, that I have no confidence in the government across the way.

Mr. Nowlan: You hypocrite!

Mr. Knowles (Winnipeg North Centre): But, Mr. Speaker, I would be denying everything that I have fought for throughout my life if I supported the philosophy that is contained in this motion—

An hon. Member: Read the motion.

Mr. Knowles (Winnipeg North Centre): —which says take the government out of Canadian society, spend less money, Mr. Speaker—

[Mr. Knowles (Winnipeg North Centre).]

Some hon. Members: Oh, oh!

An hon. Member: Show some respect.

An hon. Member: Socialist misrepresentation.

Mr. Knowles (Winnipeg North Centre): Seldom have I been honoured by as much heckling as I am getting now. It tells me just one thing. It tells me that what I am saying is true. It tells me I have got to the heart of this motion. It tells me that the Tories do not like to be told that what they want is as reactionary and old fashioned as it could be.

• (2142)

Some hon. Members: Oh, oh!

Mr. Deputy Speaker: Order, please. Perhaps the hon. member is happy with the attention he is receiving, but the Chair has very much difficulty in hearing what he is saying.

Mr. Kempling: He isn't saying anything anyway.

Mr. Knowles (Winnipeg North Centre): I agree with the emphasis put on the point which has been made from time to time today that governments should not be allowed to get out of hand, that we should do something about waste, that we should be concerned about a government which has all kinds of money for a lot of nonsensical projects and does not have money for veterans, pensioners and so on. But as for the fundamental philosophy of whether we are going to go back to the greed, the caprice and the cruelty of a free market economy or whether the people are going to act through their government to create the kind of society they want, I take my stand for the latter.

I said something about having a recollection of what it was like in the days before there was the scope of government activity which exists today, and I reassert my contention that we solved many of those problems because government got into the battle. Difficult as those problems some of us faced when we were late teenagers or in our twenties were, and difficult as it seemed in the 1930's to counter that situation, far greater problems face us today, such as the whole problem of what we are going to do about energy, the whole problem of a world with finite resources and the whole problem of what we are going to do about an industrial strategy. If these things are left to a political philosophy which says that governments should stay out of the picture, those problems will not be solved at all. We need a much more sensible, vigorous and aggressive government than we have today; but to suggest that we do not need government at all or that the government should cut back is a grossly irresponsible position to take, and as far as this motion is concerned, we cannot support it.

I welcome the sensible things which have been said, but I cannot understand why this House is being asked to vote for such a reactionary motion which does nothing but turn the clock back. Why do the Tories want to become the next government if they do not want to govern and if they do not want to give some leadership?

Again I say I welcome the heckling and interruptions. It means that at least I have not been putting hon. members to sleep.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): I am glad to have this opportunity to say that we have no confidence in the government opposite, but we are not going to vote for a motion which would turn the clock back.

Mr. Ron Huntington (Capilano): Mr. Speaker, one member I have enjoyed knowing and from whom I have learned much over the years is the hon. member for Winnipeg North Centre (Mr. Knowles).

Some hon. Members: Hear, hear!

Mr. Huntington: This man has served this country well in his capacity as a member of parliament. Much social advance has come about under his urging, but in my opinion tonight he distorts and wishes to destroy all the gains which have been made in this country by supporting the degree of waste and abuse of power which is going on under the government opposite.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: It being 9.45 p.m., it is my duty, pursuant to Standing Order 58(9), to interrupt the proceedings and forthwith put every question necessary to dispose of the proceeding now before the House.

The question is upon the motion in the name of the Leader of the Opposition (Mr. Clark). Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The House divided on the motion (Mr. Clark) which was negatived on the following division.

● (2152)

(*Division No. 21*)

YEAS

Messrs.

Alkenbrack
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Baldwin
Balfour
Bawden
Beatty
Brisco
Cadieu
Caouette (Témiscamingue)
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Coates
Crosbie
Crouse
Darling
Ellis
Elzinga
Epp
Forrestall
Fraser
Grafftey
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hees
Hnatyshyn
Howie
Huntington
Kempling
Knowles (Norfolk-Haldimand)
Korchinski
Laprise
La Salle
Lawrence
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
Malone
Matte
McCain
McGrath
McKenzie
McKinnon
Munro (Esquimalt-Saanich)
Neil
Nielsen
Nowlan
Paproski
Patterson
Pigott (Mrs.)
Ritchie
Schellenberger
Schumacher
Smith (Churchill)
Stanfield
Stewart (Marquette)
Whiteway
Whittaker
Wise
Woolliams
Yewchuk—61.

NAYS

Messrs.

Abbott
Allmand
Andras (Port Arthur)
Andres (Lincoln)
Béchard
Bégin (Miss)
Benjamin
Blais
Blaker
Blouin
Boulanger
Breau
Buchanan
Bussières
Caccia
Cafik
Campbell (Miss) (South Western Nova)
Caron
Chrétien
Clermont
Collenette
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Dupont
Dupras
Duquet
Ethier
Faulkner
Fleming
Flynn
Francis
Gendron
Gilbert
Gillespie
Goodale
Goyer
Gray
Guay (St. Boniface)
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Kaplan
Knowles (Winnipeg North Centre)
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
Loiselle (Chambly)
Loiselle (Saint-Henri)
Lumley
Macdonald (Rosedale)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Martin
McIsaac
McRae
Milne
Munro (Hamilton East)
Nicholson (Miss)
Nystrom
O'Connell
Olivier
Orlikow
Ouellet
Parent
Pearsall
Penner
Philbrook
Pinard
Portelance
Poulin
Railton
Raines
Reid
Roberts
Robinson
Rodriguez
Rompkey
Sauvé (Mrs.)
Savard
Sharp
Stewart (Cochrane)
Stollery
Symes
Trudel
Turner
Whelan
Wood
Yanakis
Young—117.

● (2212)

Mr. Speaker: I declare the motion lost.

[*Translation*]

Mr. Speaker: Order. It being past ten o'clock, this House stands adjourned until tomorrow at 11 a.m.

At 10.16 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Friday, February 3, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

GOVERNMENT COMMITMENT TO RECOMMENDATIONS OF IJC—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the growing urgency surrounding the Garrison diversion project and its effect upon Manitoba's lakes and rivers, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this House direct the Prime Minister to send a diplomatic note immediately to the U.S. government stating Canada's firm commitment to the recommendations of the IJC that guarantee no environmental harm to Canada, and that the Secretary of State for External Affairs refer both the International Joint Commission report on Garrison and the "Andrus plan" to the Standing Committee on Fisheries and Forestry.

Mr. Speaker: Such a motion can be presented for discussion at this time only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PENSIONS

FAILURE OF GOVERNMENT TO IMPROVE RAILWAYS' PENSION PLANS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise on a matter of urgency; therefore, under the provisions of Standing Order 43. I move, seconded by the hon. member for Winnipeg North (Mr. Orlikow):

That this House regrets the failure of the government to take any action to require the Canadian National Railways and the Canadian Pacific Railway to improve their pension plans as recommended by Dr. Noel Hall in his report on Canadian railway pension plans and, further, noting that the pension issue is a major element in the breakdown of labour-management railway contract negotiations, this House calls on the government to insist on immediate increases in the pensions of retired railway workers and the inclusion of an indexing provision in all railway pension plans.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ADMINISTRATION OF JUSTICE

AUTHORIZATION FOR OPENING OF MAIL—MOTION UNDER S.O. 43

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Capilano (Mr. Huntington):

That any legislation brought forward by this government in reference to granting authority to police officers to open mail require that authorization be sought and granted by a judge of the superior court of a province and that such authorization only be granted if an affidavit by the applicant states that such police officers have reasonable grounds to believe the security of the nation is threatened or a serious crime is involved.

Mr. Speaker: Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST THAT EX-MINISTER BE AUTHORIZED TO ANSWER QUESTIONS ON RCMP—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to introduce an important motion of pressing necessity.

Since the Prime Minister has decided to accept the resignation of the hon. member for Argenteuil-Deux-Montagnes (Mr. Fox) as minister of his cabinet; since that minister was directly related in the House to the case of RCMP illegal activities; since that resignation could be interpreted as a means to prevent the minister from answering questions about the part played by the government in that shameful affair involving the RCMP; and since the members of this House are entitled to question the ministers of Her Majesty, I move, seconded by

the hon. member for Cape Breton-East Richmond (Mr. Hogan):

That the House demand that the former solicitor general be authorized to answer specific questions concerning his department, especially as regards the so-called RCMP affair.

Mr. Speaker: Order. Such a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1112)

[*English*]

AGRICULTURE

REQUEST PUBLIC INSTITUTIONS CARRY OUT MORE RESEARCH—MOTION UNDER S.O. 43

Mr. Arnold Malone (Battle River): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that only one nation in the industrial world, Denmark, contributes less money than Canada for research in the field of agriculture, and since the present support for agricultural research in Canada is miserably low when compared with that for private business and industry, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House urges the government of Canada to reverse its destructive intention to curtail the use of public institutions for research in agricultural production and contract such research to private research institutions which in the case of plant and animal breeding is non-existent.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

NEW BRUNSWICK—REQUEST FOR IMPROVED SERVICE—MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the fact that the CBC has sufficient resources to finance such programming frivolity as conducting a national telephone survey on the dreams of Canadians, including wasting the time of members of parliament with such nonsense, I move, seconded by the hon. member for Madawaska-Victoria (Mr. Corbin):

That this House unanimously condemns such irresponsible squandering of public funds by the CBC and directs the corporation to provide forthwith realistic production facilities in the province of New Brunswick and access to

AM and FM radio programming in both official languages to all the people of New Brunswick.

Mr. Speaker: The presentation of such a motion for debate, pursuant to Standing Order 43, can be done at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Paproski: The Secretary of State (Mr. Roberts) said "No".

* * *

HOUSE OF COMMONS

REMARKS ABOUT MINISTER OF TRANSPORT—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the Minister of Industry, Trade and Commerce (Mr. Horner) is recorded in *Hansard* for November 26, 1974, as forecasting, and I quote, "I shall see Otto Lang tarred and feathered and driven out of Saskatchewan", and "I will pay for the oil and I will pluck the chickens", I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That the minister advise the House whether he is still prepared to pay for the oil and pluck the chickens needed for the tarring and feathering of his colleague, or whether he no longer desires such a sticky future for the Minister of Transport.

Mr. Speaker: Order, please. The hon. member for Winnipeg North (Mr. Orlikow).

* * *

LABOUR CONDITIONS

LAY-OFFS BY BELL CANADA AND NORTHERN TELECOM—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to move a motion, under Standing Order 43, regarding an urgent and pressing matter. In view of the fact that Northern Telecom, a subsidiary of Bell Canada, laid off over 1,000 workers in the last year and that new lay-offs of an additional 400 workers in Montreal and Brantford are being announced, and in view of the statement by Telecom's chairman, Mr. Robert Scrivener, that Northern Telecom would hire more workers if Bell is allowed to increase its residential telephone rate by 20 per cent and its business rate by 28 per cent, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House unanimously condemns the economic blackmail by Bell Canada and Northern Telecom and urges the government to stop immediately the millions of dollars in tax concessions provided to Northern Telecom to create

jobs in Canada instead of laying off workers and using Canadian taxpayers' moneys to expand in the United States.

Mr. Speaker: Such a motion can be presented for discussion, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

● (1117)

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

RECURRING LAY-OFFS—EFFECT ON ECONOMY—GOVERNMENT ACTION

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, if I could interrupt his conversation with his Quebec lieutenant, I should like to direct a question to the Minister of Finance.

Mr. Hees: Good old bilingual Jack.

Mr. Clark: Mr. Speaker, someone across the aisle now confirms that the Minister of Industry, Trade and Commerce is the Quebec adviser to the Government of Canada, and I am prepared to accept that advice. My question to the Minister of Finance flows from the most recent publication of statistics by this government which indicate the failures of the policies of the government.

Today, reports from the Department of Employment and Immigration indicate that in the month of January in excess of 7,000 Canadians were laid off at plants across this country. That continues the very dangerous pattern that was evident in October, November and December and indicates, also, that the government must do something quickly to stop this pattern of lay-offs which is adding to unemployment in the country. My question to the minister is simple: What immediate action does the government intend to take to halt this dangerous pattern of lay-offs across the country?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I prefer to have some advice from the Minister of Industry, Trade and Commerce on national issues, on a Friday morning, rather than the kind of advice that the Leader of the Opposition was trying to get in Quebec City last Friday. I think we are very much aware that we have some difficult economic problems in this land, and we are working very hard to try to improve the situation.

Last Friday I spoke with my colleagues, the ministers of finance of the provinces, about the general situation. There will be an economic summit with the premiers and other ministers in the next couple of weeks. They are trying to do whatever is possible to improve the situation. We stated our economic policies in October, and this month some tax cuts come into the economy. We cut income tax by $100, for January and February, for seven million taxpayers. On January 1 we—

Some hon. Members: Order.

Mr. Chrétien: The hon. member said we do not have economic policies, Mr. Speaker, and I should like to report to him that many ministers of finance—

Some hon. Members: Order.

Mr. Clark: If I may summarize that answer, Mr. Speaker, the Minister of Finance said that his plan is to continue to talk while plants close down across the country. He referred to his meeting with provincial ministers of finance. If press reports are correct, at that meeting he repeated his projection that there would be a rate of growth of at least 5 per cent, and perhaps 5.5 per cent, this year. I do not know of one, and I defy the minister to name any serious economist in the country who accepts that rate of growth.

What worries this House of Commons is that if the minister is wrong in this, as he has been in everything else, we are going to have deeper problems with unemployment and the economy of this country. Will the minister table in this House the projections and inform .tion from his department on which that forecast of growth rate was based?

Mr. Chrétien: Mr. Speaker, we discussed those policies with officials of the Department of Finance and the Bank of Canada. We were not the only ones who predicted that Canadian growth in 1978 will be second only to Japanese growth, of all countries in the world, and will be better than all other OECD countries. We said on October 20 that the growth pattern for 1978 would be 5 per cent, and we do not have to change that figure. The Leader of the Opposition is asking if we have some company. I was quite pleased to learn that the Conference Boards of Canada and the United States predicted that the Canadian economy in 1978 would be better than any country other than Japan.

● (1122)

Mr. Clark: Mr. Speaker, the minister is supposed to be dealing with figures. He has given a hard figure of at least 5 per cent, perhaps 5.5 per cent. Who else predicts that rate of growth for Canada? The answer is that nobody else of standing predicts that rate of growth. I am asking the Minister—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. I was about to call to order the Leader of the Opposition, who had put a question and then began to answer it. I think that is extending the privileges of the question period.

Mr. Clark: A supplementary question. My reasonable request is to the Minister of Finance. Canadians who are presently unemployed, and the number is growing each month, are the ones who are interested in being assured that the

economic policy of this government will create new jobs, my question is: Will the minister make available to the House of Commons the information on which he bases his projection, so we can be sure the minister correctly understands that information, that he is correctly presenting the views of his officials, and so that all Canadians, including this parliament, will have some reason for confidence—something more than the word of this minister that we can count upon for that kind of rate of real growth in the country? Will he make that information available to the House of Commons?

Mr. Chrétien: Mr. Speaker, I made an economic statement on October 20, 1977, in which I explained why we believe the growth will be 5 per cent. There is no information at present which will force me to change that projection. I stand by what I said. Before I made those projections, I had long discussions with the very able advisers of the Department of Finance and the Bank of Canada, and to date they have not asked me to change my position.

Mr. Clark: Will the Minister of Finance agree, right now, to resign if he is wrong in that projection?

Mr. Chrétien: Mr. Speaker, I can understand that the hon. member would like me to be out of politics. I would like to be out of politics, but when I see that we could be replaced by a party which will be led by him, I have reason to stay around.

GOVERNMENT ADVICE TO JOBLESS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my supplementary is to the soon-to-be unemployed Minister of Employment and Immigration. I ask him this question: Given the fact that according to the latest figures of Statistics Canada, there are 26 job seekers for every job opening in this country, and apart from the frivolous and irresponsible advice he gave to the group he calls the mommas and poppas of the country not to send their kids to university, as well as a million dollars worth of offensive advice he has given to unemployment insurance recipients, what advice does he have for the one million Canadians for whom there are no job openings?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, with that preamble we have seen an unusual phenomenon: the hon. member's mind stopped working and his mouth kept functioning.

An hon. Member: Tell that to the unemployed.

Mr. Cullen: Mr. Speaker, if the hon. member wants to constantly misquote what in fact was said by myself, I suppose that is appropriate enough, if that is the kind of hyperbole that he wants to use. Let me suggest to him that in addition to being the official crepe-hangers over there, some consideration should be given to the fact that in villages and small communities such as Pembroke an industrial park has been opened, and Shell are talking about embarking upon a $200 million expansion.

The hon. member has said there is no hope for the people who are unemployed. I say that is just not the case. Shell management have indicated they are expanding; they are moving into a Syncrude project. When we hear all the blues being cried about not being able to lease buildings in Ottawa, we should remember that Metropolitan Life, with its large building, says they are having no difficulty. There are all kinds of opportunities and optimism alive in the country.

LEADERSHIP FROM DEPARTMENT TO IMPROVE EMPLOYMENT SITUATION

Mr. James A. McGrath (St. John's East): My question, Mr. Speaker, is to the Minister of Industry, Trade and Commerce. If we are to go by the irrational statements of the Minister of Employment and Immigration, his mind is certainly not working. My question to the Minister of Industry, Trade and Commerce is this: Given the fact that in the month of January there were more than 7,000 plant lay-offs, affecting every region of the country, mainly because of lack of orders, what direction or leadership can we expect from the minister and his department with respect to the plants which are being forced to close down and lay-off Canadians because of lack of orders?

• (1127)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, it should be noted that at any given time in a normal year, 25 per cent of the labour force change jobs.

Some hon. Members: Oh, oh!

Mr. Horner: I hear members saying "Oh, oh!" Some move up the ladder, some move laterally, and some move to new locations. I would also like to state that my department, through the enterprise development program, is assisting industry every day. In fact, in the month of January we probably substantiated 7,000 more jobs.

* * *

ADMINISTRATION OF JUSTICE

McDONALD INQUIRY—EVIDENCE THAT PRIVY COUNCIL OFFICE INSPIRED RCMP BREAK-IN

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Solicitor General. I congratulate him on his appointment and on assuming this new responsibility. I wish him luck: he will probably need a lot. The evidence given before the McDonald inquiry yesterday was that the break-in at the offices containing PQ files was inspired, not by the RCMP security service but by information given from the Privy Council Office to the RCMP to the effect that the PQ was being funded from a foreign source.

Can the minister confirm that it was the PCO which gave the information to the RCMP before that activity against the PQ? Also, can he advise what evidence the PCO had, that the

RCMP did not have, which inspired the RCMP to move on the PQ?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I thank the hon. member for his kind words. With regard to the question he has raised, I would point out to him that the McDonald commission is dealing with the issues that he has identified. It will be my policy to leave the McDonald commission to make its own conclusions on the evidence that is adduced. I will not be commenting on a day by day basis on evidence that may be adduced before that commission on a prior occasion.

Some hon. Members: Hear, hear!

Mr. Leggatt: Mr. Speaker, the question of political responsibility is the one that is being asked. The Solicitor General knows that. This is a blank refusal to deal with the responsibility of this government. I hope the Canadian public understand what is happening when the Solicitor General gives that kind of answer. My supplementary question is this: Also before that inquiry, evidence was given that, in fact, when the Japanese Red Army terrorist was arrested, the illegal mail openings that took place were unnecessary. The evidence was, with hindsight, they would not have needed it. The apprehension was done after a legal wiretap and had nothing whatsoever to do with the mail opening in that particular case. We had evidence by the previous solicitor general in this House, and statements by the Prime Minister, that as a direct result of that mail opening the apprehension had taken place.

Mr. Speaker: Order, please. I wonder how long the hon. member really feels he is entitled to make a preamble. If he has a supplementary question, I suggest he should put it.

Mr. Leggatt: Mr. Speaker, you have to be careful asking questions of a new minister: I want to make sure he is fully advised. Can the Solicitor General now advise the House what information was put before the previous Solicitor General with regard to mail openings? What information was put before the Prime Minister with regard to mail openings? Was the information that the mail openings were responsible for the arrest? Was this House misled?

Mr. Blais: Mr. Speaker, with regard to the initial remark of the hon. member, I want to assure him that I take my ministerial responsibility very seriously indeed. That ministerial responsibility is dated as of February 1 of this year. What happened prior to that time and prior to the nomination of the previous solicitor general is a matter presently under study by the McDonald commission. The allegation the hon. member has brought to our attention is, again, a matter that was brought forward in evidence before the McDonald commission. I suggest to the hon. member that he not only rely on his interpretation of a reporter's interpretation of the evidence, but that he read the transcript. I point out to him that the transcript of Sergeant Pollock's evidence comprises 30 pages of yesterday's proceedings. I suggest he familiarize himself with those proceedings before making any sort of allegations in this House, if he is to discharge his responsibilities as a private member.

Some hon. Members: Hear, hear!

Mr. Leggatt: Mr. Speaker, I would ask the Solicitor General to clarify his last answer. Is it his position that he will not be informing himself of anything that has occurred previously in his department, in order to advise this House concerning the political responsibility of the government? Is that precisely what the minister is telling the opposition today?

Mr. Blais: Of course not, Mr. Speaker.

● (1132)

McDONALD INQUIRY—REQUEST SOLICITOR GENERAL RECONSIDER EARLIER ANSWER

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my supplementary question is directed to the Solicitor General. If we agree that we are not to rely merely on press reports of what is happening in a couple of judicial inquiries in respect of our search and our responsibility in this House to get this information, obviously this is an added burden and responsibility on us.

Some hon. Members: Oh, oh!

Mr. Lawrence: Obviously, it is our responsibility to ask the minister these questions so that we can receive the truth in this House. Will the Solicitor General reconsider the rather inflexible attitude which he has just displayed, so that we can ask him these questions in the House about this important matter and not have to rely on what is happening in a judicial inquiry?

Some hon. Members: Hear, hear!

Hon. J.-J. Blais (Solicitor General): No, Mr. Speaker.

[*Translation*]

KEABLE INQUIRY—INQUIRY WHETHER NEW SOLICITOR GENERAL WILL FOLLOW POLICY OF HIS PREDECESSOR

Mr. René Matte (Champlain): Mr. Speaker, my question is also directed to the Solicitor General.

Can the new Solicitor General tell us whether he intends to follow the same policy as his predecessor with regard to the stand to be taken on the summons and requests of the Keable inquiry?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I thank the hon. member for his question. In fact, I had hoped that the hon. member would realize that I should analyse each summons before making a specific decision on what I am being asked. Generally speaking, I do intend to follow the policy of my predecessor with regard to such requests as I feel exceed the mandate of the Keable inquiry.

Mr. Matte: Mr. Speaker, can the minister say whether he will accept to clear up completely the reasons which led the

RCMP to act illegally under the circumstances that have already been revealed, and will he also accept to throw light on the responsibility of the RCMP agents provocateurs in the infamous October 1970 crisis?

Mr. Blais: Mr. Speaker, I should like to reflect at greater length on the question of the hon. member. Naturally, I am not familiar enough with the matter to give him a complete answer, but, generally speaking, I believe that most of the topics he has brought to our attention are now being examined by the McDonald Commission. I am totally confident that the latter will be able to assume its full responsibilities under its terms of reference.

* * *

[*English*]

THE CANADIAN CONSTITUTION

SIGNATURE OF LIEUTENANT GOVERNOR ON QUEBEC BILL 101

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Acting Prime Minister. In connection with the signature which was applied a couple of days ago to Bill 101 by the Lieutenant Governor of Quebec, after a delay of approximately five months, at which time he affixed his signature to the French version of Bill 101, was the Government of Canada consulted by the Lieutenant Governor of Quebec as to the course that should be followed? Was there any discussion between the government of Canada and the Lieutenant Governor of Quebec in connection with this matter?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I made a quick check on that point this morning. To my knowledge the answer is no, there has been no such consultation or discussion between the government and the Lieutenant Governor of Quebec. That is the result of a quick check. If further investigation reveals that I am incorrect, I will tell the House.

Mr. Diefenbaker: Mr. Speaker, as the Lieutenant Governor of Quebec constitutionally occupies a dual position as a representative of the Crown and is reponsible to the Government of Canada which appointed him, does the Acting Prime Minister not think the Government of Canada, under the law which provides for bilingualism in every part of Canada, should have made it clear to the Lieutenant Governor of Quebec that the course he was following was one which was satisfying Mr. Lévesque but was a denial of the entire consitutional basis of this country?

Mr. MacEachen: Mr. Speaker, I would not undertake to accept that view. The Lieutenant Governor of Quebec is an experienced person with long service in that particular post. I am sure he acted with full knowledge of the consequences of his actions and his constitutional position. To my knowledge, we have not had any contact or discussion with him as to how he ought to proceed.

Mr. Diefenbaker: Mr. Speaker, I am always impressed by the hon. minister when he answers a question and when he speaks in the House. I ask him this simple question: Does he not think the Government of Canada owed a duty to the whole of Canada to take a view different from that expressed by Premier Lévesque and apparently accepted by Mr. Lapointe in correspondence, was what took place proper and appropriate? Surely the Government of Canada should have followed the course other governments had followed in the past when lieutenant governors act contrary to what is expected in a national sense, namely, the government steps in. Is this another example of the Government of Canada having a sham fight with Premier Lévesque?

Some hon. Members: Oh, oh!

Mr. MacEachen: No, Mr. Speaker; the fight is quite real.

Some hon. Members: Hear, hear!

* * *

BILINGUALISM

ALLEGED LACK OF PUBLIC POLICY FOR PROGRAM

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the Secretary of State. It concerns the recent resignation of the minister's bilingualism co-ordinator in Ontario, Mr. Richard Fitzgerald, who charged at the time of his quitting that the lack of public policy in dealing with ethnic groups is resulting in a waste of funds and an unfair allocation of money: in fact, he suggested that this money is being used to re-elect Liberals, to the detriment of the minority it is supposed to serve.

When the minister's undersecretary appeared before the standing committee last November 30, in response to a question posed by me he said:

> The way I have operated is to seek my minister's approval for priorities and then decide to discriminate in favour of the issue.

Can the minister give an uncategorical assurance that he or his office at no time during the drafting or implementation of funding programs under his department for minority groups or citizen participation gave an implied or direct indication to his officials that the impact of such funding upon the Liberal party's fortunes should be a consideration in its allocation?

Hon. John Roberts (Secretary of State): Mr. Speaker, I can give the hon. member that assurance. I met with the public servant in question after he tendered his resignation to explore with him the reasons for it, and indeed we discussed policy matters. But at no time in our conversation did he raise the kind of matter which was referred to in the press and to which the hon. member has now referred.

When I read those press reports, obviously I was disturbed by their import. I instructed my officials to get in touch with him to find out if there was specific evidence to support such allegations, if indeed he made such allegations. I know my

officials have been in touch with him; I believe they wrote to him the day before yesterday. I am awaiting any specific information which would help me to track down such cases, if indeed there are any. I can assure the hon. member there has never been any instruction, implied or otherwise, on my part that grants or awards should be given on the basis he suggested.

● (1142)

Mr. MacDonald (Egmont): In view of the fact that the minister indicated at the meeting early in December that he would supply to members of the committee a clear indication of the nature of the projects that have been funded, and a further elaboration on the criteria—something that has not yet been received by the committee members—and because during the month of December, when the minister announced his policy for aid to Francophones, there was a noticeable lack of either prior consultation or, in effect, acceptance by the umbrella organization, the Federation of Francophones of Quebec, could the minister indicate if his department is still bypassing this organization in the allocation of grants, and whether any steps are being taken to effect meaningful, ongoing consultation and co-ordination in this important program?

Mr. Roberts: Mr. Speaker, I think three questions are contained in the hon. member's question. I will try to answer each one of them. Of course, decisions about grants are made within the framework of the government; they are not made by the organizations which consult with the government. Second, there has been a continuing effort to seek consultation in this area, particularly over the summer months when we were preparing the proposals which I announced before Christmas. There has been a constant effort to obtain the co-operation of La Fédération Francophone hors Québec in the elaboration of these programs, and for reasons which they have expressed, with which I am unhappy, they decided not to take part in the process of consultation.

Third, I should indicate that in terms of the elaboration of the criteria to which the hon. member referred, criteria have been established for a considerable period of time for the official languages minority group program. What I have suggested is that it might be useful to develop those criteria further, to elaborate on them and to find additional criteria for the funding of groups. So there are criteria already available. It has been my hope that through the process of consultation we might be able to improve on those criteria to further assist the groups.

* * *

COMMUNICATIONS

LONGLAC, ONT.—REPORTED SEIZURE OF TRANSMITTING EQUIPMENT

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, my question is addressed to the Minister of Communications. I ask the minister whether she is aware of the fact that last night, in Longlac, Ontario, officials of her department, aided by the RCMP, seized the transmitting equipment of the Northern Access network. This was done on the eve of French language television being put on the air for the first time in Longlac, something which the CBC has promised for many years but never delivered. Will the minister instruct her officials to stop this practice of harassment against these citizens living in an isolated region of Canada, and can she tell the House what action is proposed to help Northern Access to become technically certified and then licensed?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, I am not aware of these actions which took place last night, but I expect the only grounds on which such seizure of equipment could take place would be that the equipment of the persons or firm in question was not up to the standard required by the department. However, I will inquire immediately into this situation to see what really happened and for what reasons.

* * *

LABOUR RELATIONS

RAILWAYS—BREAKDOWN OF NEGOTIATIONS IN LABOUR DISPUTE

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I should like to address a question to the Minister of Labour. In view of the fact that negotiations between the railway brotherhoods and railway management broke down yesterday after a period of negotiation, and in view of the fact that the unions have asked the minister to appoint a commissioner in this matter, can he tell the House whether he will do so, what the duties of Mr. Kelly are, and what his status is in his movement from here to Montreal? Also, can the minister tell the House whether he has held discussions with the railroads and the unions on this matter?

Hon. John C. Munro (Minister of Labour): Mr. Speaker, as the hon. member is aware, Mr. Kelly is highly experienced, especially in railway negotiations, so no doubt he has been in discussion with both management and labour. On the railways, his function is, of course, to go to Montreal to try to achieve a settlement by bringing the parties together. I sincerely hope he can accomplish it.

Mr. Benjamin: In view of the fact that the issues which caused the breakdown in the negotiations are confined to the totally inadequate response of the companies on fringe benefits, nothing for those who are on pension and, what is most serious, the whole matter of the railways' attempt to contract out—which has to do with job security—will the minister be making representations through other ministers or the government as a whole to the railway management? Also, since I appreciate that he must maintain some element of neutrality and impartiality, will he ask the Minister of Transport, rather than my chicken-plucking friend from St. John's West, to call upon the Canadian National Railways and Canadian Pacific

Railway management to make improvements in benefits for their pensioners and to cease and desist from attempts to contract out work, particularly with respect to maintenance of way, and if they will negotiate—

Mr. Speaker: Order, please.

Mr. Munro (Hamilton East): Mr. Speaker, no doubt the hon. member's message is getting through, but so far as I am concerned I would not maintain the position of neutrality which the hon. member advises me to maintain.

B.C.—REQUEST FOR PROGRESS REPORT ON LABOUR DISPUTE

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is to the Minister of Labour. In view of the fact that there has been a long and unpleasant strike in British Columbia, involving the management and employees of British Columbia Tel, and in view of the fact that rumours are circulating that the strike has either been settled or is on the verge of settlement, can the minister report to the House on the situation?

Hon. John C. Munro (Minister of Labour): Yes, Mr. Speaker. This is a happy occasion for me because I am advised that there is every expectation that a settlement of that bitter dispute will be reached. There are still things to be worked out in the work agreement area. I will be in the hon. member's city tomorrow, and I will be in a position to make a final assessment of how close to conclusion the settlement is, but I am confident that the matter can be settled.

Mr. Fraser: Can the minister give us his assurance that in any discussions he will have—I refer especially to complications which might still exist with respect to working out back to work arrangements—he will follow the advice he has been taking lately, and the position which I have always taken, that politicians refrain from commenting until the delicate negotiations are completed?

Mr. Munro (Hamilton East): There is no question about it, Mr. Speaker.

* * *

GRAIN

WHEAT—SALE AT BELOW COST OF PRODUCTION—DELAY IN SHIPPING

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, my question is for the minister responsible for the Canadian Wheat Board. Yesterday the minister confirmed the worst fears of the prairie grain farmers, that not only are we sold out of wheat this year at below the cost of production but also at below the initial price, which means no payments to farmers next spring. At a time when wheat prices are steadily rising, and with the revelation that public money will be required to balance the pool account for wheat, will the minister now have the Auditor General report on Canadian Wheat Board accounts, especially in view of the suspiciously large wheat payment now in the mail in this election year to a quarter of a million producers?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it is really astonishing how the hon. member can launch an attack against the Canadian Wheat Board and combine it with the fact that the government has to its credit the holding of the initial price at higher levels than we considered safe at the time we set them. It is well known that that was the case. We did that for a variety of reasons, including the fact that we wanted to take the cost of production into account, the fact that with the stabilization plan we knew there was an offset in any case, and that with international agreement discussions forthcoming we wanted to be sure that the world would recognize we did not believe a price below $3 a bushel for our wheat was adequate.

• (1152)

Notwithstanding that, at that time the Canadian Wheat Board continued to compete vigorously for markets, using its best judgment, and if the hon. member really means to attack the board, its process and its judgment, like so many members of his party are apt to do, let him say so clearly. The board used its best judgment and it made sales, while some of the hon. member's colleagues—including premiers who are members of his party in other parts of the country—attacked the board for not being vigorous enough. The Canadian Wheat Board is, in fact, setting a record in terms of sales.

Some hon. Members: Order.

Mr. Hamilton (Swift Current-Maple Creek): Mr. Speaker, the minister's flippant answer does not bother me, but I wish he would show more concern for the well-being of the half million people on the prairies who depend on the grain industry for their livelihood.

Some hon. Members: Hear, hear!

Mr. Hamilton (Swift Current-Maple Creek): As the minister continually blames unreliable vessel arrivals for the annual pile-up of shipping in Vancouver, which is once again costing farmers millions of dollars in demurrage charges and is jeopardizing our growing Asian trade, does the minister still get his Asian shipping intelligence from our good friends in a downtown Chinese laundry?

Mr. Lang: Mr. Speaker, again the hon. member seems to neglect the fact that with $200 million going out in final payments and with a probable payment under the stabilization plan, we have done a great deal to safeguard the income of farmers. The lack of logic in his position is apparent when he talks about demurrage charges being a worry to the farmer. In fact, when there is a deficit in the pool, it should be obvious even to the hon. member that that payment falls to the government, rather than to the farmer. The truth is that there was a delay in the arrival of ships.

Some hon. Members: Oh, oh!

Mr. Lang: Hon. members from the Tory party, including the hon. member for Saskatoon-Biggar, do not seem to realize that if there is a deficit in the pool, additional costs by way of demurrage obviously fall to the government, which pays the deficit; so it is not upon the farmer.

An hon. Member: It is on the taxpayer.

Mr. Lang: I agree that it is on the taxpayer. At last the Conservatives realize that. I wish they would recognize that generally, including when they attack the user-pays policy and other sensible policies aimed at bringing about productivity increases in this country.

* * *

NATIONAL DEFENCE

NOTIFICATION TO U.S.S.R. OF SATELLITE DISINTEGRATING OVER CANADIAN SOIL

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Defence. Did the government formally notify the Soviet Union, as we are required to do under clause 4 of article 5 of the treaty governing the return of objects launched into space, and have the Soviets responded in the manner they were obliged to do if we so informed them that an object of a hazardous and deleterious nature had crashed in our territory?

Hon. Barney Danson (Minister of National Defence): Yes, Mr. Speaker, there have been discussions between officials of the Department of External Affairs and the Soviet government to determine the consequences of this.

Mr. McKinnon: That is not quite an answer to the question I asked. I asked if we formally notified them under the treaty. Discussions are a different thing. Has the Soviet Union asked that the debris be returned to the Soviet Union, and is the minister aware that if we fail to notify them under the treaty, and if they do not make a spontaneous request for the return of the debris, we may well forfeit our chance of having them pay the expenses of the search?

Mr. Danson: Mr. Speaker, I do not believe the treaty has been exercised in that manner.

* * *

[*Translation*]

COMMUNICATIONS

TELEVISION—REQUEST COVERAGE BE EXTENDED TO NORTHERN ONTARIO

Mr. Ralph Stewart (Cochrane): Mr. Speaker, I would like to put a question to the Minister of Communications.

Considering that several isolated areas in northern Ontario which are not serviced by the French networks are interested in the kind of television programs mentioned earlier by my colleague from Thunder Bay, would the minister be prepared to make a statement on motions to explain the policy she intends to follow concerning that kind of programming?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, if I understand correctly, the programs which are available in the region are not broadcast under a licence. The policy is already well established: anyone who wishes to broadcast television programs in a given area must appear before the CRTC to request a broadcasting licence. I will look further into the specific case mentioned by the hon. member to see if something can be done to make television more readily available to people who do not yet enjoy that service.

* * *

[*English*]

INDUSTRY

AUTOMOBILE MANUFACTURERS—RESEARCH AND DEVELOPMENT IN CANADA

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. Has the minister had any discussions with the automobile manufacturers he mentioned yesterday about doing a reasonable amount of, or even doing any, research and development in Canada?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Yes, Mr. Speaker, we have encouraged and urged the automobile industry to do more research and development in Canada.

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SCIENCE AND TECHNOLOGY

DEPARTMENTAL VACANCY AT DEPUTY MINISTER LEVEL

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, my supplementary question is directed to the Minister of State for Science and Technology. Is there a vacancy at the deputy minister, or associate deputy minister level, in his department concerning the industrial development and research branch and, if there is, will it be filled very shortly?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): Yes, Mr. Speaker, there is a vacancy there. The deputy minister interviewed several prospective applicants this week and we hope the position will be filled within the next week or two.

* * *

AGRICULTURE

BURNING OF PLASTIC BAGS AT EVISCERATING PLANT

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Agriculture. It has just been brought to my attention that late last year the minister's

department ordered the Friendly Family Farms eviscerating plant at Steinbach, Manitoba, to burn $15,000 worth of plastic bags because there were no French markings on them. I ask the minister why this burning was ordered and why the bags were not allowed to be used, in light of the fact that the company's product is marketed only in western Canada.

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I was not aware of this and I was not aware that any order would have to be issued, because in other cases where this situation has been brought to our attention, permission has been given to use unilingual bags in unilingual areas. I will certainly check it out and report back, because I do not think there should be that kind of waste. If bags can be used, and if there is no need for them to have bilingual labels, they are going to be used in strictly unilingual areas.

* * *

SOCIAL SECURITY

REPORT ON FEDERAL-PROVINCIAL MEETING

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Last week there was a meeting of federal and provincial deputy ministers of social services. Can the minister inform the House if any decision was made at that meeting as to the funding of social services? Did provincial officials bring to the attention of the minister's officials the great difficulties caused to the provinces because of the cutback in funds in relation to the amounts offered originally by the federal authority under proposed block funding arrangements for social services?

[*Translation*]

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I cannot give the result of the meeting of deputy ministers but I can assure the House that no decision has been made yet since the ministers have to decide. Earlier this week I wrote to all my provincial counterparts asking them if they would accept March 6 and 7 as appropriate dates to hold a federal-provincial meeting on social services to know if we might come to some agreement, something I am looking forward to. The $132 million which had to be frozen for a year was an additional amount provided in the initial offer. Unfortunately it has been frozen because of budget restraints that we saw fit to impose.

Mr. Grafftey: Mr. Speaker, since the federal-provincial conference has been postponed, is the minister still planning to introduce in the House at some time in April a new social services legislation?

Miss Bégin: Mr. Speaker, there must be some misunderstanding. The meeting I am supposed to have with my counterparts has never been postponed. The date I have indicated is that which my counterparts have requested. I am looking forward to this first meeting, which, depending on the general consensus of opinion, will determine whether the status quo will be maintained, or whether I shall have the honour to introduce a new legislation.

* * *

[*English*]

CONSUMER AFFAIRS

NORTHERN TELECOM—ALLEGED ECONOMIC BLACKMAIL TO OBTAIN RATE INCREASE FOR BELL CANADA

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of Finance, in the absence of the Minister of Consumer and Corporate Affairs. Is the minister aware of the economic blackmail statement made by the chairman of the board of Northern Telecom, Mr. Scrivener, who said that Northern Telecom would hire more workers if Bell Canada is allowed to increase its residential rate by 20 per cent and its business rate by 28 per cent? That is the largest increase Bell has ever requested. If the minister is aware of this, would he indicate whether he is prepared to recommend to his cabinet colleagues that the millions of dollars in tax concessions provided to Northern Telecom in the last budget, ostensibly to create jobs—which is not being done—will be terminated immediately?

● (1202)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I must say that I was not aware of any statement made by the chairman of Northern Telecom and that our tax system is not of such a nature as to permit us to discriminate at will against any Canadian corporation.

[*English*]

Mr. Orlikow: A supplementary question, Mr. Speaker. In view of the fact that Northern Telecom laid off 1,000 workers in the minister's province last year, and in view of the fact they have announced the lay-off of another 280 employees in Montreal and about 100 in Brantford, would the minister reconsider the easy position he continues to take with this company which has no intention of increasing its work force in Canada?

[*Translation*]

Mr. Chrétien: Mr. Speaker, the tax incentives which a number of corporations are receiving because of the investments they make in specific areas do not compel them to maintain the same number of job opportunities in other areas or other plants in Canada. The law is there and exists for all industries in Canada, and those industries which qualify under the income tax legislation which the House adopted last December are entitled to these benefits. Under these circumstances, there is nothing we can do on the spur of the moment or following a bad statement made by a corporation official.

[*English*]

THE CANADIAN CONSTITUTION

PROPRIETY OF SIGNATURE OF LIEUTENANT GOVERNOR ON QUEBEC BILL 101

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I should like to direct a question to the Deputy Prime Minister supplementary to that put by the right hon. member for Prince Albert. Is the Minister of Justice or the Department of Justice considering the question of the propriety of the signature, on the second language copy of Bill 101, of the Quebec legislature, its having been affixed after the proclamation of the original bill, and whether the signature at that late date has any effect whatsoever with respect to the position of the propriety of Bill 101?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am sure the Department of Justice will consider the question put by the hon. member. To my knowledge, it has not been discussed by the government. But these facts will probably be considered by the Department of Justice and it is probable they will conclude by forming some opinion.

Mr. Baker (Grenville-Carleton): A supplementary question, Mr. Speaker. Given the position that the government has taken previously with respect to litigants under Bill 101, that it is proper to intervene and assist any Canadian involved with the bill, could the minister take up with the Department of Justice the question of what effect this late signing of the second language copy of the bill will have on litigants who are before the courts on a case decided prior to the rather tardy signing of the second language copy of the bill? This is a very important question as to the issue of Bill 101 and all that flows therefrom.

Mr. MacEachen: Mr. Speaker, I think the hon. member is raising valid questions as to the effect this development may have on litigants. My own mind is teeming with ideas on the subject, but as a non-lawyer I would hesitate to express them.

* * *

PRIVILEGE

MR. LAWRENCE—ANSWERS GIVEN BY SOLICITOR GENERAL

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question of privilege relates to the astounding and unprecedented statement made a few moments ago in the question period by the Solicitor General (Mr. Blais). This certainly reflects on my right to seek information in the House, and reflects on the right of every hon. member of this House to seek information which we not only have the right but also the responsibility to seek. My proposition to you, Sir, is that this reduces the proceedings of this House to an unfunny travesty, and indeed relegates us all to a position of impotence with respect to the truth of important matters which come before the House.

I shall be brief, Mr. Speaker, but this is an important matter.

I draw your Honour's attention to a ruling you made in this House many months ago which, even though some of us did not agree with it, nevertheless under the rules of this House we have to and do abide by it. That ruling was to the effect that we cannot ask direct questions of a previous minister of the Crown relating to the affairs of a department or ministry when that particular person was the responsible minister in this House. Presumably the logic behind Your Honour's ruling was that there always has to be a minister or acting minister of the Crown dealing with the affairs of a department, and therefore, if questions are to be asked, they should be asked of the present, not the previous minister.

I draw your attention today, Sir, to the very serious implications of what we have heard from the brand new Solicitor General. First, he does not not intend to answer in this House any questions relating to the affairs of his ministry prior to his appointment on February 2, 1978. Second, he does not intend to discuss or give any information to this House about matters which are the subject matter of two separate judicial inquiries outside this House which relate to very important matters, and about which some of us feel the correct and true information cannot be drawn out in the way both of those inquiries may be conducted at the moment.

Third, on the advice and counsel of this government, no political party is permitted to obtain representation before the one judicial inquiry over which the government has control. Not only is this an effective gag on political parties and reduces the whole political input into this very important political question to an absolute zero, but, more important, we have a minister in this House who says he is not responsible for what happened before February 2, and is not going to discuss it with us.

Where are we headed, Sir? I will be brief and I will be glad to make a written submission or perhaps a more extended submission, as I am sure many other hon. members will want to at a later date, if Your Honour wishes to reserve judgment on this matter. Surely, Sir, your original ruling is wrong or the minister is wrong. It is as simple as that. There can be no other choice. If we cannot ask this minister about matters prior to his appointment—and that is the very substance, basis, and essence of Your Honour's ruling—then where do we go? There is a void. It reduces the proceedings of this House to a travesty. It further reduces the whole proceedings of this House to a state of impotence on an important political matter regarding which we deserve and have every responsibility to seek information.

I suggest to you, Sir, that if this minister is starting off on that track he had better resign, or else the rules must be changed immediately so that we can bring this House of Commons back to the proper type of forum we have every right to expect it to be.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I should like to second the remarks of the hon. member for

Northumberland-Durham (Mr. Lawrence) concerning what is a fundamental question of privilege.

It is my capacity and every member's capacity in this House not to represent ourselves but to represent our constituents. When we come to this place we assume an obligation to ask questions of a responsible government about matters that come before it from day to day, or matters that we may learn about that had come before it previously. The opposition cannot always know what occurred months ago. But when a ministry changes, surely it is a fundamental principle of this place that the minister is not responsible for what happened with regard to his predecessor. Surely it is fundamental to the practices and procedures of the British House of Commons that that minister should inform himself so our constituents can be informed as to the political responsibility for matters that have gone before.

● (1212)

The answers given to questions which I raised today, Mr. Speaker, are mindboggling concerning the conduct of business in this place. I have not had a chance to check the blues, so I am going to paraphrase the answer that was given, but I certainly came to the conclusion from the answer given that he will not comment on matters before the commission, and that he will not inform himself on matters that have occurred in the past with respect to his predecessor.

An hon. Member: Precisely.

Mr. Leggatt: That is the most dangerous kind of answer and I must say it is the most dangerous way for the new minister to assume his new responsibilities. Surely if that is the kind of left foot the minister is going to put forward, it would be best for him not to sign a lease for his office or purchase any new furniture because he will not be occupying it for long.

The minister must accept his responsibility to inform himself and advise members of this House as to the political accountability of his office, and that includes his predecessor. If he is unable to recognize his duty and obligations, I suggest that a ruling be made in this House as to his responsibility respecting our practices and procedures here in answering questions concerning activities which have occurred in the past.

This is a vital and important matter to the House. It could reduce the question period to a travesty, and if he continues to take that position, Mr. Speaker, I suggest he is degrading the parliamentary process to an incredible degree. I am not suggesting that you make a ruling on this now but perhaps you would like to have something in more detail with more research undertaken on the subject. I will be happy to provide that if I am given the opportunity.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, of course I am interested in the comments made by both hon. gentlemen opposite. They do indeed deal with very important subjects. However, I think there is evidently some misunderstanding on the part of the hon. gentlemen opposite.

[Mr. Leggatt.]

There are two aspects to this question. The first one is whether I am in any way obligated during the question period to reply to questions in any form they may be. As I understand the rules, there is no obligation on the part of Ministers of the Crown to reply to questions that are raised. Second is the question of my responsibilities to the portfolio that has been conferred upon me.

Mr. Hnatyshyn: To tell the truth.

Mr. Blais: I have indicated to the hon. gentlemen that I take those responsibilities very seriously and they indeed include actions that took place prior to my nomination. In terms of my own ministerial responsibilities relating to any actions they commence as of February 1, the date of my appointment. With regard to providing information to hon. members, I would have to analyse each and every question that was put prior to my nomination in order to ascertain whether the information can be provided.

The decision which I have made that I will not reply to questions relating to matters presently before the Royal Commission which has been set up by this government—

An hon. Member: Stonewalling.

Mr. Blais: —at the request of the opposition, Mr. Speaker—

An hon. Member: Let us do away with the House of Commons and democracy.

Mr. Blais: Mr. Speaker—

Mr. Baker (Grenville-Carleton): It is a pretty black day for you.

Mr. Blais: Mr. Speaker, I have listened very carefully and patiently to the hon. gentlemen. I wish they would offer me the same courtesy.

Some hon. Members: Hear, hear!

Mr. Blais: The McDonald inquiry is studying certain issues and matters within very wide terms of reference. It is for that commission to deal with those issues. At the request of the opposition the government set up that commission. I am not going to be led by the opposition to comment on a day-to-day basis on evidence which is adduced before that commission. It would be usurping the function of the commission if I qualified comments made before it respecting the validity or invalidity of one statement or the other. Surely that is part of the process of the investigation itself.

I will, of course, completely inform myself of the proceedings before the commission. Eventually, and I hope soon, there will be recommendations made by the commission, and decisions will be required by this government relating to those recommendations in order for us to take actions which will be encumbent upon us as a result of their conclusions. Until such time as a report is received from the commission, Mr. Speak-

er, I will not comment, nor will I offer any judgment relating to the value of the evidence or indeed the completeness of it.

In relation to my own responsibilities and the discharge of my duties, in response to the hon. member for New Westminster (Mr. Leggatt) prior to answering his question, I expressed amazement that although he was making very serious allegations relating to certain statements that have been made, he evidently had not informed himself of the evidence that has been adduced before that commission. I am not saying to the hon. members that they ought not to make themselves completely familiar with the evidence before that commission and make representations to the government; I am just saying that I am not accepting as my responsibility a role as commissioner or counsel before that commission or adviser to the commissioners in some way. I will reply to questions put to me in a way that I feel will discharge the responsibilities I have accepted.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. To a certain extent we are arguing a situation which is hypothetical—

Mr. Baker (Grenville-Carleton): It is like the devil, with respect.

Mr. Speaker: Order, please. Obviously before the matter can be tested questions will have to be put and responses received which will be the subject matter of a specific rather than a general argument. In any event, the matter has now been raised and I am prepared to hear further argument on it. It seems to me that we are talking about problems which are going to arise in the future and how the minister will deal with those questions. The argument I have heard today is not related specifically to answers or positions taken by the minister. I am not going to relate it to a question of privilege. If other members wish to do that today, I am prepared to do it.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I had not intended to get into this matter until I heard the Solicitor General (Mr. Blais) speak.

The Solicitor General in his remarks put forward the position he intends to follow as minister responsible to this House of Commons to report upon the activities of that department over a period of time. His position, Sir, which he has stated as the policy of the government, in summary is the following.

He has made it abundantly clear that he feels no obligation to tell anyone in parliament anything at all about anything that happened in the Department of the Solicitor General under his jurisdiction or any other jurisdiction. He said he believes—

An hon. Member: That is exactly what he said.

Mr. Clark: He said quite precisely, Mr. Speaker, that there is an ancient parliamentary tradition which allows a minister not to answer questions in the House, and he intends to use that parliamentary tradition not to answer questions which he feels he does not want to answer. That is what he said. It may well be he said that because he received advice from the hon. member for Eglinton (Mr. Sharp). He got in trouble that way before. That is precisely what he has said. He then went on to say—

• (1222)

Mr. Sharp: I was sitting listening to the member.

Mr. Clark: I regret all these interruptions being shouted across the floor. He then went on to say that if he does choose to answer questions put by members of parliament about public business, he is not going to answer relating to matters that occurred before his appointment.

Mr. Lang: He said clearly the opposite.

Mr. Clark: As my colleague from Northumberland-Durham (Mr. Lawrence) pointed out, this raises a very serious question for this House of Commons. We are prevented now by a ruling of Your Honour from questioning the three previous ministers. This minister has now indicated that he does not intend to provide information about what went on in that period. The net result is that the House of Commons is left without an opportunity to get any information from anybody in this House about anything that went on in this matter.

The next limitation that he attached to any question he might answer, or any public information he might choose to give to the representatives of the people on a matter of the utmost seriousness and gravity to the country was that he will not comment on matters that are before a Royal Commission which his government established in part to try to evade the responsibility to answer questions here on the floor of the House of Commons.

Mr. Lang: You demanded it.

Mr. Clark: The minister has made his position very clear. He warned us that, even contrary to the practice of his predecessors, he intends to fall back on the idea that he need not answer questions in the House of Commons. It was a very simple, straighforward statement. I give him credit for frankness, even though in my judgment that is an insupportable position for a Solicitor General to take, particularly at this time. He then went on to say that if he does choose to answer, he will restrict himself to things that happened since his appointment.

Finally, he has served notice that he will stonewall and refuse to answer, staying silent in the face of any questions which arise that are being considered by a Royal Commission which this government created in part to avoid the responsibility of having to answer questions in this House of Commons.

This statement of policy by the new Solicitor General is a most inauspicious and dangerous way for him to start on his serious responsibilities, and raises a very serious question of privilege to the House. It is a matter of great surprise to us that this minister would take this position in the early days of his portfolio.

You have asked, Sir, whether there would be more argument later. I think it is clear to say that we on this side would like to reserve our right to continue to comment at a later time and to raise again in much more depth our objections to this most dangerous proposal put forward today by the Solicitor General that will in fact allow him to stay silent in the face of questions in the House of Commons.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I want to be fair to those who want to participate in the discussion, but I think the Leader of the Opposition (Mr. Clark) pointed out in his last comment that he wants to reserve the right to argue further. All members have said that.

What happened is that the minister in his answers today gave an indication of the manner in which he intends to deal with questions in the future. Whether that has been properly interpreted, properly stated by the minister or properly interpreted by those who have argued on the other side of the House, remains to be seen. I think that is the fact.

The Leader of the Opposition said that he wants to reserve the right to reserve argument. I think the opportunities for that argument will present themselves on numerous occasions. Obviously the next time the Solicitor General (Mr. Blais) is asked a question can be the next opportunity at which this difficulty is going to arise.

There is no motion at this moment, no specific motion attached to a specific problem. That is my point. It is very difficult for the Chair to rule in the abstract on a declaration of intention.

As all hon. members know, there are circumstances under which ministers may simply take no action in the face of a question. There are others in which answers are not given for reasons stipulated. It would be a very curious and interesting situation if a minister, who in fact does not have an obligation to answer a question, refused to answer a question upon a certain ground, and the argument were then raised that that ground was not well founded. In fact, the ground may not be necessary. These are the kind of abstract arguments with which we are now dealing.

This is a very important point. Obviously it is a matter of great concern to the House. It goes fundamentally to the operation of parliament and the theory of ministerial responsibility.

A good part of the argument relates to whether the minister in fact said he would not answer questions related to previous Solicitors General and, if he did say that, whether he has the right to say it or do it. In fact, no question of that nature was put to the minister today.

That is a very important part of the argument. That is one of the reasons why I say that a specific question, which in fact gives rise to a specific argument and specific motion of privilege, is obviously going to come before us very soon. That is the proper vehicle through which we can argue this matter a little more specifically than we are now doing. We are under the handicap of arguing in the abstract. I do not think we can do that usefully much longer.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would ask that you give reconsideration to the statement that you have just made.

I was more than amazed by what the minister said this morning. I was impressed by what he said when he assumed the portfolio, speaking spontaneously without government intervention. He said that in his position he intended to do everything to clarify and clear up the proclivities— he did not use that word—of his predecessors in office. Today he utters in this House a proposition which means that the House of Commons might as well close down in so far as matters that come under his authority are concerned. One now begins to understand the reason for the merry-go-round in the department of the Solicitor General (Mr. Blais).

You cannot ask A, who knows more than anyone else. I refer to him as A because I do not want to refer to him by his name or constituency, which I do not recall at the moment. Then B comes along and says that he cannot tell us anything that happened under A. Now we have C. He puts before this House—

An hon. Member: X.

Mr. Diefenbaker: At the rate they are going, it will not be long before we have X, there are so many hopefuls sitting opposite. They can all join in the concealment of facts.

Where is parliament today? We cannot ask this minister. He says he does not know, that he just arrived on the merry-go-round the day before yesterday. He says he cannot answer anything with regard to what happens before the Royal Commission. As far as that Royal Commission is concerned, it was set up last July, but did not convene until late fall. At the rate it is going today, there is one thing about which we can be sure. There will be no information come from that commission until after the election. That apparently is the reason for the delays that have taken place.

We cannot get information there. We cannot ask any questions here. The minister has adopted a stonewalling attitude that was clearly defined and brilliantly spoken of by the hon. member for Northumberland-Durham (Mr. Lawrence). The rights of parliament are being tramped on again as they were in 1956.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I had hope for this new minister. I thought in the Post Office Department he was lost with the mail. To hear him make that proposition today shows he is one who learns fast in the position of Solicitor General.

• (1232)

This is not a matter which can be brushed aside as hypothetical. It is here today. If this proposition is accepted by parliament we might as well close down. Indeed, the government wishes we would, so that information might not be

procurable in the House of Commons. As somewhat of a student of constitutional development, let me say I have not heard such an outrageous statement made by a minister since the days of the Right Hon. C. D. Howe in 1956.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as you may have noted, I rose at the same moment as did the hon. member for Northumberland-Durham (Mr. Lawrence) to say something about this very point. It was my thought, when I was getting to my feet, that I would simply draw attention to what had been said and reserve the right to raise the matter as a question of privilege some day next week when the Prime Minister (Mr. Trudeau) is here. That is still my view.

I fully recognize that Your Honour is not in a position to require anyone to answer a question or to make a speech; you can stop us from doing things but you cannot require us to do things. However, it seems to me that the issue raised today is one which calls for a clear statement by the Prime Minister regarding the responsibilities of the new Solicitor General (Mr. Blais), indeed, as to the responsibilities of all ministers.

The Solicitor General did say today he is responsible only as from February 1, 1978. You Honour has frequently told us that we cannot ask former ministers of any department about what went on when they were in charge, and the corollary is that the present minister of any department is responsible for answering questions concerning that department. I dare hope the minister will agree that he slipped a little on that—

An hon. Member: Wait and see!

Mr. Knowles (Winnipeg North Centre): I am prepared to wait and see, but it came to my ears that his responsibility began only on February 1, 1978. But as I say, I am prepared to let that wait until we have had a chance to read the record.

On the point of whether the Solicitor General is going to answer questions I acknowledge, of course, that any minister has the right any day to refuse to answer a question. But for a minister to stand up and say he does not intend to answer any questions addressed to him in a certain area, no matter what they are, relating to the two commissions which are now sitting—

An hon. Member: He did not say that!

Mr. Knowles (Winnipeg North Centre): He said it, and he admits he said it. There is no question about it. I recognize the minister's right to deal with each question on its merits, but for a minister to tell members of parliament that no matter what questions we ask, if they relate to the McDonald or to the Keable inquiry, he will not answer them, is surely an affront to parliament.

Your Honour has suggested we should wait until some specific case arises. I submit there was a specific case today. My hon. friend from New Westminster (Mr. Leggatt) asked a question about certain evidence before the McDonald inquiry which, in our view, contradicts what has been said on the floor of this House. Surely we are not to be refused answers in a case like that. In my submission the minister's whole position must be reviewed.

As I say, I recognize that Your Honour cannot require ministers to answer questions but I think the Prime Minister owes it to the House to ensure that the principle of ministerial responsibility is maintained and that the appointment of Royal Commissions will not be used as an excuse for withholding information from this Chamber. I reserve the right to raise the matter as a question of privilege on the Prime Minister's return after we have read the record of today's discussion.

Mr. Lawrence: Mr. Speaker—

Mr. Speaker: Order. I have no machinery whereby I can hear the person who initiated this discussion a second time. I simply say I have no motion before me dealing with a specific question of privilege in relation to events which have taken place today. I do not want to restrict the argument. I understand that this is a matter of great concern. It has been addressed by several members. If there is a desire to deal with the question today and get a decision I must have something specific before me, and I do not.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I find that to some extent the argument has been exaggerated. Every one of us would agree that the Solicitor General (Mr. Blais) became responsible for the administration of the department the moment he was sworn in. Otherwise it could be argued that he was responsible prior to that date. I do not think anyone would disagree with me on that point. It is entirely in this context I understood the Solicitor General to use the date February 1. I did not hear him say he felt no responsibility to answer questions relating to the activities of the department prior to February 1. In fact, I heard him say the very opposite, and I believe the record will demonstrate that the Solicitor General did say, when he rose to explain, that he fully intended to do as other ministers do, and as his predecessors did, that is, deal with questions related to past activities of the department. That is the principle under which the government is operating and it is a principle which I understood the Solicitor General to enunciate.

Mr. Douglas (Nanaimo-Cowichan-The Islands): You would have to recast the whole sentence to get that meaning.

Mr. MacEachen: What I believe the Solicitor General was getting at—

Mr. Diefenbaker: Is this the final interpretation?

Mr. MacEachen: It is an interpretation based upon hearing what has been said. It is probable that each of us would benefit from re-reading the transcript. Inasmuch as other members have put foward their interpretations of what has happened, pending a further review it is surely reasonable that members on this side should take advantage of the opportunity to do the same thing, on the understanding, of course, that we might find that the transcript tells us something different.

Let us situate this issue in the context of the questions which have been asked. As the hon. member for Winnipeg North Centre (Mr. Knowles) has stated, the issue arises in connection with evidence given before the McDonald inquiry. It is true that each day witnesses come before the commission and give evidence. It may be that the evidence given is contradicted by other witnesses the following day, or it may be contradicted by statements made inside this House, or outside it.

It is a fact that the press reported yesterday that certain evidence had been given by the former Commissioner of the RCMP. On the same point, statements were made in the House of Commons by the former solicitor general. This is well known. But is it the job of the House of Commons to examine the credibility of the evidence coming before the McDonald inquiry?

Mr. Lawrence: Certainly!

Mr. MacEachen: Is it the job of the House of Commons to examine the credibility of the witnesses appearing before the commission? If a former attorney general claims that it is, then he ought to go back to law school. The purpose of the commission is to assemble all the evidence, to hear all the witnesses, including the former solicitor general, and then to reach a conclusion as to what is the credible result.

● (1242)

Hon. members of the opposition are saying that we should transfer the House of Commons, which is a purely political theatre, into a judicial body.

Mr. Baker (Grenville-Carleton): Nonsense!

Mr. Lawrence: The House of Commons is the highest court in the land.

Mr. MacEachen: That is exactly what hon. members opposite are doing.

The same point made today by the Solicitor General was made yesterday. The hon. member for Northumberland-Durham (Mr. Lawrence) asked me to deal with what he described as contradictory evidence given before the McDonald inquiry.

Mr. Lawrence: I was referring to the news media.

Mr. MacEachen: It was a report in the news media alleging contradictory evidence. In reply to that I said:

> It seems to me it is now up to the commission to call the witnesses in the order in which it alone determines, and to determine also the credibility of the evidence that is brought before the commission.

That is the point of the commission, to determine the credibility of evidence and witnesses.

Mr. McGrath: How about the House of Commons?

Mr. MacEachen: I went on to say the following:

> It is certainly not the job of the government or the House of Commons to take over and replace the work of the commission.

[Mr. MacEachen.]

That is what I understood when the Solicitor General referred to evidence. He was asserting the same principle, that it was not his responsibility to adjudicate upon the credibility of witnesses or evidence. I agree, and the government agrees, with that position.

Some hon. Members: Hear, hear!

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have watched a lot of things in the House of Commons, but once in a while a tragedy occurs. A tragedy occurred today when an otherwise distinguished and experienced parliamentarian was placed in a position of defending the indefensible.

Some hon. Members: Hear, hear!

Mr. McGrath: A black Friday.

Mr. Baker (Grenville-Carleton): The hon. member for St. John's East (Mr. McGrath) has called today a black Friday. This is February 3, 1978, and there is another pipeline bill on the order paper.

The hon. government House leader has said that parliament does not have the right to inquire on a matter which has occupied the attention of Canadians for a considerable period of time.

An hon. Member: He never said that.

Mr. Baker (Grenville-Carleton): That is exactly what he said. On his second day in office, the Solicitor General (Mr. Blais) said that he is responsible for past activities of the department, unless they were before a Royal Commission. He will argue that on Monday, Tuesday or whenever this matter will be continued. He is doing two things. He is testing the viability of Your Honour's ruling and the rulings of Your Honour's predecessors with respect to the right of ministers to be questioned about acts or errors of commission or omission. He is testing the viability of that, whether it should be sustained. Also is asking us, as well as the public of Canada, to test that. If that is the position of the government, then Your Honour has to consider in parliament, with its tradition of allowing the questioning of ministers, whether your ruling and the rulings of your predecessors should stand. I do not place it all on Your Honour's shoulders.

Your Honour has said that there is no question before you upon which this matter could be continued. It is important for a question to be before Your Honour and this House so that this matter can be continued. As the right hon. member for Prince Albert (Mr. Diefenbaker) has said, if we cannot ask ministers the questions we want to put to them, notwithstanding that a matter may be before a judicial inquiry or a Commission, regardless of what we may think of the inquiry, then we are truly gagged, and our rights as members of parliament are badly impaired. If it is allowed to continue in that manner, then parliament will move on and on and cease to be relevant.

There is no one outside this House who can believe, when we face a government in this situation, that we cannot ask ques-

tions and, if we ask them, the government cannot answer them or ought not to answer them, especially in the circumstances raised by the hon. member for Northumberland-Durham (Mr. Lawrence). This matter has to be looked at seriously.

If Your Honour finds there is a prima facie case with respect to the matter raised today by the hon. member for Northumberland-Durham, I would like to move, seconded by the hon. member for Northumberland-Durham:

That the matter raised in the question of privilege raised by the hon. member for Northumberland-Durham be referred to the Standing Committee on Privileges and Elections.

The matter is now before Your Honour, and I think it is time the House of Commons and Your Honour dealt with it appropriately.

Mr. Speaker: Order, please. Perhaps the hon. member is attempting to set the matter in that context. He will recognize at once that the particular form of words he is endeavouring to use in this motion have been ruled out of order on numerous occasions in the past, namely, that the matter referred to, or described by an hon. member, be referred to a standing committee. As I have attempted to say to the House on several occasions earlier this afternoon, the difficulty is that that is not a specific definition upon which a committee can act. I understand what the hon. member is attempting to do.

I do not think we ought to fear that the matter cannot be continued. Every participant in this discussion today has sought the opportunity to address the House with more detailed argument at a later date after examining the transcript. That has arisen on both sides of the House. That was put forth by the hon. Leader of the Opposition (Mr. Clark), as well as by the hon. member for Winnipeg North Centre (Mr. Knowles).

The hon. Deputy Prime Minister and President of Privy Council (Mr. MacEachen) made remarks indicating that we ought to check the transcript. There seems to be a great difference of opinion as to what the Solicitor General (Mr. Blais) said today, and that ought to be clarified. If, after an examination of the transcript, and after consideration of it, there is a considered motion which hon. members want to put before the House for argument at a later time, then I surely give to the House the right to carry that forward at a later date. Any motion ought to be carefully considered after examination of the transcript. I leave it open for the House to do that at a later time.

[*English*]

ROUTINE PROCEEDINGS

POINT OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—MINISTER'S PRESS CONFERENCE

Mr. Speaker: Statements by ministers.

Northern Pipeline Act

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order with respect to this matter on the order paper, statements by ministers. I understand the Deputy Prime Minister and President of the Privy Council (Mr. MacEachen) has scheduled a press conference for later today with respect to the pipeline legislation which appears on the order paper and which he intends to introduce and be given first reading today.

I would not want to put the minister in a position where we would engage in a protracted question period with respect to a statement by him, which a section of the rules would allow, because I do not want to delay him in any way. Given that undertaking, I wonder whether the minister might be prepared to make a general statement in the House now, prior to meeting with the press, in order to set before the House of Commons on the first possible occasion the things he will tell the press outside about a bill which will be introduced a little later today. I do that in the hope that my hon. friend would see the propriety of telling us, in a statement in the House under the conditions I have set forth, what he intends to say outside the House after he has introduced the bill.

● (1252)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council): May I say, in reply to the question, that it was not my intention to make a statement. The bill will be given first reading and it will be available to all members of the House. When that occurs, I intend to meet the press and tell them what will be known to everybody at that time, namely, what is in the bill.

* * *

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council) moved for leave to introduce Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto.

Motion agreed to, bill read the first time and ordered to be printed.

Mr. Speaker: When shall the bill be read the second time? At the sitting of the House?

Some hon. Members: Agreed.

Order Paper Questions

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, on a point of order, is there any reason why copies of this bill could not be distributed to hon. members immediately?

Mr. Baker (Grenville-Carleton): I think the suggestion is an excellent one and there would be agreement to it from our party, particularly in view of the statement of the minister that copies of the bill would be available immediately before he goes out to meet the press.

Mr. Speaker: I am not sure that we are in possession of a sufficient number of copies to fulfill that request, but certainly in principle there is no objection from the Chair and no objection is forthcoming from the House. There will be the earliest possible distribution.

Mr. Knowles (Winnipeg North Centre): I was told earlier they would be printed and ready.

Mr. Baker (Grenville-Carleton): So was I.

Mr. MacEachen: Mr. Speaker, I wonder if we could agree to pass the motion to establish the special committee. I understand that all members are agreed that we could deal with the motion in my name to establish the special committee so that we can select the members for that committee.

Mr. Baker (Grenville-Carleton): That is agreeable.

Mr. Knowles (Winnipeg North Centre): Agreed.

* * *

ENERGY

APPOINTMENT OF COMMITTEE TO CONSIDER NORTHERN GAS PIPELINE LEGISLATION

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council) moved:

That a special committee, consisting of fourteen members to be named at a later date, be appointed to consider legislation concerning a northern gas pipeline; and

That the said committee have all the powers given to standing committees by Standing Order 65.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 352, 362, 727, 1,021, 1,028 and 1,035.

[Mr. Speaker.]

[*Text*]

CBC—COST OF ONE-HOUR PROGRAM

Question No. 352—**Mr. McCain:**

1. What is the total fixed and capital cost of making and putting on a one hour programme by CBC?

2. What is the administrative cost including executive salaries, administrative staff salaries, etc.?

3. How much does it cost to put on such a programme after it has been produced?

4. How much revenue from advertising does CBC receive for such a programme for each of the different viewing times i.e. prime time, day time, etc?

5. What does CBC pay to a sports association or individual team in order to televise their games?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. The nature of the question is so general that to derive a single figure would involve the use of statistics based on all program activity from, for example, in radio, a record show hosted by a staff announcer to a large orchestral-choral production, and in television from programs and program material that come to the corporation free of charge or for a token fee to a ballet production such as The Nutcracker. Average hourly program costs for local and network programs, English and French, radio and television, are set out in detail in the annual report for 1976-77.

2 and 3. It is not possible to relate these costs to a hypothetical individual program. The averages referred to in part 1 reflect all administrative costs related to the production of those programs. As for the costs of distribution, transmission and where applicable, sales, total amounts for these categories are contained in the CBC's annual report for 1976-77.

4. It is not possible to relate these costs to a hypothetical program. In any event, CBC sells commercial time not by the time of day but by the type of program and the anticipated audience. For example, the following are the costs of 30-second commercials carried in sample programs on the full CBC English television network: Class AA (Front Page Challenge), $5,120; Class A (King of Kensington), $4,330; Class B (Beachcombers), $3,720; Class C (Saturday 5-6 p.m.), $2,190; Class D (Celebrity Cooks), $955. In addition, the following figures represent gross advertising revenue received by CBC during the fiscal year 1976-77.

		($000's)
Radio		376
Television		81,553
	Total	81,929

5. Payments vary according to the leagues or teams involved. It has not, however, been customary to require the CBC to provide such details of its internal management and administration as the contractual arrangements with business organizations. The background to this custom is explained in detail in the reply to question No. 2,530, May 22, 1975.

EXPENDITURES—CONSTITUENCY OF SAULT STE. MARIE

Question No. 362—**Mr. Symes:**

From October 1972 to date, what was the total amount of funds spent by the (a) Department of Fisheries and the Environment and its agencies (b) Department of Supply and Services and its agencies in the Constituency of Sault Ste. Marie?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Fisheries and the Environment and Supply and Services as follows: (a) From October, 1972 to October 31, 1977: $20,253,668. (b) The Department of Supply and Services has contracted for $537,000 in Sault Ste. Marie on behalf of other government departments. Contracting activity by regional offices is not available prior to April 1, 1976.

CBC—POLITICAL POPULARITY POLLS

Question No. 727—**Mr. Lambert (Bellechasse):**

Is the Canadian Broadcasting Corporation authorized to run popularity polls on (a) political parties, whether (i) federal (ii) provincial (b) the Parti Québécois and, if so, in each case, how does it proceed and how many people are questioned?

Hon. John Roberts (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: a comprehensive information service should periodically include reports of public opinion polls on a variety of questions. The CBC from time to time makes use, in its information programs, of the results of public opinion polls conducted by poll organizations independently of the corporation. Occasionally, such use is supplemented by surveys commissioned by the CBC. In doing so the CBC proceeds under the objects and powers set out in section 39 of the Broadcasting Act. There is no fixed procedure for carrying out such surveys: the number of people questioned, the areas of the country covered, the length of the interview, the types of questions asked—these and other features of the survey are all dependent on the particular question being investigated and the particular type of program being planned. In most cases the surveys are conducted by independent companies with CBC involvement in the survey design. In all cases the highest professional research standards are observed.

CONSTRUCTION OF NEW LOCK AT PORT SEVERN

Question No. 1,021—**Mr. Rynard:**

What is the proposed date of construction of a new lock at Port Severn (Lock 45) in view of the capacity of the new marine railway at the Big Chute on the Trent-Severn Waterway?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Parks Canada's capital forecast projects fiscal year 1981-82 for commencement of a new lock at Port Severn (Lock 45).

APPLICATIONS FOR ASSISTANCE UNDER COMPANY DEVELOPMENT PROGRAM

Question No. 1,028—**Mr. Beaudoin:**

1. On December 6, 1977, did the Department of Industry, Trade and Commerce receive applications for financial assistance under the Company Development Programme from the (a) Province of Quebec (b) Constituency of Richmond and, if so, how many?

2. Under the same programme, did the Department grant subsidies to companies in (a) Quebec (b) the Constituency of Richmond and, if so, in what amount?

Hon. Jack Horner (Minister of Industry, Trade and Commerce): 1. Under the Enterprise Development Program, during the period from April 1, 1977 to December 6, 1977, the Department of Industry, Trade and Commerce: (a) Received 109 applications for assistance from companies located in the Province of Quebec. (b) Received one application for assistance from a company located in the Constituency of Richmond.

2. Under the Enterprise Development Program, during the period from April 1, 1977 to December 6, 1977: (a) Fifty-one contributions aggregating $15,784,017 were approved in favour of companies located in the Province of Quebec. (b) One contribution for $10,500 was approved for a company located in the Constituency of Richmond.

FLOOD CONTROL PROGRAMS IN CONSTITUENCY OF FRASER VALLEY EAST

Question No. 1,035—**Mr. Patterson:**

For each year since 1968, what amount was spent by the government on flood control programmes in the Constituency of Fraser Valley East?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): Federal expenditures for construction and site supervision under the Fraser River Flood Control Program for each year since 1968 in the constituency of Fraser Valley East are: 1968-69, —; 1969-70, —; 1970-71, $517,500; 1971-72, $607,322; 1972-73, $721,500; 1973-74, $2,176,675; 1974-75, $2,234,272; 1975-76, $524,877; 1976-77, $738,875; 1977-78, $500,000 (anticipated expenditure). These figures do not include the costs of design and administration as such expenditures are not normally made within the constituency. Flood control projects covered by these expenditures are Agassiz, Harrison Mills, Chilliwack, Matsqui, the Vedder River, Abbotsford at the mouth of the Sumas River, Nicomen Island and Seabird Island.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 915 could be made an order for return, this return would be tabled immediately.

Mr. Speaker: The questions listed by the parliamentary secretary have been answered. Is it the pleasure of the House

that question No. 915 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

LANGUAGE PROGRAM—EXPENDITURES

Question No. 915—**Mr. Gauthier (Ottawa-Vanier):**

Since the beginning of the Programme in 1970, what was the total amount spent in support of the Secretary of State's Language Programmes Branch for (a) bilingualism in education (b) bilingualism in public administration (c) bilingualism in the private sector (d) language acquisition development?

Return tabled.

* * *

[*Translation*]

STARRED QUESTION

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you be so kind as to call starred question No. 1,020?

[*Text*]

*POWER SHUTDOWN AT BIG CHUTE ON TRENT-SEVERN WATERWAY

Question No. 1,020—**Mr. Rynard:**

1. Was any agreement made with the Province of Ontario for the loss of electric power due to the procedures necessary in the building of the new marine railway at the Big Chute on the Trent-Severn Waterway and, if so, what was it?

2. Was the electric power cut off due to such procedures and, if so, for how many days?

3. Was any compensation paid and, if so (a) to whom (b) by whom?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. No, not as between the federal government and the province of Ontario. However, an agreement was made between Ontario Hydro and the contractor performing the work, to have the hydroelectric power facility at Big Chute shut down during the construction of the lower coffer dam.

2. While the power facility itself was shut down for a period of four weeks and two days, hydro power was not cut off in the area but was supplied by the provincial hydroelectric grid system.

3. Yes: (a) to Ontario Hydro; (b) by the contractor.

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

Some hon. Members: Agreed.

[Mr. Speaker.]

GOVERNMENT ORDERS

[*English*]

FISHING AND RECREATIONAL HARBOURS ACT

MEASURE TO PROVIDE FOR ADMINISTRATION AND DEVELOPMENT OF CERTAIN HARBOURS

The House resumed, from Wednesday, February 1, 1978, consideration of the motion of Mr. LeBlanc (Westmorland-Kent) that Bill C-2, respecting the administration and development of certain fishing and recreational harbours in Canada, be read the third time and do pass.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, last Wednesday when I called it six o'clock I was expressing concern, along with other members of the House, regarding the nebulous assurances of the minister and the motherhood protection that he will be able to provide under Bill C-2, as has been demonstrated under Bill C-38. In light of the fact that the clock now shows three minutes to one o'clock and that I would welcome the opportunity to speak more fully on Bill C-2 without the interruption of the clock, may I now call it one o'clock?

The Acting Speaker (Mr. Turner): Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

● (1402)

AFTER RECESS

The House resumed at 2 p.m.

Mr. Brisco: Mr. Speaker, earlier in speaking on this bill I indicated my concern about the fact that, while giving assurances to east coast and west coast fishermen that under regulations or decisions made by the minister or his officials there would be no onerous charges for wharf facilities laid on the shoulders of the fishermen of each coast, the proposal advanced by the minister has not been acceptable to members of the opposition, and their concern has been expressed not only by me but also by other speakers. I have already indicated to the minister that we received similar assurances from him when Bill C-38 went before committee and, as I think anyone can recognize, that type of assurance is not satisfactory, in light of the fact that the minister may be the minister for a relatively short time, even though he has indicated to me in correspondence that he expects to continue in his present role up until 1979. To quote the minister himself, that assumption is a demonstration of political arrogance. I believe he used that term when he referred to his decision to move a department from Moncton to Shediac.

The hon. member for Comox-Alberni (Mr. Anderson) made reference to the fact that the department will not abandon wharf facilities and that, indeed, there have been very few abandonments of wharf facilities. I hope that the assurances given by the hon. member, who is the parliamentary secretary to the minister, have some ring of truth to them because the record is very sad in terms of the management of wharves and other similar facilities while they were under the care of the Ministry of Transport and the Department of Public Works. If nothing else, at least now we have some cohesion being demonstrated.

I also expressed concern about the proposal put forward by the hon. member for Comox-Alberni regarding remote wharves on the west coast and the east coast, and the fact that there will be an opportunity for fishermen to manage these wharf facilities and small craft harbour facilities themselves. That is fine, but what assurances are there that there will be regular maintenance? Who will cover the cost of that regular maintenance? What assurance is there that there will be an ongoing inspection of these facilities?

During the period of time in which we addressed ourselves to this particular bill at the standing committee level, I made reference to the fact that I have some very serious concerns about clause 10 at page five, which deals with enforcement officers. In the bill it is stated that an enforcement officer may be any person who is, in the opinion of the minister, qualified to be so designated, and the minister can furnish that person with a certificate of his designation. It really does not identify the type of person, the role that person is expected to play, or the qualities necessary to carry out that role.

There were the same expressions of concern with regard to the Ocean Dumping Control Act. The minister had the same opportunity to appoint inspectors and other officials on an ad hoc basis without any indication as to what the background of those individuals must be, what their skills and abilities must be, whether they would be political appointments or whether they would be genuine appointments based on some knowledge of what these people were supposed to do. I note that clause remains unchanged.

● (1412)

I note also that in clause 11 on page 6 of the bill there is provision for an enforcement officer not only to board any vessel—which I can accept—or enter any vehicle—which I can accept—but also to enter premises where or in respect of which he reasonably believes there may be evidence of such non-compliance and that he may make any inspection he deems necessary. That is the point about which I am concerned. We have the assurance of the minister in committee that this refers only to the premises or fishing shacks, or what-have-you, immediately adjacent to the harbour. If that is so, why is it not stated in the bill, or does the minister intend to put it in the regulations? I say it is a gross intrusion to allow an enforcement officer, who is not a law officer, to enter the premises of any Canadian citizen. The Prime Minister (Mr. Trudeau) has said that the government does not belong in the bedrooms of the nation; I say the enforcement officer does not belong on the premises of fishermen. For these reasons I must object to this particular clause, Mr. Speaker.

The hon. member for New Westminster (Mr. Leggatt) expressed some of the same concerns that I have about the bill. For instance, it says that the minister may appoint and fix the remuneration of such officers or employees as he thinks proper for the operation. The first thing that I wonder about is whether the remuneration will be in the same form as that for rural postmasters or postmistresses. Will it be an inconsequential sum to be paid those dedicated people, or will it be payment on the basis of the ability, skill and worth of the individual? On the other hand, will it be the subject of pork-barrelling at a very low level? This gives me great concern, Mr. Speaker.

The hon. member for New Westminster told the House that the fishermen's union on the west coast has sent a telegram to the Minister of Fisheries and the Environment (Mr. LeBlanc) to delay the bill until they have an opportunity to go before the standing committee. I am surprised that this was not provided for, since the bill goes to the very heart of matters that concern fishermen on both coasts, and in all fairness I think they should have had that opportunity.

I repeat, Mr. Speaker, that many things in Bill C-2 are good but, like other government legislation, there is much that is questionable. That is why I cannot support the bill. Of course, I do not think that lack of my support will materially affect its passage, but I hope that some of the concerns I have expressed will be noted, and amendments introduced.

I hope that the minister and officials in his department will address themselves to the problems of small craft harbours which in the past have received little federal support. It is all well and good to pay attention to the east and west coast fisheries—that is of the first order and I accept it—but I have pointed out to the minister, as has the hon. member for Niagara Falls (Mr. Young) that there are other areas of the country which lie within his jurisdiction and have been ignored up to now.

I should like to thank you, Mr. Speaker, for the opportunity to speak on Bill C-2. I have no further comments at this time.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, it was not my intention to take part in this debate. My colleague, the hon. member for New Westminster (Mr. Leggatt), speaking in this House on February 1, admirably set forth the major objections we had to the legislation. We are not saying the legislation is all bad; we are saying there are some aspects of it which have adverse implications for a group in which both the hon. member and I are very interested, the commercial fishermen on the west coast.

I would have been perfectly satisfied to leave the criticisms advanced by the hon. member to speak for both of us. When the hon. member sat down, however, both the hon. member for Comox-Alberni (Mr. Anderson) and the hon. member for Niagara Falls (Mr. Young) proceeded to take him to task for those criticisms. At that time I sought to follow those two hon.

members but there were a number of others on their feet and I was not able to catch Your Honour's eye. I feel I should now say just a few things about the criticisms those two hon. members have advanced. The House will have noticed, of course, that both are parliamentary secretaries. They probably feel that if they are to earn their additional remuneration from the Crown then they have a task to do. That task seems to be to rise on every occasion to praise their minister, and then to berate the opposition for not hurrying legislation through, irrespective of whether or not it has been given thorough examination. Mr. Speaker, our task is to examine legislation and determine whether it is in the best interests of the people we represent. That is what the hon. member for New Westminster was seeking to do.

Both the hon. member for Comox-Alberni and the hon. member for Niagara Falls endeavoured to make a great deal of the fact that the legislation has been before the House for two years. They accused members of the opposition of filibustering and holding up the legislation, and thus preventing fishermen and users of recreational boats from getting great advantages. As a matter of fact the hon. member for Niagara Falls attacked members on this side because we were not on our feet praising the minister and the legislation he has introduced. Mr. Speaker, we do not need anyone to tell us what our job is with respect to legislation. Our job is to examine it.

Nothing in the passage of this legislation through its various stages would indicate that members on this side of the House have unduly delayed it. It is true the legislation has been on the order paper for two years. It has not been before the House for two years. It was introduced last year and reached the committee stage. If the government had thought it was very important legislation, the House need not have been recessed or prorogued. It could have continued and dealt with that legislation.

● (1422)

When the House reassembled, the opposition parties co-operated with the government to the point where we did not insist that the legislation start all over again. Indeed we agreed that the legislation should be put on the order paper at the stage at which it was when the House recessed, with the result that the legislation started again at the committee stage. If the members will look at it, it is Bill C-2 which is the first piece of legislation on the order paper, because Bill C-1 is a pro forma bill. There has been no undue delay. There is no attempt now to delay the bill or to filibuster the bill. But I think that the government, throughout the years I have been here has failed to have a consistent policy with respect to small harbours and ports.

I am not placing the blame on the present minister entirely, Mr. Speaker. He has been endeavouring in the last two or three years to work out a policy, but it has never been clearly formulated and it has never been given enough money to make it an effective program. It is one of the aspects of the government's over-all responsibilities, in my opinion, of which no government can really be proud.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

In seeking to defend the government's legislation against the criticisms which were advanced by the hon. member for New Westminster, the hon. member for Comox-Alberni, speaking in the House on February 1, 1978, as reported at page 2446 of *Hansard*, put forth some preposterous arguments in defence of this legislation, and as a reason for some of the clauses contained in this measure. For instance the member said:

> This type of clause is required so that we are not bound by this legislation as we were by the old Government Harbours and Piers Act under which it was possible to lease facilities only to municipalities, provinces, or shipping companies. Very recently, for example, a fishermen's union local wished to lease a facility on the west coast in a community in my constituency—Sointula.

He goes on later in the statement and says:

> But, Mr. Speaker, when a group of fishermen, on their own initiative, wish to take over the management of a small wharf or pier in an isolated area, we are prevented under the present legislation from allowing them to do so. Under the new legislation we shall be able to allow people such as those in a union local to take over a pier and run it to their best advantage—

There are two things wrong with that ridiculous statement. The first is that the government has been leasing wharves on Vancouver Island to individuals for a number of years to my knowledge. It did it because under the old legislation it referred to a person, and a person or persons could lease wharves from the government and they have done so. Secondly if the purpose of this legislation is to give power to lease, to license, or to enter into agreements with respect to these wharves with persons other than the federal government, is because the government wanted to make it possible for a fishermen's union or a co-operative to take over a wharf, all it had to do was amend the original legislation and make that provision specific and clear.

That is not what the provision provides at all. The provision says in clause 8:

> The Minister may, subject to the regulations,
>
> (a) lease any scheduled harbour or any part thereof to any person;
>
> (b) grant a licence to any person for the use of any scheduled harbour or any part thereof; and
>
> (c) enter into an agreement with the government of any province or any agency thereof for the occupancy and use of any scheduled harbour or any part thereof.

There is a great deal of difference, Mr. Speaker, from the standpoint of commercial fishermen, between the government leasing or licensing to a municipality, an agency of the provincial government or a fishermen's co-operation or a fishermen's union, and on the other hand leasing which would have been that of government facilities to private entrepreneurs, because as the hon. member for Comox-Alberni himself admitted in his remarks, there is no schedule in this legislation. There is no provision for setting a schedule.

If the government leases one of the government wharves to an agency of a provincial government or a municipality, to a union local or co-operative, then there is some public pressure to keep the schedule of fees at a reasonable figure. But there is no such protection if that government wharf is going to be leased to a private entrepreneur, particularly on Vancouver

Island, and certainly in my constituency and as well in the constituency of the hon. member for Comox-Alberni. In many cases these wharves are the only places in the community where wharfage facilities are available.

Our complaint is with reference to the commercial fishermen, who, when they return from fishing, must tie up their boats at the wharf after they have unloaded their cargo. It is not a matter of shopping around. If they do not like the schedule of fees they cannot go somewhere else. Whatever fee is charged, that is what they have to pay. If there is no protection and if there is a private entrepreneur, the charge can be exorbitant. The fisherman has no choice but to pay, or do what one or two of the fishermen in my constituency have done, and that is to berth their boats at a wharf a long distance away and drive back and forth. That seems to me totally unfair.

There could be some provision in this legislation to ensure that if the government is going to lease out wharves which have been built by the taxpayers of this country to a private entrepreneur, then either there be some review board with respect to the fees to be charged to those who want to tie up their boats at a wharf, or the right of appeal to some review body who could ensure the fisherman is not being taken advantage of.

As a matter of fact I have watched, in the last ten to 12 years, a steady attempt by the government to avoid its responsibilities with respect to these small harbours. At one time these small harbours were run almost entirely by the government. Little by little the government has been endeavouring to push the responsibility onto someone else, lease out the wharves to someone else, get some municipality to take over the job. I can give the minister a few examples.

● (1432)

In 1968 when we were just into a by-election campaign in my constituency, the then minister of public works, the Hon. Arthur Laing, came to the town of Chemainus where, for years, they had been pointing out that when a storm came from a certain direction, many of their boats were wrecked. They badly needed a breakwater. He agreed that a breakwater would be built. That was a firm commitment.

When I became the member for this constituency, I took it up with him. It was confirmed that the government had agreed to put up a breakwater. Then the government decided to change its policy. The change in policy was that the government would build the breakwater providing the municipality would spend an equal amount putting in marina facilities.

That municipality stretches a long way from the ocean. To ask them to put up $1½ million in marina facilities to make it possible to provide a service which up to that time the federal government had been providing, was a sure way to ensure they did not have to build that breakwater. In fact, they never did build it. The town of Chemainus has no way by which it can raise sufficient money to match the cost of building that breakwater.

I give the minister an example of the obverse side of that problem. In Cowichan Bay in my constituency they also need a breakwater. They have a serious difficulty when storms come from a certain direction. They applied for a breakwater. The argument presented to them was that since all the operators there are private entrepreneurs, they must put up the same amount of money in marina facilities as the government will spend on the breakwater.

The point is their marina facilities are in first class shape. Most of them have been built in recent years. On what would they spend three quarters of a million dollars? Painting them? They do not need more facilities. They need protection. However, under this so-called small ports and recreational harbours policy, the government has found a means by which it can avoid its responsibility. The people there are told that unless they spend three quarters of a million dollars doing renovations to their facilities which are not required, the government is not prepared to put in the breakwater.

For a long time the government has needed a clear-cut policy with regard to small craft harbours. I do not lay the entire blame on the Minister of Fisheries and the Environment (Mr. LeBlanc). In fact, he has probably tried harder than any of his predecessors to get some money so that he can enunciate a policy. However, he has not been able to get it. The result is that the policy is largely a paper policy.

Both the hon. member for Comox-Alberni and the hon. member for Niagara Falls told the House that by debating this legislation, we were preventing many people from getting additional wharves and berths where they could tie up their boats. There is nothing in this legislation which provides for one single wharf or for providing any berthage accommodation.

This legislation provides for shared programs which are dependent upon the provincial government, the municipality or some private entrepreneurs putting up money if the federal government puts up money. If the federal government's allocation of money for small craft harbours is as limited as it has been for the past ten or 12 years, none of those wharves will be built and none of that accommodation will be provided.

This is just an attempt to kid the public, saying that by passing this legislation they will get wharves and accommodation for boats of fishermen and recreational boats. There is no guarantee that is going to happen. It will only happen if money is provided in the estimates and certainly there is no indication so far that money in the quantities required will be provided.

The government has the responsibility with regard to commercial fishermen on both the east coast and the west coast. For anyone who thinks they are getting a free ride, I point out that these fishermen pay income tax and other taxes just like the rest of us. They pay very large sums for their fishing licences for which, by the way, sports fishermen on the west coast do not pay. The commercial fishermen must pay $1,000, $2,000 or more for their licences to catch fish.

When they come back from their fishing expeditions, surely they have a right to a place to tie up their boats at a

reasonable figure and not held up to ransom as they have been. As a matter of fact, it is the kind of service which they should be provided with by the Government of Canada. People use airports which are supported by the government. People use other facilities which the government provides for the public in general. There is no reason why commercial fishermen should not be provided with this service. If they are going to pay, surely it ought to be on the basis of a clearly defined schedule of fees which is reasonable and fair. That has not been done.

In his speech the other day, the hon. member for Comox-Alberni made a great deal of the fact that there has been adequate consultation with the commercial fishermen in British Columbia. As reported at page 2448 he stated:

—I do not accept the statement that those in the fishing industry have not had an opportunity to make their views known.

Further on he stated:

Surely it is not the role of parliament to send out invitations asking every Canadian if he wishes to appear before a standing committee.

That statement is as amazing as it is stupid. Nobody on this side of the House, least of all the hon. member for New Westminster, was suggesting that every Canadian should be notified that a bill is going before a committee. However, any government that has an understanding of participatory democracy, about which the Prime Minister (Mr. Trudeau) used to make speeches, would recognize that when you draft legislation which affects certain groups of people, a draft in the form of a green paper or white paper should be sent to those organizations. They should be given an opportunity even before the legislation is formulated to express their views and to advance their opinions. They should also be notified when the legislation is referred to a standing committee of this House so they will have an opportunity to appear before that committee and set forth their views with regard to the legislation as it affects their members. That has not been done.

I have here a telegram which I understand was sent to the Minister of Fisheries and the Environment on February 1. It reads:

● (1442)

Thirty-third annual convention of the UFAWU urgently requests you withdraw Bill C-2 until proper consultation with fishermen and industry organizations. We resent ramrodding tactics. We demand meaningful consultation prior to passage of any legislation affecting livelihood of fishermen. Bill C-2 not consistent with your pledge to UFAWU executive of equitable reasonable wharfage fee.

Jack Nichol, President

So it appears that at least one organization representing the commercial fishermen on the Pacific coast feels it has not been adequately consulted. The telegram goes even further and says the legislation is not in keeping with the commitment made to the fishermen with respect to wharfage fees. This is inexcusable.

The government says the legislation has been before the House for two years. Surely in those two years there was ample time in which to consult with the fishermen—if the minister could not do so in person, then the deputy minister, the parliamentary secretary or some other responsible person could have done so. It is unfortunate that at a time when this legislation is passing through its final stages, the people who are likely to be most affected on the West coast are protesting that they have not been consulted and that the legislation is inconsistent with the commitments they believe the minister made to them with respect to wharfage fees. For this reason I do not feel I can support the legislation, having in mind the interests of the commercial fishermen I represent.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, the bill before us gives me a great deal of concern. I wish to repeat the warning given by the last speaker with respect to the idea that we are holding anything up. It is obvious that we have a Minister of Fisheries (Mr. LeBlanc). It is obvious that authority over small craft harbours has been transferred to him, that the votes and expenditures of moneys have come under the jurisdiction of the Minister of Fisheries, and that the Department of Public Works is the agent for the Minister of Fisheries with respect to moneys spent and wharves and harbours.

What this bill is intended to do, therefore, is to establish by law what is already the case in practice. If we debated the measure from now until this time next year the practice would still go on. The bill before us will change little, if anything. It is, therefore, unworthy of a member of this House to state that delay in passage of the bill is holding up anything with respect to fisheries or harbours. It is merely a ploy used to downgrade the interest of the opposition in legislation introduced into the House, and it is not an honourable ploy. It is a deceitful ploy intended to mislead the public and persuade it that the opposition is extending unnecessarily the time required to do a good job.

I am reminded of an old gentleman who was quite a craftsman in my community. One day he was doing a little job when I happened to be around and one of his workmen came up to him. The employer asked how things were going. The chap who was working for him said, "Oh, I think it is good enough". The old craftsman looked at me and said, "I am sorry. I have got to go because when my man says to me he thinks it is good enough, I know there is something wrong with it; it means it isn't right." Mr. Speaker, when the opposition sees legislation which it feels is not right, it then becomes the obligation of the opposition to take such time as it may choose to try to make that legislation right and proper and fit the purposes for which the legislation was introduced in the first place.

Some hon. Members: Hear, hear!

Mr. McCain: That is precisely what every party on your left, Sir, has tried to do in connection with the bill before us, but with little or no result.

I am concerned about the bill because people in the fishing industry have complained to me since I have been a member of this House that they do not know today whether they are fishing legally or not. They knew they were yesterday. But they do not know today because regulations may change.

I wish to put on record the story of a fellow who owned a processing plant and who spent every nickel he had, and every nickel he could borrow, to bring his plant into compliance with regulations which had recently come into force. When the man was all through meeting the regulations the inspector came along to inspect the plant, prior to final licensing, and said to him; "Sir, I cannot approve your licence." The man, in amazement, said, "Why not? I have complied with every order I have received from fisheries officers with respect to regulations for my plant." "Oh," said the inspector, "did they not tell you that the ceiling in the room in which you salt your fish has to be eight feet high? Your ceiling is only seven feet six." I ask any intelligent man in this House, Mr. Speaker, what possible difference it could make to a fish in salt brine what height the ceiling of the room was? The answer is, obviously, none. But that processor was denied a licence because the ceiling in the salt fish room was not eight feet high.

When I look at Bill C-2 and see the regulatory powers extended to the minister and his staff, I am against the bill. Just last spring three boat-owners needed new boats. They applied for the subsidies which are supposed to be available to owners of their class of boats. They found that during the winter months the regulations had been changed and that because one of the applicants had a boat which was one foot longer or shorter than had been called for before the change was made, he no longer qualified. Because one of the other applicants needed a boat a little larger, in order to go into deeper waters, his application was not acceptable either. The regulations had been changed without notice. The third applicant had sold his boat and had ordered a new one. He found himself in very difficult circumstances when he was told he did not need that particular type of boat for his personal fishing operations. That is the impact of the regulations and I am not in favour of a bill which, clause by clause, fails to legislate, but accomplishes the government's purpose by regulation.

Look at clause 40. It refers to the use, management, and maintenance of every scheduled harbour, the enforcement of regulations and the collection of charges for the use of every scheduled harbour under the control of the minister.

It says in clause 5(2), "The minister may, subject to regulations . . ." Again, in clause 5(3) and 5(4) it says, "The minister may, subject to regulations . . ." Mr. Speaker, the minister is not subject to the rule of law; he is subject to the rule of regulations. The government has lost the art of legislating and governing its own behaviour by law. It wishes instead to govern the people by regulations at the whim and pleasure of any minister who may wish to make a change at any point in time.

● (1452)

Clauses 6 and 7 folllow clause 5 and are somewhat related to it, "subject to regulations". Clause 8 reads, "The minister may, subject to regulations . . ." It is not subject to law, it is subject to regulations. Clause 9 of Bill C-2 reads, "The governor in council may make regulations" for all the purposes outlined. Clause 10 reads, "For the purposes of enforcing this act and the regulations, the minister may designate as an enforcement officer . . ." Again it is subject to regulation. If one looks at each clause of this bill he will find that it is not a legislative document, but rather a regulatory document. The minister may do everything that criminal and civil legislation entitles him to, but the people who are affected by this are subject to the regulations permitted under this bill, and not necessarily to the bill itself. For this reason, among others, the bill is not acceptable.

I should like to refer to the problem of the wharfingers. Repeatedly it has been pointed out that wharfingers have collected fees at their pleasure, from whom they chose, and at a time convenient to them. They did not collect from all fishermen on a equal basis throughout the fishing community. We cannot pit one area against another in this regard, but a few fees were collected in Newfoundland, Nova Scotia, the Bay of Fundy and Quebec. The amount collected was piddling and it varied depending on who was the wharfinger and the wish of the government of the day. There will be a return to wharfingers and charges will be collected. The minister has stated that these charges will be assessed according to regulation. He did not indicate how much they would be.

On behalf of the minister, Mr. Reid made a few remarks as reported at page 56 of issue No. 5 of the Standing Committee on Fisheries and Forestry, dated Thursday, November 24, 1977, which reads as follows:

> Turning to the province of Quebec, there are no charges collected at present. Total revenue collected in 1975-76 amounted to $1,848 with no berthage collections. The proposed new charges for a 45-foot vessel will be $90 per year; $45 for the annual charge and $45 for the extended lay-up, where required.
>
> Turning to the maritime provinces; charges for a 45-foot vessel may amount to $189 per year under existing regulations.

He went on indicating that the charges will vary from area to area, that they will be higher in some areas of Canada than in others, and that the highest levy will be in the province of British Columbia. He continued:

> In Newfoundland charges for a 45-foot vessel may amount to $189 per year under existing regulations. However, again, the minister has exempted vessels under 45 feet in length; charges for other vessels are collected very sporadically and only from a very few vessels.

The history of wharfingers and their collections is pitiful, yet they will remain in existence. It has been stated during committee hearings that wharfingers will look after boats and wharves. Apparently they will cover a lot of ground in this regard. One may entrust the safety of his boat and harbour in the care of a wharfinger. In contradiction to that, it is also indicated that the wharfinger will be working in an area with a radius of 25 miles. Even if the coast were perfectly straight, that would mean he would be responsible for the supervision of 50 miles of coastline.

How often will a wharfinger be able to visit the harbours along 50 miles of coastline? Could he do it every day, twice a day, once a week or once a month? There is no assurance. If wharfingers are to be assigned an area of 25 miles in radius, it is impossible for them to attend to the security and well-being of the harbours in that long a distance. Obviously this emanates from someone who has not visited a coastline. In a 50 mile distance there could be 20 fishing harbours at the most.

Of course, there may not be any. The wharfinger system will not work any better than it has in the past. Boats may move in and move out, tie up and untie, and pay no charges whatsoever, as was the case in the past.

The Department of Fisheries and the Environment has a substantial staff already in place. Perhaps that staff could assume the responsibility of visiting harbours. Perhaps they could fulfil the duties of wharfingers. I am sure they would do their jobs on an equitable basis, rather than what has been done in the past. It might be necessary to have an extra person or two along the coast.

Someone asked what revenue would be derived from the charges imposed upon the fishing industry along the coast, and the suggestion was $1,500,000. Someone asked what it would cost to put wharfingers in place. If my memory serves me correctly, the suggestion was approximately $900,000. This means that the extra charge to fishermen, which is of no value as far as the security of their facilities is concerned, will result in a $600,000 net to the department.

One significant thing was that the wharfingers would be entitled to travel expenses, which would be paid out of general revenue. The department was not prepared to estimate what those travel expenses would be, and therefore it was unable to indicate whether it would even net a nickel from hiring 300 wharfingers which would be handpicked by the minister, his staff, or by the member in the area concerned. This is another opportunity for the Minister of Fisheries and the Environment to act more on a political basis than on an administrative basis. I suppose one does not know whether he could find his wharfinger in Shediac or Moncton under the present minister. Because of the value of this industry, it deserves much better attention.

I was interested in the remarks of the hon. member for Niagara Falls (Mr. Young), so I decided to take a look at what he said in committee. He was rather critical, and this is what he said, as reported at page 2:12 of issue No. 2 of the Standing Committee on Fisheries and Forestry, dated November 15, 1977:

> In the figures that I have just been given, your expenditures for 1975-76 over 1974-75 actually dropped from about $2.9 million . . .

That is fairly significant. One must remember that 1974-75 was an election year.

● (1502)

He went on:

> —and then they take a leap in 1976-77 up to somewhere in the $4 million area. I would like to know if that $4 million contains funds that have come from FLIP, from LIP, from Canada Works or transfers from Public Works, work that the Department of Public Works has undertaken to assist in co-operation. This is what I am trying to find out as a member of this committee, and what we had a great deal of difficulty trying to ascertain last spring.

Later he said:

> —I expect—and I am sure every member who sits in the House passing estimates expects—that is the outline, that is the program, that is the goal to which one works.
>
> [Mr. McCain.]

The goal is to know where the money comes from and how it is going to be spent. He could not find out. He went on to discuss the problems of getting a couple of projects in his constituency completed and he played up to the constituency that day and to the Prime Minister yesterday.

He went on to say:

> I can tell them that my constituency has not seen a dime and, as a matter of fact, I can say to the department regarding the two projects that people would have liked to build in my riding; they have given up; they have just absolutely given up on departmental funding.

He was that critical of the department and its procedures in committee, and yet he was very supportive in the debate here yesterday.

It was interesting to listen to the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) who, in turn, gave the opposition a dressing down for their behaviour and praised his minister. Let me quote him from page 217 of the proceedings of the committee of November 15, 1977. He said:

> However, I, like Mr. Crouse, am disturbed at the downward trend of funds, having fought very hard to increase them. Newfoundland went up in 1974-75—

Like the hon. member for Niagara Falls (Mr. Young) in the election year.

> —but down again in 1975-76.

He went on to say:

> We have to look at our budgets to make sure that an appropriate amount is allocated to Newfoundland for its fishing needs because that, Mr. Chairman, more and more is becoming the economic basis of survival in our province and I think we have to look very closely at the trend that is developing there. I am not happy with it and I want to see a substantial amount of funds allocated to that province for small-craft harbours.

Let hon. members bear in mind that I have just quoted the hon. member for Grand Falls-White Bay-Labrador. He went on to say:

> I am disturbed at a number of other things though and that is the amount of repair that had to be done. It seems to me that in a number of cases we had to rebuild wharfs the second year. I am thinking of two, for example, now on the Labrador coast, in Forteau and L'Anse-au-Clair, where wharfs were built and breakwaters were built a couple of years ago and now, one or two years later, we have to go through the whole process again to allocate maybe a couple of hundred thousand dollars in each case because the job was not done properly in the first place.

Again that gentleman played up to the Prime Minister and failed to serve the interests of his fishermen in the House because he did not say publicly in the House what he thought he could say safely in the committee, where he would not be quoted and where he would not be found to be in disagreement with his minister and with the Prime Minister.

The hon. member for St. John's East (Mr. McGrath) who spoke on this bill complained seriously about the use of FLIP, LIP and other money, as I did. The department does not vote adequate funds to sustain itself and has to lean on other departments, borrowing and begging support from them. I complain about it not for the same reasons as did the hon. member for St. John's East, which were laudable and very proper, but because every constituency which has inland communities which may require certain services finds itself able to make improvements in the community by improving facilities

for athletics, social functions or community social affairs. I submit that the coastal communities are entitled to the same amenities as inland communities, but when federal funds in make-work projects are taken from the make-work opportunity for social purposes and placed into a wharf on the coast, those coastal communities are denied the services so generously afforded to the inland communities, and vice versa. Both inland and coastal communities are equally entitled to these amenities. When the government is not prepared to allocate adequate money to a department and when that department must go begging to others, it means that the government is not acquainted with the importance of the industry to which we are referring at present.

To give the House an example of the degree of begging and borrowing that the department has done, let me turn to page 1:13 of the committee proceedings of November 10, 1977 where Mr. Reid is reporting to the committee. He said:

> This is in sharp contrast to the expenditure levels in recent years which have been as follows: 1973-74, $22,369,800; 1974-75, $30,621,800; 1975-76, $28,848,300; 1976-77, $42,758,000, approximately.

That $42 million which he claims to have spent and with which he hoped to appease fishermen from coast to coast was not voted for the Department of Fisheries in total because $5 million of it was from a special agreement with Quebec—I do not quarrel with that, do not misunderstand me—$5,500,000 was from LIP, and $5 million from FLIP. So actually for 1976-77 the minister was voted less money than in any of the three previous years mentioned. At no time, except for that jump in 1973-74 from $22 million to $30 million, has there been an increment in expenditure in that department which has kept pace with inflation; and at no time has enough money been voted, as would have been voted 25 years ago, to maintain reasonable standards in the port facilities of our country.

Let me quote again, as I have quoted probably four or five times in the House, the words of a high official in the Department of Public Works who was questioned directly some time around 1973 and asked how much money was being spent in terms of real dollars as compared to what was being spent in 1950. That public servant—this does not come from me or from any other member—said: "Today we are spending about 25 cents in real dollars as compared to the dollar we spent 25 years ago".

Since that time, we have not caught up in real dollars. There is no awareness in the Department of Fisheries of the needs which exist in the industry. The fishermen are asking what will result from these extra fees and what will result from the hiring of more wharfingers. Not a thing has been mentioned. People on the Fundy coast are asking how many haulouts they will get, since a haulout has not been built by the Department of Fisheries for so long that they cannot even find the wrecks of those that had. There is not a place where they can bring their boats for painting, repairing, refurbishing or improving, so they are asking whether they will get a haulout when the fees are larger and when we have all these wharfingers.

● (1512)

I have not heard a word from the hon. member for Saint John-Lancaster (Mr. Landers) on this subject. I assume he is being asked whether people who pay these larger fees will get winter harbours. We once had a winter harbour, but we were kicked out of it by the National Harbours Board. Now we have to pull our boats out on shore, and they deteriorate at about twice the normal rate when they sit on the shore for the winter. We want a winter harbour, and I would like to have the support of the hon. member for Saint John-Lancaster and the Minister of Fisheries and the Environment (Mr. LeBlanc) for that project. If I had that support, I would be able to agree with the hon. member for Grand Falls-White Bay-Labrador (Mr. Rompkey) that the minister is a good minister. However, the 200 boats which were kicked out of the harbour by the National Harbours Board are now dragged up on the beach for the winter to deteriorate at about twice the normal rate.

Are we going to get prompt wharf repairs? In the fall of 1976 a little harbour in my constituency suffered some damage in a storm. The sheathing was coming loose, and the fenders were coming loose. This was reported to the proper office. I went back to that same little harbour the next spring, and the fenders were still loose, the sheathing was looser and nothing had been repaired. People are asking whether their harbours will be fixed more quickly. I went back to that harbour last fall, a year after my first visit, and the fenders were still loose, the sheathing was still loose and the harbour was not repaired.

My constituents want to know whether harbours are to be fixed early and cheaply, or will they be fixed late? Will money be wasted, and will the government wonder why it cannot fix two harbours for the price of one? That is what my constituents are asking about this in light of this new charge and all these wharfingers. There are some harbours at which there is light. At those harbours boats can be moored and their batteries charged. Are we going to have lights at every harbour? There are harbours where there is fresh water. Are we going to have water at every harbour, or will there be lights here and wells there but neither at all harbours?

Are facilities going to be improved in exchange for this extra charge? The roads to some of our fishing harbours, which are the responsibility of the Government of Canada, are in terrible shape. In some cases we have to stop short of the wharves and carry our equipment, water, food and oil aboard when we should be able to drive right up. Are we going to get those roads fixed more quickly?

My constituents are asking whether they will have adequate wharf facilities. At the moment boats are tied up five, six and eight tiers deep along piers, and we do not have adequate breakwaters. We have to move our boats at night. Will there be improvements? If so, that was never mentioned in any discussion of this bill.

My constituents are asking if they will be consulted before wharves are built. Is the minister going to spend $500,000, as was done in my constituency where there were three sets of plans and blueprints drawn up? The minister took a look at the three sets and decided on the cheapest plan. However, he did

not consult the fishermen who knew the winds, the tides, the currents and the way the water would flow. After building the cheap one, to which the fishermen objected for years as they waited, the minister is now being requested to build another one in the same harbour because the first one was not built properly.

Ottawa engineers do not know the water, nor does the fellow sitting in some grand office in Saint John. Dollars and cents do not make a good harbour unless they are properly spent. They can be wasted in large or small sums. Fishermen want to know whether they are going to be consulted so that they can have proper harbours instead of wasted public funds. Will that consultation result from this bill? I could not get any answers in our committee, so it is my responsibility on behalf of the fishermen in my constituency to say that this is bad legislation and I have to vote against it.

A harbour in my constituency has needed dredging for three years. The fishermen knew it would cost $50,000 to fix that harbour. When I was visiting there I noted in a little piece in a paper that it cost the government $200,000 to appoint a minister without portfolio, to give him a staff and to put an executive assistant and a constituency secretary in his constituency. It cost $200,000 to set up the hon. member for Crowfoot (Mr. Horner). That money was budgeted from nowhere. But when we asked for repairs to be made to wharves, it was easy for the government to say it was out of money.

We noticed too that the minister of fun and games—excuse me, the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo)—had no budget at all, but it was estimated that it cost $20,000 for the first safari she made across Canada. A little harbour could have been put into perfect condition for $20,000. I was asked how that minister could get $20,000 for a safari when boats were grounding out and when they could get into their harbour only under certain tide conditions.

Mr. Béchard: What was the answer?

Mr. McCain: The answer was that the minister of fun and games had priority. It does not make any difference how money is spent or whether it is voted as long as their is benefit to the Liberal caucus. However, it does make a difference to a fisherman if he cannot get into a harbour. We are talking about an industry which is of inestimable value and of growing value to the Atlantic coast. It has been mismanaged to a degree which is absolutely deplorable.

If the minister can be given credit for anything, I suppose it would be for taking the helm of a department which had previously been thoroughly mismanaged. Stocks had been thoroughly neglected. International agreements had given our wealth away, to the detriment of our people. However, something had to be done, and something was in the process of being done when the present minister took over. He took over a department which had finally taken the advice of members of the opposition that we should have a 200-mile limit. He took over at a crucial time when fisheries had been so neglected by the Trudeau administration that they had nothing but better to hope for. He took over at a time when the former minister had begun to consult with fishermen. Committees of sailors co-operatives, fishermen and organizations from the east and west coasts were invited to the former minister's office and into the committee. Their expenses were paid, and their advice was taken. The minister inherited the fruits of the labour of his predecessor, who stumbled along for a long time but in the last days of office finally took the advice of members of the opposition and people in the field.

Plans were on the drawing boards when this minister took over, and he has coasted ever since. There is much left to do. If fishermen have to pay bigger fees, they want to know if they will get more licences and broader fishing privileges or whether they are to continue to be restricted.

Mr. McGrath: That is another application of user pay.

Mr. McCain: These proposals must have been copied from those of the Minister of Transport (Mr. Lang). I wonder if that is possible, or perhaps they too came from the Prime Minister.

● (1522)

The fishermen want to know what to do because we are losing a generation of fishermen. It is all very well for prairie members to grin at that statement, but if they were to visit the coast and see these young people with nothing to do, no licence to fish and their inheritance taken away by regulation and mismanagement, they would not find anything to smile at. This is a serious situation.

In committee I asked how much of an impression it would make on the stocks of the sea if we allowed inshore fishermen more extensive licences and more species to fish. I have not received an answer yet. I know of a father and four sons who all want to fish, but with just one licence the father cannot keep those four sons busy. There is no way they can get a boat, no way they can get a subsidy, and no way they can get a licence even if they had the boat. Fishermen on the east coast want to know if they will get more licensing privileges if they pay larger fees. They want to know, if more wharfingers are appointed, if that means they will be allowed to catch more species and have more flexibility.

A man who had a 70-foot carrier in the Bay of Fundy wanted to know if he could have a fishing licence. He no longer had a job because the fishing industry which he served had been reoriented—and properly so; I have no quarrel with that step. The carrier, who brought the fish from the offshore fishermen to inshore, did not have a job, however, because he could not get a licence to fish anything. So his 70-foot boat, which would cost a couple of hundred thousand dollars minimum today, is tied up and rusting.

I have heard it said that the minister is a good one, Mr. Speaker, but I submit to you that he is a cruel minister who will move young people out of my constituency through regulation without having any proof that the stocks will be seriously depleted if those young people are allowed to make a living at home. Instead they are added to the ranks of the unemployed;

they would like nothing better than to work. Mr. Speaker, this is not progress and this is not good legislation.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I am also going to vote against this bill for the reasons given by the hon. member who just sat down and for those given by the hon. member for South Shore (Mr. Crouse) when he spoke on third reading on January 31.

I will just summarize those reasons which are already well known to the House. We will vote against this bill because reasonable amendments which we offered in committee were not accepted. We will not grant a blanket authority to the minister and the government to decide what fee structure will be imposed in the future on the use of wharves and other harbour facilities used by our fishermen. We do not agree that the government should have the right to lease wharves to private individuals or other bodies without consultation, there being no requirement on them to consult with any local or provincial authority. These are reasons enough for voting against the bill.

The bill deals with the development and administration of certain fishing and recreational harbours in Canada. In Newfoundland, Mr. Speaker, there are 563 fishing harbours out of 573 harbours, according to the information that the government gives us. In 1973-1974, $218 million was spent on those harbours; in 1974-1975, $6.6 million was spent, an increase which took place because that was an election year. There was election spending in Liberal districts. In 1975-76 spending on the 563 fishing harbours dropped back to $4 million. I do not have the figures for 1976-77 nor for 1977-78 but LIP projects and Canada Works projects are now being used to supplement spending.

In committee the minister said that spending on recreational and fishing harbours increased from $22.3 million in 1973-74 to $47 million this year. When we consider the inroads of inflation on the dollar, that is not much of an increase in real terms. This is particularly so when it is realized that 2,300 small harbours and 4,000 facilities in Canada comprising wharves, breakwaters and other structures would come under the administration of this bill.

The minister asks us to leave the decision to him about what is to be charged to commercial fishermen for use of facilities which they have used for centuries at no charge. I am not aware of any charge that has ever been made in the province of Newfoundland for the use of wharves, breakwaters and other facilities, yet the minister asks us for blanket authority to set charges in the future. I certainly cannot agree to that.

Other hon. members have made the point, and I should like to stress it again, that not enough money is spent on this valuable resource, particularly when it is realized it will be one of the growth industries in Canada for the balance of this century. Rather than being the sick man of the resource industries of Canada the fishery is going to be the growth industry in the next ten, twenty or thirty years, on the east coast in particular. Of course, this government will not be in office much longer so when this party takes over we will increase spending and vastly increase spending on facilities on the east and west coasts.

There appears to be some discrimination in the legislation, Mr. Speaker. A lot more money is to be spent in Quebec than in the Atlantic provinces. According to the information I have, Quebec has 94 fishing harbours out of 364 harbours, on which in 1975-76, $9.8 million was spent in that province. That is double the amount spent on the 563 fishing harbours in Newfoundland. I am not saying that the money should not have been spent on these harbours in Quebec. Obviously it should be spent on them as well as harbours elsewhere in Canada.

The spending is more biased in the supplementary estimates for 1977-78. Of a total supplementary spending on marine programs of $25 million, the four Atlantic provinces will receive $5 million, Quebec will receive $15,700,000, Ontario $2,300,000 and the Pacific coast $2 million. In other words, Quebec is to receive an additional supplementary spending of three times the amount to be spent in the four Atlantic provinces. Of that $25 million in the current and capital account, Newfoundland is to receive $2,430,000 for its 563 ports. Quebec will receive $15,700,000 or 6½ times as much. Doubtless the money is needed in Quebec, but it shows where the political priorities of this government are. The Atlantic provinces and the west coast should receive their share. There appears to be discrimination in this program and that is another reason why I shall not support the bill.

Much work should be done to harbours, wharves and breakwaters in my district. Mr. Speaker, I should say here that I find the personnel in the department to be extremely co-operative but I should like to remind them and the minister of some things that need to be done and that I expect to see in the estimates for the coming year. The most important is the wharf and breakwater at St. Bride's Placentia Bay. That is a community that the Progressive Conservative government of Newfoundland has made vibrant by financing the building of a small fish plant there. As a result of that there are possibly many dozens of fishermen fishing out of St. Bride's bringing in millions of pounds of fish for processing at the plant at St. Bride's operated by Quick Freeze Limited and the whole area has had an economic comeback.

● (1532)

However the wharf is inadequate at St. Bride's. The breakwater is inadequate. Damage was done to it again. The government spent some money on the wharf last year by making repairs. However, they did not do a permanent job, and it has now all washed away. The government has agreed to commence work on this wharf again and hopefully it will be completed before the fishing season opens this year. This is a vital and urgent matter.

Branch is now becoming once again a vibrant fishing centre, Mr. Speaker, with long liners fishing out of that port. The people there are returning to the fishery. But dredging is badly needed and permanent improvements to the channel into Branch also should be made.

At Port Kerwin and the district of Ferryland we need a wharf and a stage. I did my best to obtain two Canada Works projects for that purpose in Port Kerwin this year but unfortunately the Minister of Employment and Immigration (Mr. Cullen) will not allow Canada Works recipients in Newfoundland to be paid the same pay as workers on the mainland, and so we have the lowest wage rates for people employed by Canada Works projects of any province in Canada. Because of this fact it is impossible to find people willing to work on those projects. Therefore the government will have to build a wharf and a stage at Port Kerwin itself.

At Riverhead and St. Mary's Bay once again the fisheries are making a comeback and dredging is needed.

At Point Lance, which is near Branch, an extension to the wharf is required for the inshore fishermen. At Peter's River, again the fishery is flourishing and men are returning to the fishery. At Point Lance the community stage is adequate. It was put there by the provincial government. However, the wharf needs to be extended. Peter's River in exposed to the open sea and the fishermen cannot be waiting all day in their boats in stormy weather to unload their fish. An extension is needed to the wharf so that they can unload three or four boats at the same time. I have asked the minister to give that matter priority.

At Placentia they are dredging an additional wharf space which is needed in the area called Swans. At Bay Bulls we are waiting to hear what will be done this year respecting the new marine service centre of the Department of Fisheries. We have been told there will be a new wharf built this year. I would like to have it confirmed that there will be a new facility which will be constructed in 1978 at a cost of something like $3 million. This facility will serve the federal fishery and patrol vessels. I would like to know when that project will go ahead, what it will comprise and how much will be done this year. This will be another flourishing fishing centre, Mr. Speaker.

I was at St. Shott's during the Christmas break. The wharf there has been damaged and although work was done on it last year there is need for a much more adequate slipway. The fishermen at St. Shott's fish from one of the most exposed locations in the north Atlantic. These facilities are essential. Arnold's Cove is a place where dredging is required. At Argentia work will be required there. At St. John's a small boat facility and a slipway is needed. At Fairhaven and Placentia Bay a breakwater is needed. At Dunnville, because of the rebirth of the fishery a new wharf is needed for the fishermen. At Ferryland work is required to be done. Mr. Bill Morry of Ferryland is one of the few men left who was an expert in the salt codfish industry. Salt codfish today is as valuable as gold. Light salted, Spanish cured codfish is worth its weight in gold today and there is not very much of it produced because of the amount of work required in the production of it. But Bill Morry is leading a revival this year in Ferryland on the south shore in the saltfish business. He is using his old premises and work needs to be done to assist him there. It is important for us to co-ordinate the salt fishery with the fresh and frozen fishery, particularly during the glut season in June and July when the codfish come inshore and are caught in traps in tremendous quantities. At Portugal Cove South work is also required on the wharfing facilities. These are just some of the requirements that the minister should consider for this year.

This is a very important subject for Newfoundland. I am sorry that I do not have adequate time to deal with it. In Newfoundland we have come full circle. When the Liberal party first got into power in 1949, when Mr. Smallwood, Mr. James and their cohorts were in charge the fishery was a poor thing. We had to get out of the fishery and the only way for Newfoundland to develop and become prosperous was through the development of industry. It was the great Smallwood philosophy of "develop or perish". That great Liberal philosophy—"we are going to develop and you are going to perish." From 1949 to 1971, which is 22 years, Newfoundland suffered under that policy of industrialization. Despite our position in the northwest Atlantic, a strategic location, the fishery went down. That was the fault of our provincial government led by Mr. Smallwood, and the fault of the government here in Ottawa led by the various people during those years, with one brief respite when the right hon. member for Prince Albert (Mr. Diefenbaker) was in power.

Now the whole thing has been reversed. When the Progressive Conservatives took power in 1972 they saw the importance of the fishery. They started to agitate for the 200-mile economic zone, which should have been the continental shelf. It makes me laugh, Mr. Speaker, to hear the Minister of Fisheries and the Environment (Mr. LeBlanc) say that we have to make this concession and that concession to the foreign fishing fleets because our fish do not recognize the 200-mile economic zone, that they swim back and forth and we cannot just tell the foreign fishing fleets to keep out of our 200-mile economic zone. He says we must keep on good terms with them because we do not control the fish beyond the 200-mile economic zone, we do not control them beyond the Flemish Cap, and so on. Why did Canada agree to a 200-mile economic zone when it should have extended to the continental shelf, covering all the fish species that are found off the east coast of Canada? It is no excuse for the minister to say that he has to make these concessions.

We have had a tremendous turnabout in Newfoundland. We know that we are not going to be an industrial paradise. We have also had great economic misfortune. Newfoundland was more severely hit than anywhere else in Canada by very high unemployment. We had the collapse of the linerboard mill, the shutting down of an oil refinery, the shutting down of pioneer housing—I believe that is what it was called—in Placentia, and the shutting down of the fluorspar mine in St. Lawrence. We have suffered all of these economic blows.

The one bright spot we have is the fishery, which is starting to flourish once again. Catches are improving and the fishermen are getting higher prices. The industry is better organized and the fishermen now have a strong union which has done a good job for them. The fishery is now widely recognized to be the essential industry of Newfoundland, the essential lynch

pin. It is seen that the inshore fishery is of great importance. We even find Liberals, such as the Secretary of State for External Affairs, making a statement on January 26 on fisheries development in Newfoundland. Let me quote from page 3:

Nevertheless, fishery development, along modern lines, is the best economic generator Newfoundland can have.

That is quite a turnaround for the Secretary of State for External Affairs. It was he and his Liberal government in Ottawa, and Mr. Smallwood and his government in Newfoundland, that said the inshore fishery was finished. They let it run down in the 1950s and 1960s. They developed a great resettlement scheme financed with federal money from copious funds in Ottawa which removed people from the northeast coast and the inshore fishing communities and brought them into centralized areas where they were to go to work in industrial ghettos. The only problem was we did not get the industry for them to work at. They were taken from places where they could have fished and been productive and moved to places where they could no longer be productive but where they had better schools, highways and the like. That was all done because the Liberal government of the 1950s, the 1960s and up to 1972 did not recognize the fishery as being important.

● (1542)

However, we now have the Secretary of State for External Affairs stating that fishery development along modern lines is the best economic generator that Newfoundland can have. It is a new discovery. I am glad to see they are adopting the policy of the Progressive Conservative administration of Mr. Moores in Newfoundland. The minister went on to say at page 3:

It is part of the social fabric of the province, the main supporter of a distinctive lifestyle. Whatever other elements are added, the Newfoundland fishery must be the key, the foundation for any development strategy.

I am glad to see he has come to this. Now it is recognized. Further down the page, he stated the inshore fishery comes first.

The fact is that how the offshore fishery is managed determines the fate of the inshore fishery and that of thousands of inshore fishermen.

I do not have time to go into everything that the hon. gentleman stated in his 17-page statement. There is much in it with which I can agree. Some of the wording and some of the meaning is not clear, such as the differences between the two governments. I do not have time to go into all that. I notice on page 6 his bias toward the south coast, his own district, when he says:

Even though the general offshore catching capability is more than adequate at present, there are, as noted, some plants, particularly on the south coast, with specific and immediate problems.

There are plants other than on the south coast of Newfoundland with specific and immediate problems, such as the plant at Harbour Grace, Conception Bay. It used to operate 12 months a year when it had a fleet of fishing trawlers fishing there. Since 1968 it has been an inshore plant dependent on the inshore fishery only. Without a trawler fleet, it is only operating five or six months of the year. A proposal has now been made by Ocean Harvesters Limited at Harbour Grace and by Nordzee which could, if accepted, result in that plant operating all year round and having trawlers fishing there. I do not have time today to go into all the pros and cons of that particular situation.

I do want to point out the bias evident in the federal fishery policy in Newfoundland caused by the pre-eminent position of the Secretary of State for External Affairs. He is concerned with fish plants on the south coast, but much less concerned with fish plants and fishermen elsewhere on the island. The illustration of this is the fact that on January 24 the federal fisheries minister made the statement that he is now considering chartering foreign fishing vessels. Everyone said it was great that the federal government was going to charter foreign fishing vessels and land fish in Newfoundland or other parts of Canada so that our plants would operate toward full time; they now operate at 35 per cent capacity.

It now turns out that the minister is going to charter foreign fishing vessels to land catches in Newfoundland not at Harbour Grace or other inshore plants, but at plants that normally work 12 months of the year but which ran into supply problems last year. In other words, this is to help those plants which normally operate year round. They are nearly all on the south coast of Newfoundland, in the district of the Secretary of State for External Affairs. There is no help for the plant, the fishermen and the fish workers at Harbour Grace, Twillingate or anywhere else in Newfoundland.

In that statement of January 24, the minister said there were several thousand tons of northern cod unlikely under present arrangements to be taken by Canadians this year. We might keep that in mind when the great debate on possible Nordzee investment comes forward. There is a bias here. The Lake companies had just bought the fish plant owned by Booth Fisheries, formerly located in Fortune on the Burin peninsula. That plant is having great trouble, it is not getting enough fish. The trawlers they have are side trawlers and stern trawlers. The catches they are bringing in are not enough to keep the plant operating 12 months of the year. This plant is in the district of the Secretary of State for External Affairs.

What the Minister of Fisheries and the Environment (Mr. LeBlanc) is talking about is a scheme for the federal government to charter foreign fishing vessels, which they will not permit other people to do, to land fish principally at the new Lake plant in Fortune, in the district of the Secretary of State for External Affairs, so that the plant will be able to work 12 months of the year. There is no suggestion of any scheme to land fish elsewhere in Newfoundland, such as in St. John's West, St. John's East, Bonavista-Trinity-Conception or any other area where the plants operate only four or five months of the year.

The minister said that the suggestion that we should divide the ownership of catching vessels from processing plants is an interesting one. He does not say he buys it, but I believe that is the direction he has to go. He said it would be an evolving concept in Newfoundland.

He recognizes that the traditional trap fishery is the backbone of the inshore fishery. That is certainly true. It is the

Newfoundland government that is trying to enhance and help this traditional trap fishery. Most of the catch is taken in the six to eight week period in June or July when the cod come inshore. It has studied what can be done and has made proposals in a report just completed. Many of the initiatives and directions have been taken by the provincial government and not by the federal government.

At page 8 the minister comes to the conclusion that salt cod and fresh frozen cod production must be complementary and not competitive. He is following my lead that I gave him in 1974-75. He recognizes the need for more strategically located cold storage and holding facilities in Newfoundland.

The Newfoundland government just moved on this by calling tenders for cold storage and holding facilities at Placentia. It is the provincial government that is doing this. The provincial government does not have two cents to rub together, yet it is devoting its resources to these kinds of things.

The minister went on to discuss quotas and Canada's needs. At page 12, he pointed out something with which I agree. I quote:

Newfoundland is vulnerable as long as we are so very dependent on a single market.

As long as we depend on selling 80 or 90 per cent of the value of our fishery products to the United States, we are very vulnerable. The United States is now developing its own fishery because it has its own 200-mile economic zone. Other countries are still selling there. We will be in a very dangerous position in three, four or five years if we cannot break into the European common market and sell our fish products there. That is another reason why this Nordzee proposal has to be looked into very carefully. It knows that market, the kind of fishery products it can sell there, how they should be processed, prepared and the like.

At page 13 the Secretary of State for External Affairs said that he did not think any foreign deals should be made at this time that are irreversible or not of an interim nature. I do not know what "foreign deals" means. He does not make it clear that he is against a firm like Nordzee from Germany purchasing shares in the operation of Ocean Harvesters in Harbour Grace. I do not know if that is what he means by a foreign deal. If that is the case, this is the only industry in Canada in which foreigners are barred from investing. The only other exception might be the uranium industry. Certainly the Foreign Investment Review Agency will not be in any position to turn down the application made by Nordzee and Ocean Harvesters.

Since the present minister took over the portfolio in September, 98 per cent of all the applications to the FIRA for new investment and acquisitions in Canada have been approved. Previous ministers approved about 90 per cent. Now the figure is up to 98 per cent. Therefore, the deal cannot be stopped by the Minister of Industry, Trade and Commerce (Mr. Horner) for any convincing economic reason. It may be stopped by the Minister of Fisheries and the Environment if he refuses to issue licences to certain trawlers.

[Mr. Crosbie.]

The northern cod stocks that are mentioned are very important. At page 16 the Secretary of State for External Affairs makes the important principle, and I quote:

The division of quotas between offshore and inshore will be governed by how much fish can come to shore without creating an unmanageable "glut".

We have to let the fish come inshore. That should have priority. However, if all of the fish are left, if trawlers are stopped and offshore vessels are stopped fishing to allow all the cod to come inshore, we will not be able to manage the glut. Processing plants will not be able to handle it in six, eight or ten weeks. Obviously that is not necessary. It is a question of balance, how much is going to be required. No one has the answer to that yet.

There is another matter I want to take up here. In 1974 there was another tragedy in Newfoundland, particularly on the northeast coast, right from the St. Barbe coast around the northeast coast, White Bay to the St. John's area and perhaps along the southern shore. We had a tremendous amount of late Arctic ice. Even in July and August ice came into the coves and settlements and destroyed fishing gear. It was a disaster. Fishermen in those areas were wiped out. They could not fish that year.

They would not have been able to fish if someone had not helped to replace all their gear. They were not able to insure the gear. They certainly did not have the assets to buy new gear. Therefore, the provincial and federal governments instituted a fishing gear replacement program.

Practically all of the fishing gear used by inshore fishermen on the northeast coast of Newfoundland was lost. The estimate was that 350 codtraps, 7,500 groundfish gillnets, 2,000 salmon gillnets and 70,000 lobster traps were lost, to an estimated value of $3½ million. That was the estimate made in July from all the information that could be obtained.

On August 28 of that year the present federal minister and the Newfoundland minister announced a special gear replacement program to replace the damaged or destroyed fishing gear and equipment. The federal government approved the use of the peacetime disaster formula to compensate for the gear that was lost. The estimate was $3½ million. If that had been the actual cost, the federal government would have paid 53.9 per cent or $1.62 million and the provincial government 46.1 per cent or $1.3 million. The reason is that under that formula the federal government pays if the losses exceed one dollar per capita of the provincial population. So for the first $500,000 the federal government would pay nothing, on the next million dollars it would pay 50 per cent, on the next million it would pay 75 per cent and thereafter it would pay 90 per cent.

● (1552)

It was realized that measures would have to be taken quickly if the fishermen were to fish that year—those who use gillnets, not those who use codtraps or lobster traps or who had lost gear of that kind. So the two governments together drew up guidelines and established a co-ordinating committee delineating the borders within which fishermen would receive compensation for their lost gear and the method to be fol-

lowed. The only way of getting results quickly was by accepting the honesty of claimants. Claimants had to sign an affidavit stating how much gear they had lost and place a value on it. Arrangements would then be made for them to get new gear from suppliers and payment would be forthcoming from the government. Compensation was at the rate of 100 per cent.

Well, Mr. Speaker, in my opinion, both then and now, the program was too generous. A certain percentage should have been made deductible. Many of those who tended to be dishonest would have been discouraged if they had been obliged to put up, say, 25 per cent of the amount themselves. It was known that there would be considerable abuse of the scheme by a minority of the people. On the other hand, measures of this kind had to be taken because in their absence nobody would have been fishing on the northeast coast of Newfoundland that year. The gear they had lost in June, July and early August had to be replaced.

It was not possible to take along chartered accountants and lawyers to check every claim. Many people made claims. Incidentally, it was possible for part-time fishermen to make claims. There was no requirement for the registration of gear and there was no way of checking whether applicants actually owned gear, or if they did, how much they owned. It was an impossible program to administer because it was necessary to depend upon the honesty of the people concerned. Many people made exaggerated claims concerning their losses. Others, who had lost nothing at all, nevertheless made claims and were prepared to sign false affidavits. Schemes were cooked up with gear suppliers under which their accounts at the stores would be credited as paid. They never got gear. They would go through the process of claiming for lost gear. If a man owed the gear supplier, say, $2,000, the store would get the $2,000 from the government and the account would be paid off; no further gear would be issued from the store. And so on.

A sizeable number of people abused that program, we do not know how many, and eventually it cost $7.2 million. Seven thousand fishermen received compensation—I am including now compensation for lost lobster pots, salmon nets, codtraps and the like. There were 6,500 claims. The scheme was administered primarily by the provincial government but the guidelines were set by the federal government; it was agreed to by the federal government and the federal people assisted where they could. So the scheme eventually cost twice the amount estimated. How much of that amount went to pay off false claims no one knows.

I notice that the Minister of Fisheries and the Environment is not here today and neither is his parliamentary secretary. Yet here we are discussing fisheries legislation. I assume they will read *Hansard*. The minister has not met his obligations to the government of Newfoundland in connection with the 1974 program. Ottawa should pay $5.1 million toward the cost of that program under the disaster formula, but so far $3.7 million is still owing. In other words, the federal government has paid only $1.4 million to the Newfoundland government. It has welshed on its agreement and is pressing the poor little government of Newfoundland by saying: "We can't pay because there was some fault in the program; we need to find out all about this fraud before we pay".

They knew at the time what was happening just as well as the province did. They agreed to the program and to the guidelines. The ministers who are present in the chamber should see that this injustice is corrected before the month is out and that the federal government turns over to the province the $3.7 million not yet paid without further malingering. This money has been owing for two or three years. Let the government stop welshing on its deals.

I might point out, also, that the federal government owes the government of Newfoundland $935,000 in connection with the building of a trawler at a cost of $4.2 million. When the Newfoundland government commenced construction it did so on the word of the Secretary of State for External Affairs that the province would receive a 35 per cent subsidy on the vessel, 22 per cent from the Department of Fisheries and 13 per cent from the Department of Industry, Trade and Commerce. On the strength of that assurance—the shipyard concerned was in his district—the government of Newfoundland went ahead and built the trawler.

The Minister of Fisheries and the Environment has reneged on the undertaking to pay a 22 per cent subsidy under the fishing vessels assistance program. He has defied the Secretary of State for External Affairs, who admits he was involved in the affair from the beginning. He says he cannot pay the money over because there is some legal impediment in the way of his doing so. He tells us he is looking for other ways of doing it. I say to him, now: "Pay up. You are welshing on a promise. Pay the $3.7 million which is owing on the gear program, pay up the $935,000 you are welshing on this trawler, and pay up on the 55 to 65 vessels which the province is now building to assist the inshore and mid-shore fishermen under a program which will cost $35 million over five years." Let the ministers start paying the 35 per cent subsidy on those vessels which the government refused to pay this year.

[*Translation*]

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

The Acting Speaker (Mr. Ethier): The hon. member for Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) on a point of order.

Mr. Béchard: Mr. Speaker, before consideration of private members' business, I would like to correct the erroneous impression left by the hon. member for St. John's West (Mr. Crosbie) who seemed to imply that the Minister of Fisheries and the Environment (Mr. LeBlanc) could not care less about Bill C-2 because he is absent from the House today. I would like to inform hon. members that the minister has left today to defend the interests of fishermen, specially those on the east coast, in a follow up on the conference which was held last December in the Conference Centre in Ottawa. As for the parliamentary secretary, it was just normal and reasonable

that he accompany the right hon. Prime Minister (Mr. Trudeau) in British Columbia.

[*English*]

The Acting Speaker (Mr. Ethier): That is certainly not a point of order though it may be a point of debate or correction.

* * *

● (1602)

BUSINESS OF THE HOUSE

Mr. MacDonald (Egmont): Mr. Speaker, could we just have clarification from the government side of the House as to whether Bill C-2 will be the first order of government business on Monday?

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, that is what I understand.

Mr. Lachance: Mr. Speaker, I believe that is the understanding. I presume it will be as the hon. member has indicated.

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Ethier): It being four o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions, public bills and private bills.

Order No. 2; the hon. member for Lévis (Mr. Guay). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 4; the hon. member for Ottawa West (Mr. Francis). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 5; the hon. member for Egmont (Mr. MacDonald). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 11; the hon. member for Don Valley (Mr. Gillies). Stand by unanimous consent?

Some hon. Members: Agreed.

[Mr. Béchard.]

The Acting Speaker (Mr. Ethier): Order No. 12; the hon. member for Edmonton-Strathcona (Mr. Roche). Stand by unanimous consent?

Some hon. Members: Agreed.

* * *

CENTRAL MORTGAGE AND HOUSING CORPORATION

ADVISABILITY OF PROVIDING INCENTIVES TO BUILDERS FOR USE OF SOLAR ENERGY SYSTEMS

Mr. Chas. L. Caccia (Davenport) moved:

That, in the opinion of this House, the government should consider the advisability of directing the Central Mortgage and Housing Corporation to make appropriate changes in its lending policy regulations to provide incentives to builders and developers who incorporate in their building plans the use of passive solar energy designs and/or solar energy systems for space and water heating.

He said: Mr. Speaker, the motion before the House today, if it were approved this afternoon, in essence would direct the Central Mortgage and Housing Corporation to make changes in its lending regulations to provide incentives to builders. When I refer to builders, I mean Canadians who build their own homes; builders who build on behalf of clients and developers. When I refer to developers, I mean individuals or any business which develops subdivisions in our urban areas. These incentives would be provided to builders who incorporate in their building plans the use of passive solar energy designs and/or solar energy systems for space and water heating.

In order to illustrate, I should like to put forward the following example for consideration by hon. members. A $50,000 house usually qualifies for a mortgage in the neighbourhood of $35,000, if it is approved by the Central Mortgage and Housing Corporation. This motion would add the cost of solar energy to the cost of the valuation of the mortgage as part of the mortgage itself. The expense incurred to include a solar package, which could be the design of a home, a domestic hot water heating system or any available technique, would be added and included in the mortgage that is made available to the builder or the developer who comes forward with a plan of this kind. At the present time, the regulations of CMHC do not permit the inclusion of this incentive. This is a very modest proposal in comparison to what the government has introduced so far.

There is in existence a valuable insulation program across this country which was announced by the Minister of State for Urban Affairs (Mr. Ouellet) last year. As a result of the budget of 1976, there is a federal sales tax exemption on the sale of solar equipment. In the province of Manitoba there is a refund by the provincial government to municipalities which reduce the assessments of homes that have solar heating equipment incorporated in them. Thus, there are a number of measures in place which help to show how extremely minute this measure is.

A number of major projects are ongoing in Canada in regard to the development and the tapping of our natural resources. For instance, there is the $4,000 million Foothills pipeline; $3,000 million for the expansion and upgrading of the existing Great Canadian Oil Sands and Syncrude tar sands plants; an equal amount for the proposed tar sands operation; $2,000 million for electrical generation projects in the maritimes, including the Gull Island project; and the latest CANDU reactor now under construction in Le Preau, New Brunswick, at a cost of $684 million. These projects are part of an estimated $1,800 million investment between 1975 and 1990, which will provide a major boost to our economy. If I understand correctly, the federal government will participate in this project to the tune of approximately $1 billion a year, or close to 8 per cent of the total amount.

It is against this background that the motion has to be viewed. It has the merit and advantage of providing the average Canadian with an opportunity to play a role in moving toward self-reliance. It will allow the homeowner who is also a builder, and the developer who works for clients, to incorporate solar features in the homes to be built in years to come.

There have been positive statements on the use of solar energy and renewables in a number of documents which have been prepared by the government in recent years. Such positive statements appeared in the publication entitled: *The Way Ahead*, as well as in the latest Speech from the Throne. This direction was taken by the government in an attempt to benefit future generations. The Minister of Energy, Mines and Resources (Mr. Gillespie) has warned that Canada will face an energy crisis in the 1980's.

The motion before the House will encourage Canadians to incorporate solar technology when building their own homes and to benefit from CMHC mortgages. The same will apply to builders and developers. This kind of involvement between governments and the public at large assists the nation in moving one step closer to self-reliance.

For the sake of time, I will limit my remarks today. The measure can stand on its own merits. I submit it for consideration by hon. members in the hope that they will give their valuable support to it.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I rise to speak on the motion presented by the hon. member for Davenport (Mr. Caccia). I should like to make a few remarks regarding the potential of renewable energy in this country, as well as about what the government should do in order to assist individuals, developers and builders to incorporate renewable types of energy in their homes, buildings and businesses.

● (1612)

Here we have a limited example of the kind of suggestions made to CMHC that they provide some type of incentive to builders or developers to place within their structures a source of renewable energy. This would be another expense added to the mortgage. We realize that today the cost of housing is becoming very high in this country, and by simply adding the cost of heating to the mortgage, we will not be encouraging individuals to use those sources of renewable energy, whether solar or any other kind, within their buildings.

It would be far better if the hon. member proposed to the House a tax exemption or a tax credit which an individual or developer could use toward the placement of a source of renewable energy, solar or otherwise, in his home, thus allowing him to write the cost off his income tax, either in the year when he built the home or to spread it over a number of years. In that way the price of the house would be kept down and people could afford to build. Encouragement would be given to businesses, farmers and all types of industry to use sources of renewable energy within their structures, not only new ones that are being built but existing structures. Housing is already out of reach of all but a few individuals in this country, and with inflationary prices, which are added on to mortgages, such as the increased price of labour and so on, the price of houses and other structures is increasing constantly.

The hon. member for Davenport (Mr. Caccia) spoke about investment in non-renewable resources and about self-reliance. We on this side speak about self-sufficiency and about providing incentives necessary to allow for exploration of non-renewable resources as well as the placement of sources of renewable energy in existing and new structures in this country. We must spend billions of dollars on exploration of oil and gas and nuclear energy because we all realize that in the immediate future it will not be possible for us all to use solar energy and other sources of renewable energy in our homes, cars, and wherever else energy is required. However, what is also necessary are incentives for individuals to use renewable sources of energy, with a view to the future.

It is often said in these kinds of discussions that technology in this area is just starting to be developed and that we need a larger budget to develop renewable sources of energy and to make these systems available to everyone. I suggest that, although technology has not yet been perfected in that respect, there is sufficient expertise today to allow a large number of Canadians to benefit from solar energy and other types of heating systems. Currently there are many heating systems on the market with a high level of performance. They are available at medium cost. At present there are over 115 individuals and businesses in Canada offering solar heating systems to businesses and to private individuals. Also, there are more than 50 companies manufacturing and distributing these systems or fabricating on site solar heating systems and components. Technology in that area does exist. What we need now are incentives to develop it and employ it.

It is therefore discouraging to read about the research project that was conducted last year in the province of Manitoba in which both the federal and provincial governments participated. They spent $167,000 to place solar energy equipment on the dome of the provincial parliament building and they attempted to monitor its heating effectiveness. The cost of the project got out of hand and so it was abandoned. Surely if that amount of money were put in the hands of scientists and businesses which are in the process of building solar energy

units and other equipment using renewable energy, they could have refined the product and made it less costly so that the consumer would have been able to benefit from it. That would have been better than standing back and saying that we cannot proceed with the project because adequate research does not exist at present. I say that the government could start providing real incentives immediately not only for research but to individuals so that they could place equipment using renewable energy within their structures.

Recently a booklet of the Department of Energy, Mines and Resources outlined how we could put solar energy technology in Canada to use. It suggested that two benefits would flow from it. One would be the savings to society in terms of the prevention of pollution resulting from conventional heating methods. We all know that certain harmful emissions result from heating our homes with diesel fuel or oil, not so much from natural gas. We also know that renewable sources of heat, such as heat pumps, do not produce emissions and are perfectly safe.

It was also stated in the booklet that savings to society would result from the use of renewable sources of energy in the heating of homes. I believe that some 35 per cent of all the oil and natural gas in this country is used to heat our homes. If renewable sources of energy were used instead, that much oil or gas would be saved, and that much less would have to be imported or would be saved for other needs.

The hon. member for Davenport mentioned that we were running out of non-renewable resources. Surely now is the time to provide all sorts of incentives to save our oil and gas for future needs. I believe that a substantial program of financial incentives should be set up to encourage people to employ renewable sources of energy for heating. The suggestion which was put forward by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), and which I support, is that the federal government, which will be bringing down its budget in the next month or so, should provide 150 per cent tax exemptions on the use of a source of renewable energy in existing or new structures. A heat pump, for example, would cost $3,000. A person placing one in his house would enjoy a tax exemption of $4,500. Solar heating is slightly more expensive. It is suggested that it would cost about $10,000 to put that system into the average sized house. A developer or an individual who installed that equipment would enjoy a tax exemption of $15,000.

● (1622)

If this type of incentive was provided, we would see in businesses and homes a 20 per cent reduction in the amount of oil, gas and electricity which would otherwise be used to heat them over the next few years. We use in the neighbourhood of one billion barrels of oil each year. If that oil costs $12 a barrel, we spend about $12 billion per year on oil and gas. If we save 20 per cent of that, we save $2.4 billion. That may well be an exaggeration because much of that oil and gas is used in cars, but surely hon. members can see that that kind of saving would more than pay for the tax credit or tax exemption, and the results and benefits would be everlasting.

I said I was going to quote the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). He has made two previous speeches about this, and I would like to quote from one speech in which he suggested that 150 per cent and 100 per cent tax write-offs should be allowed Canadians who use renewable energies within their homes. The hon. member stated, and I quote:

> Following up my budget proposals in my speech of November 17, 1977, I submit the following paper at the request of your Parliamentary Secretary.
>
> At this particular moment Canada's interests require a dramatic incentive for individuals to move towards some form of solar assisted energy savings. This need fits in with the opportunity for potential budgeting.
>
> In almost every case solar hardware is capital intensive. In other words, one large capital investment now versus the usual 20 years of annual energy bills.
>
> My proposal is that any type of capital expenditure to reduce utilization by the individual of traditional energy sources should be given the same tax treatment that business gets, namely:
>
> (a) 100 per cent write-off for proven hardware
>
> (b) 150 per cent write-off for hardware still in experimental stages

This write-off was in place in tax provisions from 1959 to 1971, but it was removed by a budget of the Liberal government of that time. Our suggestion is that that write-off be put back in place for individuals who are prepared to use renewable energy sources.

Solar energy is not the only renewable energy source available. There are eleven forms of renewable energy which can be placed within various structures. I will state them quickly. Heat pump technology has been available for decades and is widely used in the United States today. With simple modifications it could be used here in Canada. The others are heat storage facilities, methane production, vertical axis windmills, solar absorption air conditioning, residential photovoltaics, individual water recycling, conversion of waste to energy, conversion of cow manure to protein, energy plantation and the production of hydrogen. All these are available in various technological forms today. In individual cases many could be placed economically within the businesses of homes of Canadians, if Canadians were provided the incentive.

At the present time, even with increases in the price of natural gas and oil heating, this is still within the bounds of most Canadians. However, as costs increase and as that resource becomes less and less available, it becomes more and more evident that we should be providing incentives to Canadians.

I was speaking previously about a report produced by the Department of Energy, Mines and Resources. The study took place in 1977. The report states that the lifetime costs of three space-heating energy systems have been calculated. Exempting solar equipment from property taxes resulted in the following cost comparisons: Solar, $7,960; oil, $6,600; and electricity, $11,280. This study showed that solar is still not competitive with oil. The figures I have given are 1977 figures, and since that time there has been an increase in the price of oil and natural gas. Even so, solar heating is and can be competitive

with electricity with only a small degree of government encouragement.

Another estimate in a study conducted by Middleton Associates—"Canada's Renewable Energy Sources: An Assessment of Potential"—revealed that the lifetime cost of a space and water heating system using short-term storage—solar—would be $6,105 as opposed to an electric space and water heating system costing $8,400. However, we must understand that the sun continues to shine, and once a solar heating system is set up, the cost over the years is written off, whereas an electrical system is paid for every day.

Other comparisons are also favourable. Heat pumps have an initial capital cost of approximately $3,000 and can save $375 a year on a $500 heating bill in the United States. They are not quite as efficient here because we have more days when the temperature gets down below -10 Centigrade. That problem can be overcome by placing a small water storage facility in the basement or outside, as long as it is fully insulated. By taking heat from water, efficiency can be even greater than what I have just indicated.

It is worthwhile to look at what is being done by the government of the United States. President Carter's energy plan would allow a person using solar energy to have a tax credit of $2,000. Despite its opposition to the plan the House of Representatives recommended that that be increased to $2,150. The Senate agreed that that should be allowed not only for homes but for businesses as well. The government of the United States takes this matter very seriously. Those incentives will soon be in place. That opportunity exists here in Canada, and I hope in the budget which is coming up the Minister of Finance (Mr. Chrétien) will include it. It would be much more beneficial to Canadians than providing some additional mortgage money through CMHC. We have a long way to go in this area, but perhaps adopting the hon. member's motion would help.

● (1632)

It is true that for some purposes renewable energy resources are just—

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

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I intend to speak for only a minute or two and in doing so express the hope that the House will pass this motion before this hour expires. As the hon. member for Wetaskiwin (Mr. Schellenberger) has indicated, once you raise the subject of energy in any form, almost anything is in order in that field. The motion before us this afternoon, however, is a very narrow one. It asks for one particular provision and I hope we can see fit to agree to it. I feel I cannot get to my feet on an occasion such as this, faced as I am with a member who is showing a great deal of persistence, without commending him for acting in that way. He has stuck with the subject of solar energy and has already had something improved by the House. He is back at it again today and I hope the House will support his motion.

I think I have to make a slight correction with respect to something he said at the beginning of his speech. If I heard him correctly he said that passing this motion would direct Central Mortgage and Housing Corporation to make certain adjustments. I point out that the passing of the motion merely expresses the view of this House that the government should give that kind of direction to Central Mortgage and Housing Corporation. That is the way things work around here. If the motion were passed—and I hope it is passed unanimously—then woebetide the government that does not pay some attention to the opinion expressed by the House.

I commend the hon. member for sticking with this subject and I hope we support him this afternoon.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, the hon. member for Davenport (Mr. Caccia) has suggested that the government consider the advisability of directing Central Mortgage and Housing Corporation to make appropriate changes in its lending policy regulations to provide incentives to builders and developers who incorporate in their building plans the use of passive solar energy designs and/or solar energy systems for space and water heating.

This suggestion by the hon. member is worth, in my view, serious consideration because solar energy is one of the sources to be utilized in our continuing efforts to reduce our dependency upon energy sources which are irreplaceable. It is my intention now, Mr. Speaker, to place before the House some of the practical considerations that affect policy making in the area and then to set out the current thoughts of the government on the subject.

First, to enable hon. members to understand the subject more clearly, a distinction has to be made between active solar heating and passive solar heating. The former involves the reception of solar heating energy by solar panels, thermal storage, the input of electrical energy to drive pumps, fans and the like, distribution systems, and so on. Passive solar heating is defined as the contribution accruing to the domestic space heating load by virtue of glazing, which transmits solar heating energy directly into living space.

I mention the distinction, Mr. Speaker, between active and passive solar heating, in order to emphasis that the solar energy applications can range from the simple use of glazing for passive solar energy purposes to more complex solar energy installations.

I recognize that passive solar heating will not obviate the need for a conventional heating system capable of meeting the total heating requirement. No storage of heat is involved in passive systems and so, if there is no sunlight, the benefits are substantially reduced. Even so, there are no barriers that I am aware of to the designing of a house to benefit from such passive solar energy techniques.

I was pleased to be informed that considerable effort has been made to develop knowledge of the more complex active solar systems. There remains much that still requires investigation. Concerted efforts by CMHC and other federal agencies

such as the National Research Council in conjunction with provincial governments, utility commissions, and the private sector are so oriented.

Fortunately, we can draw upon the knowledge presently known and thus the government can respond constructively to the suggestion by the hon. member for Davenport. I am pleased to report that the Minister of State for Urban Affairs (Mr. Ouellet) has directed Central Mortgage and Housing Corporation to review its lending policy with respect to solar energy and to present its recommendations to him. He is particularly interested in the impact upon the present lending policy which provides for maximums on loans and also the measures necessary to ensure that only those systems providing effective performance are authorized.

With these few comments, Mr. Speaker, I am pleased to indicate that the government agrees with this motion. I should like to thank the hon. member for bringing such a worthwhile motion to the House this afternoon.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I intend to speak only briefly in support of the motion put forward by the hon. member for Davenport (Mr. Caccia). My brevity reflects the degree of merit I attach to this motion. I sincerely hope that all members will see fit to refer this motion to the Standing Committee on National Resources and Public Works without further debate.

In 1973, the Organization of Petroleum Exporting Countries (OPEC) raised substantially the international price of oil and some of the oil exporting countries curtailed production and applied an embargo against certain oil importing countries. These actions precipitated what has come to be known as the energy crisis of the winter of 1973-74, and since then prices for crude oil have remained high. As a result of this crisis, it became necessary for Canada, along with other industrialized nations, to re-think and adjust our energy policy.

In 1976, the Department of Energy, Mines and Resources outlined a new direction in Canada's energy strategy. The objective of the strategy is the achievement of energy self-reliance. One of the policy areas involved in the attainment of self-reliance is increased research and development which has the potential to provide new energy options. One of these new options is renewable energy resources, which includes tidal, wind, biomass, geothermal and solar power. In February 1977, the Department of Energy, Mines and Resources, realizing that renewal energy sources would be playing an increasingly dominant role in Canada's future energy supply, allotted renewable energy the largest share of the $10 million federal research development spending for the fiscal year 1977-78. Also, it was announced that the Department would establish a renewable energy research branch.

Our goal of self-reliance was reaffirmed in the Speech from the Throne. The relevant passage is as follows:

> In the field of energy, it will continue to be the determined policy of the government to work with the provinces towards the goal of self-reliance, particularly by encouraging exploration and conservation to reduce our dependence on imported oil. Further encouragement will be given to the development of energy saving technology of renewable energy resources and of the application of solar energy.

I should like to take a moment to outline some of the federal renewable energy projects now underway. The solar heating research and development program of the National Research Council has undertaken a number of projects. After completing a feasibility study of solar heating in Canada in 1976-77, several new initiatives were started, which included the sponsorship of the construction of fourteen solar-heated demonstration homes, the funding of seven research and development solar heating contracts and the establishment of an independent solar-collector test facility.

Central Mortgage and Housing Corporation is working presently on a ten-year program, the mini-utility concept, which would develop parcels of land in the suburbs as sites for solar collectors to service communities using solar heating systems.

● (1642)

How does Canada's performance compare with the solar energy activities of other countries? The United States has made a clear commitment to the development of solar energy. Its goal is the provision of at least 7 per cent of the total national energy requirements by solar energy by the year 2000. Japan is also very active in solar research, development and application. In Australia, Sydney University was awarded $5.5 million by Saudi Arabia to continue solar research. Other countries with major solar commitments are France, Israel, Denmark, the Federal Republic of Germany and Sweden.

Many people may question, why fund the expansion and development of solar energy? First of all, solar energy, unlike the fossil fuels, is essentially perpetual and inexhaustible. It is the basis of all life on earth and it is free. The notion that Canada is too cold a country to benefit from solar energy has been cast aside. We do have sufficient solar energy to meet present and future energy requirements.

Second is the degree of interest expressed by many Canadians. For example, the concept of a "conserver society" embodies the movement towards a greater reliance on renewable sources of energy, such as solar, rather than drawing on the world's stocks of non-replaceable fossil fuels.

I would like to close, Mr. Speaker, on a prediction made by Dr. Harry Swain, head of the renewable energy resources branch of energy, mines and resources. I quote:

> A major crunch is coming in world oil prices around 1982 to 1985. We must get serious about solar power now. It takes time to build up an industry, establish the proper solar equipment and better housing standards, work out suitable lending rates from banks and devise government incentives. If we postpone all this to the next round of the energy crisis, it will be too late.

On that note, Mr. Speaker, I reiterate my support for this motion and urge its acceptance and referral to the Standing Committee on National Resources and Public Works for further consideration.

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker, I must apologize to you and to hon. members in that I should have paid more attention to the order

paper. In so doing I would have recognized that this subject was placed on the order paper for debate this afternoon and I might have better prepared myself. I offer the most sincere compliments to the hon. member for Davenport (Mr. Caccia) for his work, as he has already been complimented by the hon. member for Winnipeg North Centre (Mr. Knowles).

I will try briefly to give you some reasons why all parties in this House should support this motion. I would hope that an interdepartmental task force at the most senior level will be struck. I believe that unless immediate action is taken Canada is going to lose a multibillion dollar industry in the next five years.

I might mention that CMHC has given approval in principle to the use of hot water solar panels and I think also space heating solar panels. I would add by way of example that in Australia, if my recollection is correct, one out of every two homes now makes use of solar panels for heating and hot water, and three out of every four homes under construction are making use of that type of equipment.

Other members have mentioned that in the United States there is already considerable support by the U.S. government for a solar panel industry, a decision which I believe we will be facing in Canada in the next five to 10 years. According to my recollection, it is expected that the next sharp and dramatic increase in Arab oil prices will be in 1982 or 1983, about five years from now. I believe the figures indicate it will be something in the order of an average annual increase of 15 per cent in the cost of imported oil. Again based on my recollection—I apologize if these figures are not exact but they are pretty close—it is expected that the cost of electricity will increase by about 12 to 14 per cent per annum in the foreseeable future. The cost of gas will increase by about 11 to 12 per cent per annum.

We are looking at a situation which right now CMHC considers to be profitable in terms of the cost of installation of solar panels, in particular solar hot water heating. From the point of view of the homeowner it will make it worth-while to invest approximately $2,000, resulting in his electricity or oil costs reducing accordingly over the length of his mortgage commitment, with the expectation that in approximately seven to ten years the cost of installation would be amortized by the reduction in the cost of oil and electricity for heating purposes.

We are looking therefore at a new utility, a somewhat similar historical development to the light, heat and power industry throughout the modern world. The question is what role Canada will play in the development of a new utility in Canada. In addition, it could include the question of capacity. It has the possibility of becoming a gigantic multibillion dollar export industry.

These solar panels are useful in a wide variety of climates all around the world. It is interesting to note in our temperate zone that the most successful and the most technologically perfect solar panel systems have been manufactured. When I say in the temperate zone, that includes the most populated part of Canada. Unfortunately there is virtually no manufacturing at all of solar panels in our nation.

There is a significant solar panel industry in the United States. In some cases it is on a sort of a cottage industry basis, and in other cases it is on a fully automated basis. In five years we are going to be buying our solar panels, which are made of copper, and in many cases Canadian copper, and glass and aluminum, in many cases Canadian aluminum, from the United States and from Exxon. These products will have to be purchased there unless we have the brains now to ensure that this industry is developed and that it will be a profitable and necessary industry. This should be the result in view of the increasing cost of other forms of energy.

I reiterate my compliments to the hon. member for Davenport for his recommendation that this kind of information be considered by the government. I hope this motion of the hon. member will be used by the government as an opportunity to review seriously and extensively the entire subject of solar heating. Canada should involve itself in this industry before we become, as we have with so many other things, nothing more than net importers of the finished product, even though in some cases the basic resources of those products are of Canadian origin.

If we required that every federal government building built from now on should utilize solar panels for its hot water heating requirements, it would create sufficient industry in this country to produce the resources, to produce technological expertise, to produce manufacturing expertise and to give us an industrial base to become one of the major exporters in the world.

Backbenchers on this side of the House are saying in a most courteous way that someone on our side is asleep at the switch. I would find it ironic in the extreme if members of the Conservative party were to talk out this motion.

Mr. J. R. Ellis (Hastings): Mr. Speaker, the hon. member for Lachine-Lakeshore (Mr. Blaker) may find it ironic, but I have to tell him that every member who puts forward a motion or a private member's bill from this side of the House has the same expectation as the hon. member for Davenport (Mr. Caccia), and to a man they are talked out. I intend to talk it out. I hope to do so in a manner that will indicate some support for the general principle of the motion, but I have some criticism of the manner in which this motion was presented.

The motion that the hon. member for Davenport presented, as the hon. member for Winnipeg North Centre (Mr. Knowles) indicated, is very narrow. In my opinion it is much too narrow. It reads:

> That, in the opinion of this House, the government should consider the advisability of directing the Central Mortgage and Housing Corporation to make appropriate changes in its lending policy regulations to provide incentives to builders and developers who incorporate in their building plans the use of passive solar energy designs and/or solar energy systems for space and water heating.

That is what it says, Mr. Speaker. The hon. member said he intended that the extra cost of passive solar energy systems would be added to the allowable mortgage amount. In other words, there was not any real incentive, because the mortgage would be bigger to carry the extra cost.

• (1652)

As we know, there is an extra cost in putting a solar system into a home.

To my way of thinking, it is not enough to restrict this idea to Central Mortgage and Housing Corporation. That is unfair. There are many homes built in this country which for obvious reasons are mortgaged by private means rather than through CMHC. There should be some method whereby private mortgages could be extended this same benefit. It is absolutely imperative that we have incentives.

I intend to deal for a few moments with those comments made by my colleague, the hon. member for Wetaskiwin (Mr. Schellenberger). Before doing so, I want to refer very briefly to one or two comments made by the Lakeshore members, Toronto-Lakeshore (Mr. Robinson) and Lachine-Lakeshore (Mr. Blaker). They made a very valuable contribution to the discussion this afternoon.

The hon. member for Toronto-Lakeshore said that solar energy is free. That is a misstatement. Solar energy is not free. It carries with it a very high cost in its adaptation to useful purposes in our northern hemisphere climate. I do not know whether the hon. member meant the fact that the sun shining down on us does not cost anything. In fact, that costs us something as well.

Obviously in the larger metropolitan centres—and the hon. member for Toronto-Lakeshore should know this—zoning laws would have to be enacted prohibiting the obstruction of any building that would block the sun from anyone who has installed a solar heating device. If you knew there was a property immediately to the south of you on which someone intended to build a high rise building and you had put solar heating panels on your house, if a law was in place preventing anyone from shading your property it would effectively restrict the height of any building to the south. If there were no law, obviously putting on solar panels would be a tremendous risk. Anyone could build immediately to the south, southeast or southwest of you and block the sun. That would defeat your purpose. Your expenditure on solar panels would be for naught.

So there is indeed a cost, direct and indirect, in using solar panels. This is a very small criticism, but it is valid. It points out one of the major problems, particularly in urban municipalities, in using solar heat. The situation is not the same in the large rural areas such as those represented by the hon. member for Wetaskiwin and myself. However, there is that danger in our communities.

The hon. member for Lachine-Lakeshore made a particularly valuable contribution. However, I have to argue with him. He stated that solar panels used for space heating and hot water heating in fact paid for themselves. I have on my desk a volume over three inches thick which covers legislation passed in the United States.

[Mr. Ellis.]

I am sure members opposite are aware of the exposition which took place in New York City last September. It covered virtually all of the equipment made by solar heating appliance manufacturers. I have gone into a great deal of research. To the best of my knowledge, at this point in time there are very few solar heating units, particularly in Canada, which will pay their own way in cost savings. It is still cheaper to use fossil fuels to heat one's home. That is unfortunate.

The hon. member for Wetaskiwin mentioned the credit incentive. I intend to dwell on that for a few moments. The hon. member for Lachine-Lakeshore made a particularly valid point. He said this could be a major industry for Canada. Everyone knows that in Arizona you can use solar heating panels. We have all seen pictures of solar heating panels that completely heat a home. I would think that in Arizona there would be absolutely no problem whatsoever. I do not care whether it is energy in the form of hot air, hot water or some other medium; you have a vehicle to contain heat and then diffuse it when it is needed.

In places like Arizona and the southwest United States, there is no problem. However, the type of solar heating that is needed is the type which would suit the northern hemisphere, that part of Canada and the United States which lies north of the fortieth or forty-fifth parallel, going up, I suggest with some care, as far as the fifty-fifth parallel. That area contains a large number of people, all of whom could benefit from wide Canadian expertise in solar heating.

One way we could help tremendously would be to properly support the Canadian Standards Association in preparing standards. All members will concede that in a new industry like this there will obviously be fly-by-night operators. They move in, make a quick buck from an unsuspecting individual and move out again. That happens with every new industry that comes along. This happens not only in Canada, but in the United States and other areas. It happened when swimming pools became popular as well as asphalt driveways. It happens now in the construction industry in the building of chimneys. It happens in many areas and we have to put up with it.

In the few minutes I have left, I want to say how much I appreciate the remarks of the hon. member for Wetaskiwin. He pointed out that while the technology does exist, it is not all paid for. There must be a credit in order to help pay for this. The hon. member suggested a tax credit. That makes considerable sense.

The hon. member pointed out that in President Carter's energy package there is a tax credit that not only enables an individual to use solar energy as an alternative, but encourages its use. That is the key. There has to be some encouragement to develop a solar energy industry.

Possibly I should have mentioned it earlier, but I assume the hon. member for Davenport (Mr. Caccia) includes in solar energy energy from wind. After all, wind is produced by the sun. In the county south of me, Wellington, a Mr. Ball has a solar wind-driven generating system in his home.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business has now expired. It being five o'clock this House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

Use of Solar Energy

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 6, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

INDUSTRY

NORTHERN PIPELINE—ALLEGATION LEGISLATION DOES NOT ADEQUATELY GUARANTEE CANADIAN CONTENT FOR PIPE—MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. The government's proposed legislation to implement its pipeline agreement with the United States is seriously deficient in a number of respects. There is no guarantee that Canadian manpower or materials will receive preferential treatment in the construction of a pipeline in Canadian territory. There is a serious erosion of legal authority in that there would be only a very limited right of appeal from decisions of the proposed pipeline agency. In view of these and other very serious matters and deficiencies in the bill, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That this House condemns the government for not including in the bill adequate guarantees for Canadian content, particularly full utilization of the Canadian labour force and the supply of the majority of materials from Canadian sources on the Canadian sections of the pipeline, and that this House condemns the government for denying the rights of Canadian citizens to full access to the courts, which constitutes a denial of rights which have existed from time immemorial under our British system of justice.

Mr. Speaker: Pursuant to Standing Order 43, such a motion can be presented for discussion only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENERGY

KITIMAT PIPELINE—REQUEST CONSIDERATION OF APPLICATION BE DEFERRED—MOTION UNDER S.O. 43

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, under the provisions of Standing Order 43, I desire to raise a matter of urgent and pressing necessity. Last fall the public hearings being conducted by the west coast oil ports inquiry headed by Dr. Andrew Thompson were cancelled due to the request of Kitimat Pipeline Ltd. that its application before the National Energy Board be held in abeyance. The result has been that many communities in British Columbia have been denied an opportunity to present their views to the inquiry. Kitimat Pipeline Ltd. has now reactivated its application to construct the pipeline from Kitimat to Edmonton, and the people affected have a right to be heard.

I therefore move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That this House urges the government to reactivate immediately the Thompson inquiry and provide facilities and funding for public interest groups to present their opinions, and that the National Energy Board be instructed to delay any consideration of the Kitimat application until the Thompson inquiry has submitted its report to the government.

Mr. Speaker: The presentation of such a motion for debate can be made, pursuant to the Standing Order, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

INDUSTRY

DECISION OF ANTI-DUMPING TRIBUNAL ON STEEL BEAMS—PROPOSAL NEWFOUNDLAND AND B.C. BE EXEMPTED—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that Madame Ritchie of the anti-dumping tribunal, in the matter of the dumping of wide-flange steel shapes in Canada and alleged injury to Algoma Steel, found on December 29 that the evidence justified special consideration for British Columbia and Newfoundland, where Algoma did not sell or compete, but that an exemption for Newfoundland and B.C. had to be left to the governor in council, in view of the fact that any increase of duty will raise construction costs in Newfoundland without helping Algoma Steel, which does not sell in Newfoundland, and in view of the submission of the Newfoundland government to the Minister of Finance (Mr. Chrétien) that the tribunal's decision will jeopardize local steel fabricators and 300 jobs, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the governor in council alter the majority decision of the Anti-Dumping Tribunal by exempting Newfoundland as well as B.C. as separate regional markets from the dumping duties on wide-flange steel shapes.

S.O. 43

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

Some hon. Members: Agreed.

Some hon. Members: No.

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VETERANS AFFAIRS

RELOCATION OF VETERANS' HOSPITALS—CONSEQUENT DISRUPTION OF LIVES OF STAFF—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to move a motion, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. The displacement and transfer of staff caused as a result of the transfer of veterans' hospitals is causing serious disruption in the lives of the employees affected. The recent transfer of Westminster Hospital emphasizes the fact that after every transfer grievances arise, adversely affecting veteran patients and denying the assurance of job security, contrary to the spirit of the handover policy of this government. I therefore move, seconded by the hon. member for Norfolk-Haldimand (Mr. Knowles):

That all further transfers of veterans' hospitals be stopped until a review of the effects of all transfers which have taken place, to the detriment of veterans and staffs of veterans' hospitals, is made.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*Translation*]

TRADE

REQUEST GOVERNMENT NOT ALLOW IMPORTATION OF PRODUCTS MADE IN CANADA—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an important and urgent matter.

As the employment situation has become nearly disastrous in almost every part of Canada, as that situation can, to a large extent, be blamed on our trade policy which allows goods into the country that we could easily manufacture here, as the very countries from which we import goods depend even more on our raw materials than we do upon their goods, I move, supported by the hon. member for Kamouraska (Mr. Dionne):

[Mr. Crosbie.]

That this government completely review its trade policy with a view to encouraging the production in Canada of what consumer goods we now import, and that specifically for the purpose of fighting unemployment efficiently.

Mr. Speaker: Order. Under the terms of Standing Order 43, such a motion cannot be put without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

GOVERNMENT ADMINISTRATION

REQUEST PRIME MINISTER PAY EXPENSES OF TRIP TO B.C.—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the expenses of the Prime Minister's political trip to British Columbia last week—which amount to thousands of dollars—will be paid entirely by the people of Canada and not by the federal Liberal party, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House reminds the Prime Minister of his own words in a speech given in British Columbia that "there is no free lunch", and therefore urges him to practice what he preaches and pay back the people of Canada the costs of this political trip.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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GRAIN

WHEAT—CALL FOR HOUSE REVIEW OF 1977-78 POOL ACCOUNTS—MOTION UNDER S.O. 43

Mr. Frank Hamilton (Swift Current-Maple Creek): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Wheat is now over $4 a bushel at Vancouver and indications are that it will rise to $5 before year-end. As the minister's confirmation that there will be no further payment to producers above the $3 initial price means bankruptcy for a good many farmers, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That this House review all orders in council bearing on the 1977-78 pool accounts for wheat as they all seem to be milked dry for political reasons.

Mr. Speaker: Order, please. The motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRADE

TEXTILES—REQUEST FOR EXEMPTION FROM TARIFF REDUCTIONS—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise, under Standing Order 43, on a matter of urgent and pressing necessity regarding the GATT negotiations going on at the present time, and the effect they would have on the textile industry in Canada. I move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That because of the nature of the worldwide textile industry, its peculiarities and special problems, the Canadian government ask that textiles be exempt in their entirety from the negotiations on tariff reductions.

Mr. Speaker: Order, please. The motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

"ICE HOGGY" COMPETITION BETWEEN MPs AND MEMBERS OF PRESS GALLERY—MOTION UNDER S.O. 43

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. I move, seconded by the hon. member for Niagara Falls (Mr. Young), that the result of an "ice hoggy" competition on Friday last, ice hog day, between members from both sides of the House of Commons and members of the press, be tabled, when supremacy reigned and hon. members won a decisive victory. I have the honour to present to you, sir, the first commoner, the trophy which we won, which is emblematic of our supremacy on this occasion.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I cannot think of a better symbol of the skills needed to succeed in the business of this parliament.

Some hon. Members: Hear, hear!

PRIVILEGE

ANSWERS GIVEN BY SOLICITOR GENERAL

Mr. Speaker: On Friday last a question of privilege was raised concerning answers given by the Solicitor General (Mr. Blais) during the question period. It was evident at that time that hon. members sought the opportunity to examine the transcript over the weekend and that we have an opportunity, as I said on Friday, to raise again today the same subject and continue the argument after examining the transcript, and particularly to put a specific motion in connection with that incident if that was the desire of members. I have had two notices of request to do so, one from the Leader of the Opposition (Mr. Clark), and one from the hon. member for Winnipeg North Centre (Mr. Knowles).

• (1417)

The hon. Leader of the Opposition has further requested, and I have given his request serious consideration since it bears on events that took place in the question period, that the matter ought to be considered before the question period rather than after it. It is only under extraordinary circumstances that that can be done. I believe it is a serious proposition and I will, therefore, hear argument first to see whether or not it will have a bearing on the performance in the question period today. I will safeguard the question period by allotting 45 minutes to it when the time comes.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I will try to be brief in continuing this matter which was raised the other day.

We have available to us now, not only the record of *Hansard* recording the remarks of the new Solicitor General (Mr. Blais), but also a transcript of remarks which he made outside the House. In essence, sir, the relevant portions of the remarks made by the Solicitor General are as follows. I will quote from page 2511 of *Hansard* for Friday, February 3:

It will be my policy to leave the McDonald commission to make its own conclusions on the evidence that is adduced. I will not be commenting on a day by day basis on evidence that may be adduced before that commission on a prior occasion.

In other words, the Solicitor General made it very clear that it was not his intention to answer questions in the House of Commons relating to matters that are before the McDonald commission. Later on in relation to ministerial responsibility he offered this view, and I quote:

That ministerial responsibility is dated as of February 1 of this year. What happened prior to that time and prior to the nomination of the previous solicitor general is a matter presently under study by the McDonald commission.

He is referring here to his responsibility for that ministry. In other words, he again seeks to avoid the responsibility of answering questions in this House on those matters because those matters are under consideration by that commission.

I would like to point out that the minister's view of ministerial responsibility and the capacity for it to be curtailed by the appointment of a commission outside this House is a view that, in our judgment, is totally wrong. To underline the

dilemma that it has caused for the House of Commons, it leaves us in a situation where we are virtually without a minister to question, and without any opportunity to seek information which, in the interest of the Canadian public, it should have.

I wish to refer to a ruling of your own, sir in relation to the ministers to whom questions can be put, a ruling reported on page 6851 of *Hansard* for June 20, 1977, and I quote:

Can members ask a question of a minister in that minister's former capacity? The clear answer given time and time again, without any doubt about our practices and precedents, has been no. It is tied very directly to the theory of ministerial responsibility, that the present incumbent of a ministerial office has responsibility which goes back for all time. It does not stop at the time that that incumbent took office. Therefore there cannot be two people responsible to the House in the parliamentary sense for that continuing responsibility.

In your own words that seems to me to answer the suggestion put forward by the Solicitor General the other day to the effect that his responsibilities began only with the assumption of his duties as Solicitor General. There are some statements made by the minister outside the House which indicate that it was no slip of the tongue but a deliberate statement of considered policy by the minister. This refers to his stated intention not to answer questions in the House of Commons relating to matters before the McDonald inquiry. I will read three quotes from the transcript:

—when the alleged conduct, or questions relating to their administration, is before a royal commission or commission of inquiry, surely I am not going to supersede that commission of inquiry—

There is a second statement made in answer to a question from a journalist:

—I may answer questions from the opposition so long as those questions relate to matters that are not within the mandate of the individual commissions.

Finally, in answer again to questions from journalists, he said:

—I cannot answer questions relating to matters that come before the commission, or that the commission is presently dealing with.

● (1422)

It is very clear that the Solicitor General seeks to introduce into Canadian practice for the first time in memory—certainly that kind of startling introduction of a theory of silence before the House of Commons would have been noted had it been tried before—the idea that a government which does not want to answer questions can appoint a royal commission or inquiry to look into those questions. Then, because it has created that outside body, it is itself protected from the lifelong, historic obligation to answer to the House of Commons for the activities of the government. That clearly underlines, undercuts, and destroys any principle of ministerial responsibility in this country.

Some hon. Members: Hear, hear!

Mr. Clark: I want you, Sir, to consider the situation in which parliament is left by the clear statement of the Solicitor General, inside and outside this House, and your own ruling, when the only person we can question is the minister who refuses to answer questions relative to the McDonald inquiry. We are left in a situation where there is literally no one we can question about matters which are now before the McDonald inquiry.

It is important for us to recognize as we deal with this question that when we, in the opposition, raised with the previous solicitor general the concern that the terms of reference of the McDonald inquiry were too narrow to allow the kind of inquiry into some of the matters that we thought were essential, the answer of the then solicitor general was that the terms of reference of that inquiry were all-inclusive. In other words, they deal with any matter that might perceivably pertain to the conduct of ministers, the conduct of the security service, or any of the other matters at issue before the House.

If we take those two statements together, it means that the Solicitor General now is saying that he will not answer questions relating to anything that comes before the McDonald inquiry. His predecessor said that every question we might want to raise in this House is a question that can come before the McDonald inquiry. That is to say, there is not a single question that we in this House of Commons can put to the present Solicitor General and expect an answer to because his statement, taken in context with the statement of his predecessor, is that he will not answer anything that comes before a royal commission which can consider every question that we might want to ask. If this position by the minister is upheld, the House of Commons is in a position where we are not able to ask any questions about anything relating to this very serious matter.

When we note this royal commission, it is important for us to understand and to emphasize that the royal commission is not a body that was set up by this House of Commons. Nor is it a body which will report to this House of Commons. This parliament has delegated no responsibility at all to this royal commission. It is a creation of the government. It is an emanation of the government. It is not an emanation of this House of Commons. It does not take any of its powers or responsibilities from this place.

Some hon. Members: Hear, hear!

Mr. Clark: What it has done is assume a government responsibility, which was a responsibility to look at past executive actions and examine their propriety. It was appointed by the government. It was appointed with terms of reference which were set out by the government and which were not accepted as being complete by the members of the opposition. Its staff has been chosen by the government and will report to the government exclusively, and indeed at a time, one suspects, when it will suit the government's own convenience.

Unless the government chooses, there will be no debate in this House of Commons about the conclusions or findings of the McDonald royal commission. Even if there had been more agreement about those terms of reference and the purpose of that commission, I think it has been well established in the history of our institution that any commission is complementary to the House of Commons and cannot replace the role and the function of this House of Commons.

Some hon. Members: Hear, hear!

Mr. Clark: Indeed, and this is a matter of some continuing concern to us, while it is the view of the government that the terms of reference of that commission are all inclusive, consequently the denial of information by the present Solicitor General to the House is all inclusive.

It is our view that that commission does not have the power to look adequately into questions of ministerial responsibility and into questions of the role of ministers in this whole affair. Nonetheless, it is the interpretation of the government itself that it does have that power. Therefore, by extention, what the Solicitor General was telling this House the other day is that the government feels itself under no obligation to answer questions in this House on any matter relating to ministerial responsibility and the security affair.

● (1427)

It is clearly the right of the House of Commons, and within its power, to reach clear decisions as to the manner in which ministers opposite have carried out their responsibilities. That is something which cannot be delegated to a royal commission. Nor can we allow a situation where the establishment of a royal commission prevents us finding out how ministers have acted and discharged their responsibilities.

The matter of the McDonald royal commission has always been a contentious one. There is disagreement as to the adequacy of the terms of reference which the government has established for that body. The point remains, though, that the government has one very strong view: it is that the terms of reference allow the commission to look into every question which impinges directly or indirectly upon the conduct of the RCMP or the security services. According to the government, nothing is excepted from its ambit. That was the testimony of the previous solicitor general. Now we find the present Solicitor General, both inside and outside this chamber, making it clear that he does not intend to answer questions here related to matters before the McDonald royal commission. Mr. Speaker, every matter involved in this issue is before the McDonald royal commission, so what the Solicitor General is telling us is that no answers will be forthcoming on anything which has to do with this subject.

We are being asked, in effect, to accept a proposition that the executive is not obliged to answer to the House of Commons if it sets up a public inquiry to look into matters which the House wants investigated. That principle is obviously not acceptable to parliament, and I think, Mr. Speaker, that you will find it is not acceptable. The inquiry is an extension of the executive; it is not an extension of the House of Commons. Consequently, it should not be a limitation upon members of this House doing their duty and asking questions.

Parliament would be neglecting its whole purpose, let alone neglecting its rights, if it allowed the principle of ministerial responsibility to be wholly passed over in the course of an inquiry set up by the executive. We would be undermining our rights if we accepted the strange and dangerous doctrine put forward by the Solicitor General that he is not obliged to answer any questions about any of the security issues which might come before the commission.

For these reasons, in the light of the very difficult position in which parliament is placed, in the light of the fact that we are precluded by Your Honour's earlier ruling from asking questions of any of the three previous occupants of the office of solicitor general, and in the light of the Solicitor General's statement that he does not intend to answer questions on matters which are the subject of the inquiry by the McDonald royal commission, and since we are assured that the commission's terms of reference are sufficiently broad to cover every conceivable aspect of these issues, if Your Honour finds that a prima facie case of privilege has been made, I should like to propose the following motion, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That the declaration by the Solicitor General that he will not be answerable to the House for certain areas of his responsibility and, in particular, for any matter within his ministerial responsibility which has been, is, or could be before the McDonald commission and the question whether the same constitues a breach of the privileges of this House and of its members be referred to the Standing Committee on Privileges and Elections.

Some hon. Members: Hear, hear!

Mr. MacEachen: On a point of order, Mr. Speaker, I wonder whether we might have a copy of the motion which has just been put forward.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I shall also be pleased to send over to the Deputy Prime Minister (Mr. MacEachen) a copy of the motion which it is my intention to move.

Sir, I wish to express my strong support of the case made by the Leader of the Opposition (Mr. Clark) with respect to what happened in this House last Friday. Several of us suggested at that time that it would be appropriate to delay further consideration of this matter until we had had an opportunity to study the record. Suggestions were made that maybe some members were misinterpreting what had been said. I believe the interpretation now given by the hon. Leader of the Opposition is certainly a valid one.

● (1432)

The fact is that on Friday, in responding to questions put by the hon. member for New Westminster (Mr. Leggatt), the Solicitor General (Mr. Blais) said the following:

Mr. Speaker, with regard to the initial remark of the hon. member, I want to assure him that I take my ministerial responsibility very seriously indeed. That ministerial responsibility is dated as of February 1 of this year.

The next sentence of the Solicitor General reads as follows:

What happened prior to that time and prior to the nomination of the previous solicitor general is a matter presently under study by the McDonald commission.

The hon. Leader of the Opposition has those sentences, as well as those remarks made outside the House, to support the position we are taking. The Solicitor General said on Friday that his responsibility dates only from February 1; that everything prior to February 1, both in the regime of the previous

solicitor general and the regime of the solicitor general before that, is before the McDonald commission; and that he will not answer questions on matters which are before the McDonald commission.

In other words, we have had a very strong assertion by the present Solicitor General that he will not answer questions which relate to anything dated prior to February 1, 1978. As I said in my remarks the other day, I would not quarrel with the right of the Solicitor General to take questions on their merit, to consider each one and decide whether it should be answered or not; but for him to make that sweeping statement, that he will answer no questions on matters dated prior to February 1, 1978, is an affront to parliament.

I am almost inclined to read some of the sentences contained in Beauchesne's fourth edition to the effect that anything which may be considered a contempt of court by a tribunal is a breach of privilege. There are other comments as well. That particular paragraph has a lot of bizarre things in it of which the minister is not guilty; but surely it is in contempt of parliament for a minister to refuse, in advance, and carte blanche, to answer any questions in an area as broad and as important as this one.

When considering matters of privilege, Your Honour and your predecessors have frequently made the point that in order for a matter to have the quality of privilege it must be something which interferes with the capacity of members of this House to do their job. Could anything fit that definition more clearly than what the Solicitor General has said? If we are to be able to do our job, we have to be in a position to ask questions, certainly the kinds of questions the Chair allows. For a minister of the Crown to say before such questions are put that he will not answer them at all, surely is interfering with our capacity to do our job as members of this House. It is on that basis I feel we have a genuine case of privilege.

On the other hand, as I said to Your Honour the other day, although you can stop us from asking certain questions and you can stop the ministers from giving certain replies or wandering from the question at issue, Your Honour is not in a position to force anyone either to ask or to answer a question. Therefore, we would be going a bit far if we were to ask Your Honour to make a ruling that the Solicitor General must answer the questions he refuses to answer. This brings to a head what is really at issue here. That is one of the reasons why I did not want to proceed with the matter on Friday. I wanted to wait until today in the hope that the Prime Minister (Mr. Trudeau) would be here, and he is.

What is involved is the entire question of ministerial responsibility and how that responsibility will be exercised. The Prime Minister must clarify this matter in a much better way than his deputy attempted to clarify it on Friday. He must tell us what we have the right to expect of ministers of the Crown, not only of the Solicitor General but of all the other ministers. We accept the proposition, the rule, the tradition that we cannot ask persons who are not now ministers of departments questions about the time when they were in charge; but it has been established clearly that the current minister of any department is responsible for dealing with that department throughout its history.

[Mr. Knowles (Winnipeg North Centre).]

The reason I feel this is a question of privilege and that the matter should be referred to the appropriate committee is so that the Prime Minister can clarify the situation. I know he has been reported in the media as having said certain things in British Columbia which seem to endorse the position taken by the Solicitor General. I hope, on reflection, and out of his concern for the workings of parliament, that he will study the record and give the matter serious thought. Surely we are not to be left in the position where any new minister can say "I will answer questions concerning my department only after the date I became minister". That gives the government the opportunity, any time things get a bit hot, to appoint a new minister and close the book. If it is true that by referring the matter to a royal commission, questions cannot be asked, what a wonderful way to put a stop to the asking of questions!

I feel very strongly that it is a matter of privilege in the sense that the capacity of members to do their job is being limited by the position taken by the Solicitor General. Also, I feel very strongly that on the issue itself, namely, should the Solicitor General answer or should he not, it is not for Your Honour to rule, but we should receive a clear statement from the Prime Minister himself. Therefore, if Your Honour finds that we have a prima facie case of privilege, even if it means that you will have to choose between two motions, I offer a motion, the wording of which is slightly different from the one you already have, but it makes the point that I feel gives us a valid question of privilege. Therefore, if Your Honour finds in my favour that we have a valid prima facie case of privilege, I would move, seconded by the hon. member for New Westminster (Mr. Leggatt):

> That the matter of ministerial responsibility, particularly as it relates to the obligation of ministers to deal with questions concerning their departments prior to the date of their appointment, be referred to the Standing Committee on Privileges and Elections, so that the Prime Minister can appear before that committee and clarify the situation.

I conclude by saying that I have tried to word the motion in something other than a provocative way. I have tried to word it in a way that the government could accept. I am not saying that the Prime Minister must appear before the committee. I am simply saying that he should be given the opportunity to appear before that committee. I am not making any charges in the motion. I am simply raising the whole question of ministerial responsibility which many of us in the House feel needs to be clarified after what happened in the chamber last Friday.

Some hon. Members: Hear, hear!

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I knew some of the points I would be advancing would be contentious, but I did not intend to create such a contentious context so early after my appointment.

I should like to indicate that the interpretation placed on the words I advanced on Friday in reply to the question posed by the hon. member for New Westminster (Mr. Leggatt) indeed

is a very extreme one. I was addressing myself to a question which was specific and dealt with evidence presented before a commission. The question which was raised, and to which I replied, dealt specifically with evidence before that commission. In reply, and I quote from page 2511 of *Hansard*, I referred to the McDonald commission:

● (1442)

It will be my policy to leave the McDonald commission to make its own conclusions on the evidence that is adduced. I will not be commenting on a day by day basis on evidence that may be adduced before that commission on a prior occasion.

Later, as reported on page 2511, I said:

The allegation the hon. member has brought to our attention is, again, a matter that was brought forward in evidence before the McDonald commission. I suggest to the hon. member that he not only rely on his interpretation of a reporter's interpretation of the evidence, but that he read the transcript.

Subsequently at page 2518 I am reported as having said:

I am not going to be led by the opposition to comment on a day to day basis on evidence which is adduced before that commission. It would be usurping the function of the commission if I qualified comments made before it respecting the validity or invalidity of one statement or the other. Surely that is part of the process of the investigation itself.

Then as reported on page 2519 I stated:

—I will not comment, nor will I offer any judgment relating to the value of the evidence or indeed the completeness of it.

That was the narrow point on which I resisted the queries from the other side.

I made it quite clear from the context of my replies that I recognize I will have to present information relating to the administration of previous solicitors general when such questions are put to me. In reply to the hon. gentleman, the hon. member for Winnipeg North Centre (Mr. Knowles), I did indicate I would analyse each one of the questions put to me as they arise in order to address myself as to whether the information can be provided this House.

What amazes and has preoccupied me, and I say this quite readily, as a result of the comments that were made, is the suggestion that in some way I have a lack of respect for this House. I would invite hon. gentlemen to consider that I have been in this House since 1972, and since coming here I have participated in the debates more I think than most members on this side of the House. I have acted as parliamentary secretary to the government House leader and have honoured this House, its concept, and its procedures. What I advanced on Friday was on a specific point, and I stand by that point. Unfortunately, some interpretation has been made, and I suggest to hon. gentlemen who have spoken that this interpretation is not that which they ought to have drawn.

Some hon. Members: Hear, hear!

Mr. G. W. Baldwin (Peace River): Mr. Speaker, that is an admission of sorts, but if we on this side of the House must rely on that type of indication of what the minister is going to do in future in respect of questions, this is a pretty sad day, and let me assure the House that we do not intend to accept that.

Some hon. Members: Hear, hear!

Mr. Baldwin: We must look at what the minister said. When speaking on Friday he said, as reported at page 2518 of *Hansard* in the right hand column:

In terms of my own ministerial responsibilities relating to any actions they commence as of February 1, the date of my appointment.

Taking that statement together with statements which have been read into the record by the Leader of the Opposition (Mr. Clark) and the hon. member for Winnipeg North Centre (Mr. Knowles), together with the answers given at a press conference held by the Solicitor General (Mr. Blais) after the House had recessed on Friday—the questions do not appear—there is no doubt at all, or there should be no doubt at all in the mind of anybody in this House or in the country that the minister is going to be as limited as he thinks is essential in saving the face of his government and his Prime Minister (Mr. Trudeau) when answering questions in this House on this issue.

What has happened and what will happen if what the government is attempting to do is sustained? This will, in effect, have drawn a curtain over all the events which took place with regard to the office of the Solicitor General from 1971-72 until the early part of 1978. A curtain will be drawn and so far as this House is concerned none of us will be able to peer behind it. That is the situation as I see it. That would be bad enough in respect of any government which had a reasonably decent record in releasing information, but in respect of this government which has all the characteristics of a group of pack rats so far as hiding information is concerned, that is simply not good enough, Mr. Speaker. I am saying that in a non-parliamentary sense, and I think everyone knows the characteristics of a pack rat which takes little pieces of useful information and goods and hides them away.

I would urge you, Mr. Speaker, in the pursuance of the duties of your high office, to bear this in mind. This is more than just a simple procedural point. This goes to the fundamental root and issue of parliamentary government.

Some hon. Members: Hear, hear!

Mr. Baldwin: It should be considered not simply as just a local issue, but as what would happen, for example, not only in the House but in committees, if we were to be limited in the extent to which we could pursue issues and ask questions. What would happen in this regard not only in respect of the Solicitor General's Department but in respect of other departments? If this is a precedent the government can get away with, how far will it go and how many ministers will be changed?

I have been told that over a period of the last few years there have been 150 ministerial changes. The Prime Minister has taken to heart what was described as being the attitude of a former prime minister of the United Kingdom, "Greater love hath no prime minister than he lay down his friends for his life."

Some hon. Members: Oh, oh!

Mr. Baldwin: That is a model apparently followed by this Prime Minister.

In passing, I too support the very serious proposition put before the House and Your Honour who, of course, has the primary responsibility.

This House probably has three very important functions. The first is the handling of money, and it is common knowledge that has been taken away from us. Maybe some of the wounds have been self-inflicted, but there is no question, if one reads what the Auditor General has said, and not just the present Auditor General, this House has lost the capacity to hold the government responsible for the expenditure of money.

Secondly, the House has a function with regard to federal-provincial issues which has been taken over by federal-provincial conferences.

Finally, however, this House has the right to hold the government accountable. We have heard a lot of talk about ministerial responsibility. This government has a very flexible attitude toward ministerial responsibility. It used these words in a green paper in respect of legislation on public access to government documents issued by the Secretary of State (Mr. Roberts) in June of last year. It used the defects of ministerial responsibility to indicate it did not intend to be very forthcoming with regard to piercing the screen around government information. The government said this in that green paper:

> It is the consciousness of the public interest which has led to the parliamentary traditions of ministerial responsibility—

Later it stated:

> The corollary to this privacy of decision has been the insistence on ministerial responsibility. If advisers are to remain anonymous and protected, those who take decisions must bear the brunt of public scrutiny and public responsibility.

How does that jibe with what the present Solicitor General (Mr. Blais) is trying to do and the extent to which he is trying to escape responsibility on behalf of the government in having to answer for what has happened in his department?

Again at page 4 of that same green paper the following is stated:

> Ministerial responsibility implies, very simply, the answerability of ministers to parliament for the actions taken by them or by public servants responsible to them.

Surely the word "minister" there as used must have some measure of extension. If it is possible for the government or the Prime Minister to take one minister out of his office and put him someplace in the back benches, does that not mean, as far as this House is concerned, we are denied the opportunity to conduct the kind of cross-examination and questioning which is essential if there is to be some remnant of public accountability in this parliament?

● (1452)

I think that is the issue, and on that issue I would urge you, Mr. Speaker, very strongly indeed, not to take the sole responsibility. I know that you must find a prima facie case. I suggest that on an issue of this kind which so deeply affects this parliament, this House of Commons, you should be diligent to find a way by which you could let this matter go before a committee so that in coming to a final decision you will have the benefit of suggestions of the members of the House who are most intimately affected by what would be the result if this motion were denied.

Dealing with ministerial responsibility for a moment before I subside to allow the Prime Minister or somebody on the other side to answer, if they have an answer, let me say that just last year the Hon. Frank Walker, attorney general for New South Wales, a distinguished parliamentarian who holds ministerial office, and who held it at the time he made the statement, had this to say about it:

> According to the theory of individual ministerial responsibility for example, the minister is responsible for every act done in his department. On this basis, administrative accountability would seem to lie in parliamentary scrutiny of the executive—
>
> The fact is, of course, that parliamentary disapproval of a minister's conduct, whether in his personal or vicarious capacity, will bring him to account only if he has lost the confidence of his party. In other words, in terms of the use of the sanctions of accountability it is to his party colleagues, holding a majority in the House, that he is "responsible".

We all know that to be the case. Under the rules which prevail in the House, and with our limited capacity to ask questions in the House and in committees, if the minister does not want to answer, he does not need to answer. In addition to that, a minister would now have the benefit of not having to answer for anything that took place in his department or for actions which were committed by his officials prior to the time he took office, and that would be a very sorry and very serious situation. I suggest on this issue, Mr. Speaker, you should be very diligent to seek ways by which the House can advise you. Under those circumstances the motions put forward by the Leader of the Opposition and by the hon. member for Winnipeg North Centre should be allowed to proceed to committee.

It is not just on this particular issue that we wonder what may happen in the future. Will we be denied what is the one, main opportunity which this House has to question ministers and to hold the government accountable if the proposition put forward on behalf of the government by the Solicitor General is given effect.

I noticed just today that the former aide to Mr. Nixon, Mr. H. R. Haldeman, has put out his book in which, on the question of concealing information, he makes the disclosure that the 18½-minute erasure on one of the White House tape recordings was done by Mr. Nixon and not by his secretary, Rosemary Woods. What we are seeing here is the application of the same principle. By moving ministers under that system of flexibility of ministerial responsibility which this government seems to have accepted, the ministers will be put in the position of denying us the opportunity to hold the government accountable on this issue as well as on other issues.

In the case of the Berger royal commission the House was not deprived of the opportunity to question government ministers with regard to the voluminous issues which were involved. Now the government, for reasons best known to itself, is very sensitive on this particular matter and is taking a position,

which is to take away from members of the House the opportunity to look at the events of 1972, 1973 and 1974 in the office of the Department of the Solicitor General. If that is to be the case, it will be a grave injustice to the House.

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): I would add only a few comments, Mr. Speaker.

It is clear that we cannot accept the attitude of a minister who tries to shirk his responsibilities. In the House of Commons the opposition enjoys the acknowledged privilege to question the government about its administration and to see whether it is now trying to hide behind its responsibilities through royal inquiry commissions. We cannot endorse this kind of policy.

We certainly support the Leader of the Opposition in his motion to refer the whole matter to the Standing Committee on Privileges and Elections, but there is a point I want to emphasize. A lot of questions on various subjects have been asked in this House before now and we already had several examples of the same kind with the solicitors general who came before the present Solicitor General. Even if it is our right to ask questions, it often happens that the answers are only half-truths.

I think that if we refer this matter to the Standing Committee on Privileges and Elections, we should also find some way of compelling ministers to answer our questions honestly.

[*English*]

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I wonder if it might be of some assistance if I could direct Your Honour's attention to the questions that were asked on Friday and the reasons given for not providing answers to those questions.

If you will recall, sir, the questions dealt, first of all, with the information that had been provided at the ministerial level by the RCMP to the minister in respect of mail opening and thereby the statements that we have received. Next, they dealt with the question of whether the Privy Council office, not the RCMP, had initiated steps against a legally constituted political party in Canada, the Parti Québécois, and what evidence the Privy Council had to initiate those steps. I think those are both serious and important questions, neither of which deals directly with the RCMP security service. Clearly they deal with the question of ministerial responsibility, and surely that is the distinction that we must make in these kinds of questions.

I am sympathetic when the Solicitor General (Mr. Blais) says, "Do not comment on the quality of the evidence before the commission". All of us who have practised law are aware of the fact that we must not try to prejudice, if possible, matters before a court. But when those questions are specifically directed to ministers of the Crown in regard to their carrying out of their responsibilities, I submit they are clearly in order, and I submit that the refusal to answer is a violation of the privileges of every member of the House.

I am sensitive, of course, to the rules in Beauchesne which indicate that a minister is not obliged to answer a question in the House. But I would like to refer you to page 154, fourth edition, where Beauchesne says the following:

> An answer to a question cannot be insisted upon, if the answer be refused by the minister on the ground of the public interest;

The question comes back to this: what is the public interest? I have not heard the issue of the public interest specifically raised by the minister as a defence for not answering these questions. Surely the public interest is that the inquiry not be prejudiced, and I can understand that kind of argument, but there is an overriding public interest that responsible questions to responsible ministers about their responsibilities in carrying out their functions must be permitted and, if they are not answered, the government has to pay the political cost of that kind of stonewalling.

To get back to the initial point, let me state that the questions did not deal with the RCMP; they dealt with the minister's responsibilities.

● (1502)

I am going to quote two parts of the terms of reference under which the McDonald inquiry is operating. Subsection (a) reads in part as follows:

> —to inquire into the relevant policies and procedures that govern the activities of the RCMP in the discharge of its responsibility to protect the security of Canada;

Subsection (c) also deals with the policies and procedures governing the activities of the RCMP in the discharge of its responsibility to protect the security of Canada. The McDonald commission is not an inquiry into the conduct of this government or of its ministers. That is the job of this House, not the job of the royal commission, and I do not expect the royal commission to conduct that kind of inquiry. I agree that the terms of reference could be broad enough for the inquiry to look at some aspects of that, but the fundamental duty of members of parliament is to continue to ask these questions. We are not represented as political parties before that inquiry in any way. We are unable to ask questions in our own committees, and now we are being told that we cannot ask questions in this place if they apply to evidence.

I would like to refer again to questions asked and answers given on Friday. I must say that the award you recently received, Mr. Speaker, should really have been given to the Solicitor General because he has been skating around like you would not believe.

The hon. member for Northumberland-Durham (Mr. Lawrence) asked a question to follow up some questions I asked concerning whether the minister was going to advise himself. The hon. member said this:

> Obviously, it is our responsibility to ask the minister these questions so that we can receive the truth in this House. Will the Solicitor General reconsider the rather inflexible attitude which he has just displayed, so that we can ask him these questions in the House about this important matter and not have to rely on what is happening in a judicial inquiry?

The Solicitor General answerd simply, "No, Mr. Speaker". The answer he gave today sounded like a "maybe" or perhaps even a "yes". I am not sure. Perhaps the Solicitor General would like to clarify one of his answers.

Provided we do not refer to information as being evidence before the Royal Commission, can we now expect to have answers to questions we ask about matters which concern ministerial responsibility? Is that what the minister is telling the House today? If that is the case, I will be sure not to use the word "evidence" in any of the questions I ask the Solicitor General. Hon. members can see the ridiculous position the government has been put into by the Solicitor General. There is a genuine question of privilege here. It goes to the root of the way we conduct our affairs in this country, and I would like to support both of the motions because I think they are excellent.

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, like other hon. members, I certainly want to look at the minister's very carefully worded statement. I am sure the Solicitor General (Mr. Blais) has been working hard on the statement—or perhaps others have been working on it over the week end on his behalf—which he gave a short time ago. It may well be that the minister's words indicate a withdrawal and a recantation, which would make the retreat from Moscow look like an air-conditioned bus ride. I am not sure, but we must take a look at it.

However, when the minister stands in this House today and says it is his desire that we take a very narrow interpretation of what he said on Friday, I think we should look again at just exactly what he did say on Friday outside the House. Any hon. member, presuming he is literate, can look in *Hansard* at what was said in the House. However, just after the exchange in this House on Friday the brand new, heavy-handed, ham-acting Solicitor General went down to the television room below us and there in his few statements to the media the minister gave an impression which was completely contrary to the impression he gave in the House today.

I want to quote from the transcript of what was said in front of the television cameras and the radio microphones in this building on Friday afternoon. The Solicitor General said the following:

I am responsible in the House of Commons to inform the House of the conduct of previous solicitors general, but when the alleged conduct, or questions relating to their administration, is before a royal commission or commission of inquiry, surely I am not going to surpercede that commission of inquiry which was appointed by the government at the request of the opposition in the House by bringing forward information in the House that ought to be submitted to the McDonald inquiry.

I do not know how the minister could be more definite than that. A little later the following question was asked:

Anything done wrong in the last seven years is something the McDonald commission, in my definition, will be looking at.

The Solicitor General gave the following answer:

That is exactly what they are looking at.

The next question was, and I quote:

Then you cannot answer any questions about it?

[Mr. Leggatt.]

The Solicitor General replied:

Well, I cannot answer questions relating to matters that come before the commission, or that the commission is presently dealing with. Yes, that is so.

The next question was the following:

Therefore, no questions in the House of Commons will be entertained that deal with RCMP wrongdoings in the past?

The minister answered:

If the matter has been referred to the commission, no.

The minister later said:

Once the commission has made a report, the opposition will be free to debate fully the terms of that report or whatever matter the House is seized of.

This is too important a matter of principle to be sloughed off by a man having that kind of dangerous concept of the responsibility and accountability of a minister of the Crown to this House.

Some hon. Members: Hear, hear!

Mr. Lawrence: In my submission this important matter should be sent promptly to a standing committee, it is to be hoped the Standing Committee on Privileges and Elections, so that the matter can be fully determined. It is too important a matter to be sloughed off by the Solicitor General in the way he has attempted to do this afternoon.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, both motions which are before the House have the same objective—to find out the government's position on the question of ministerial responsibility and, in particular, to establish my position on the doctrine of ministerial responsibility. I regret that the Leader of the Opposition (Mr. Clark) did not ask me that question at the beginning of the question period. I would have given a very simple answer. The hon. gentleman's question could have been followed by supplementary questions, but we could hopefully have dispensed with the last hour or more of argument by the opposition to the effect that ministerial responsibility should be defined in a certain way.

This government agrees with the opposition. As far as we are concerned, there is no debate. Of course the government has to answer for acts committed under its administration. The government as a whole is responsible for things which happen or things which do not happen during its terms of office. A change of cabinet ministers from time to time does not allow the government to escape the duty and obligation of answering for its administration. This is the government's policy; this is the government's belief; this is the government's practice, and this is what the opposition has been arguing—with which we agree. There is no argument, Mr. Speaker. The Solicitor General (Mr. Blais) has to answer not only for his administration in the period during which he will be Solicitor General but he will answer for acts committed or not committed during the period in which this government has held office. This is very clearly our position. That is what I stated—

● (1512)

Some hon. Members: Oh, oh!

Mr. Trudeau: I understand that the opposition would like us to take another position because that would justify their verbiage in the past hour and ten minutes. I was asked this question at a press conference in British Columbia on Friday afternoon. I gave the answer which hon. members are arguing should be the government's answer.

The hon. member for Winnipeg North Centre (Mr. Knowles) wants me to come before the Standing Committee on Privileges and Elections to find out what I think and so that I can clarify the situation. I would have clarified it at two o'clock if the opposition had not wanted to drag a red herring across the floor of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Trudeau: I stand up now because I see other members of the opposition trying to catch your Honour's eye to carry on the debate. I think it is too bad that we have lost the question period once again as it might have settled this matter.

An hon. Member: We have not lost it.

Mr. Trudeau: That is true. According to Your Honour's ruling, the question period will take place after this matter has been debated. But some members of the government have other business and will have to leave.

Some hon. Members: Oh, oh!

Mr. Trudeau: Surely any reasonable person in the public would understand that it is not necessary for 20 or 25 ministers to be present—

An hon. Member: Thirty-four.

Mr. Clark: You cannot count them either.

Mr. Trudeau: Mr. Speaker, if the hon. Leader of the Opposition is so good at numbers he should count them and see if he can reach the number 34. There are not 34 ministers in the ministry and there are not 34 ministers in the House, any more than there are 34 in the front benches of the opposition!

I hope I made the position of the government very clear a moment ago as I think I made it very clear in answering a question from the press on Friday.

The opposition is reading from *Hansard* and is trying to get the Solicitor General in the position where he would have said something that he did not say. I suggest that the question is very clear on page 2511 of *Hansard*. The question put by the hon. member for New Westminster (Mr. Leggatt) reads as follows:

Mr. Speaker, I would ask the Solicitor General to clarify his last answer. Is it his position that he will not be informing himself of anything that has occurred previously in his department, in order to advise this House concerning the political responsibility of the government? Is that precisely what the minister is telling the opposition today?

The Solicitor General answered:

Of course not, Mr. Speaker.

The opposition has been repeating for the past hour that the Solicitor General took a position in this House last week; he was asked specifically if that was his position, and he said, "No, Mr. Speaker." It is very clear that is not his position, that is not my position, and it is not the position of the government; so what is the argument all about, Mr. Speaker?

The argument arises because the Solicitor General—quite properly in my view—did not want to put himself in the position of having a day to day running commentary on the judgments of the royal commission on the testimony of witnesses before that commission and on the interpretation of the credibility or otherwise of those witnesses. Surely this is a tenable position.

If the government had not set up a royal commission I am quite sure we would, to this day, be hearing from the opposition that we should set up a royal commission, that the government cannot discharge its duties simply by answering questions in this House of Commons, that the government has a majority in the House of Commons and it will have a majority on any committee investigating this, and that therefore it cannot be trusted to have an inquiry and report on the past deeds or misdeeds of the RCMP. This was the position of the opposition. It was their position not only on the RCMP, it was their position before, whether we were talking about Hamilton Harbour, Sky Shops or anything else.

What happens now? We say that the opposition is right in this particular case, that we should set up a royal commission of inquiry. We set it up so that the opposition and the country will be sure it is not the government investigating itself and controlling that investigation with its majority. But what do we hear, particularly from the Leader of the Opposition, however? We hear that this royal commission is an emanation of the executive—those are his words—therefore implying it cannot be trusted. It is set up by the executive, it is named by the executive, the staff is instructed by the executive, and so on. Why, then, have they been asking us for so many years to set up royal commissions of inquiry if they are going to argue now that they cannot trust this royal commission? What is the point of asking for a royal commission if, in contempt of that royal commission, you attempt to discredit it?

I find it somewhat distressing and perhaps even shameful that the commentary from the opposition parties these past several months has led to the clear conclusion that one can and should trust the Keable commission in Quebec—that they are doing a good job—

Mr. Clark: Another red herring!

Mr. Trudeau: That the commission was set up by the government of Quebec, that it appointed a lawyer who was a former candidate of the Parti Québécois is completely irrelevant—it is a royal commission and therefore its proceedings should be watched with great respect, but the royal commission set up by this government headed by a Justice of the Supreme Court of Ontario—of Alberta, associated—

An hon. Member: Oh, oh!

Mr. Trudeau: The hon. member is arguing again that we should not trust this royal commission because it is headed by a judge who at some time in the past was a Liberal candidate. Mr. Speaker, this is a new view of the judiciary and of the role of royal commissions. In that sense we should say that the entire judiciary is an emanation of the executive. After all, judges are named by the executive of the government of the day, whether it be our government or the former government of the right hon. member for Prince Albert (Mr. Diefenbaker). The judiciary is named by the government of the day, whether the opposition likes this or not. It would be a new theory under our parliamentary system to say that you cannot trust the judiciary or you cannot trust a royal commission because somehow the executive was the source of their nomination.

It seems to me once again that there has been a lot of debate on what the Solicitor General said or did not say. A great deal is made of the fact that he said that before February 1 he would not be responsible for what had happened in the Solicitor General's office.

Mr. MacDonald (Egmont): First of all, they do not know, and now they are not responsible if they have just assumed office.

● (1522)

Mr. Trudeau: Mr. Speaker, with a minimum of good faith and good will it is very simple to understand the words of the Solicitor General. He is saying that if something wrong was committed by a previous solicitor general—he is an individual, and those are the words he used—he is an individual who is not going to be blamed for a judgment made by a previous solicitor general. In that sense his administration as Solicitor General begins on February 1. If the McDonald commission chooses to find blame for something committed before February 1, the blame will not be upon the present Solicitor General, it will be upon the previous solicitor general.

An hon. Member: Warren, why is your face red?

Mr. Trudeau: There is obviously some disagreement with this, and I will repeat it, Mr. Speaker. Perhaps the opposition will then understand. If the royal commission of inquiry finds that some previous solicitor general did something wrong it will not blame the present Solicitor General, who was then the postmaster general; it will say that so-and-so, who was the solicitor general and who committed such an act or admitted to such an act, is to blame. This is very simple.

Of course the government as a whole will be responsible for acts committed during the time of its administration. This point I established at the very beginning of my intervention.

Mr. Fraser: If we find out about them.

Mr. Trudeau: This is the position of the government and of the Solicitor General. Mr. Speaker, if you wish to make a ruling, I can assure you in advance that we will agree to it. But I find no need personally to be brought before a committee of inquiry or a standing committee of the House to state my beliefs and those of this government. I made them very clear a moment ago.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. There were a number of members who were seeking to participate in this discussion prior to the intervention by the Prime Minister (Mr. Trudeau). I will see as many as is reasonable. However, the matter has been discussed at great length now. I would ask that any other hon. members who wish to participate in the discussion please to have regard to the arguments that were made on Friday and today, all of which have assisted me greatly to this point. I do ask hon. members not to review the same arguments but to let us have the benefit of anything that may not have been brought forward so far.

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, quite frankly I feel a little embarrassed today after listening to the Prime Minister (Mr. Trudeau) to think that a man who would put forth such arguments defeated me in three elections.

Some hon. Members: Oh, oh!

Mr. Stanfield: Very briefly, we would like to know the government's concept of ministerial responsibility. The Solicitor General (Mr. Blais) said today, as I understood him, that he would treat each case on its merits. On Friday he made it very clear what those merits were. If there was any ambiguity as to what he said in the House, he removed that ambiguity when he spoke to the press. He said:

> Yes, I may answer questions from the opposition so long as those questions relate to matters that are not within the mandate of the individual commissions.

What could be clearer than that, Mr. Speaker?

Miss MacDonald: That is exactly what he said.

Mr. Stanfield: Neither he nor the Prime Minister withdrew from that position one iota this afternoon. The Solicitor General also said before the press that there may be situations where certain questions relate to matters that remain in areas of political responsibility, and I think he said "which could be separated" from the terms of reference of the inquiries. I will not take any more time of the House. I think it is as simple as that. The commission has a job, and we have a job in this House. The Solicitor General is trying to prevent us from doing that job.

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I never thought that the day would come when the Prime Minister (Mr. Trudeau) would prove that his mentor was Machiavelli. Over and over again he has praised the manner in which Machiavelli would say one thing today and a different thing tomorrow, and make them coincide!

I presume, in what was supposed to be an alibi, the Prime Minister today has presented a lamentable excuse for the stand taken by the minister on Friday. He trotted forth what he said the other day on one of these trips of his, 90 per cent of

which are devoted to praise of the Liberal party and the election of Liberals in the next election. It is not going to be beneficial. The other day he made a joke about Prince Albert, that he would give me assistance by allowing the Minister of Transport (Mr. Lang) to visit Prince Albert. I offered him the opportunity to come to Prince Albert and speak there and if he did, my majority would be more massive than ever before. Anyway, he went on one of these trips, spending the people's money by the thousands.

Mr. Speaker: Order, please. I have to insist that all members address themselves only to the procedural matter that is before this House.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: I have been in this House for some years. I remember very well in 1956 when he had a Speaker with a wonderful record. In a few short days he destroyed it because of the activities of certain ministers of the Crown who endeavoured to lead him along the path that led to the degradation of parliament.

Mr. Speaker: Order, please. I do not find the right hon. member's last intervention any more tasteful or relevant than the one to which I objected. I have seen to it consistently, as I have just now, that he has an opportunity to participate in a very important discussion, and I am asking him to stay relevant to that discussion.

Mr. Diefenbaker: Mr. Speaker, with great deference to you, I am asking you to allow a debate in this House to take place as it should automatically on a matter so important to the Parliament of Canada.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: What did the Prime Minister say on his little trip? Here is the way it is reported in the Canadian Press, the revised version of today being quite different from what was actually said by the Prime Minister.

> Vernon, B.C. (CP)—Prime Minister Trudeau defended Friday his newly-appointed solicitor general's decision not to answer daily House of Commons questions about RCMP activities.
>
> In a brief news conference here, Trudeau said he does not believe Jean-Jacques Blais has made a blanket refusal to inform parliament about investigations.

Sir, what the Prime Minister said today is the antithesis of what he said three days ago in Vernon, B.C. If you accept what he said three days ago, you will be accepting a stand taken by the minister from whom I had expected today an apology to parliament, because all of us sometimes say things during the course of debate that, upon looking them over, we conclude we could have done better.

● (1532)

What is his attitude today? Smiling! Laughing! Ministers are turning around, smiling in his direction. You cannot treat parliament that way, I say to the minister. Parliament is entitled to the consideration of the fullest maintenance of parliamentary traditions.

What this government has done, and it has been doing it more and more, is, while multiplying the number of ministers, decreasing the opportunity for answers to be given. The kind of attitude displayed by the minister was apparently in consequence of the viewpoint of government because it was not accepted that he could not have said what he said.

Instead of today endeavouring to defend, instead of facetious casuistry, he should have stood up in the House and said he was wrong. He would have received a tremendous reception. We would be assured that parliament is being maintained.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Instead of that, he engaged in simple arguments for the purpose of throwing dust in the face of parliament.

These debates have their use. The Prime Minister won an election by the just society argument. We have not heard of that lately. Is this example of the throttling of parliament at the essence of a just society? We cannot accept the view taken by the Prime Minister, because it is not true. What the minister did was simply carry out a philosophy that the present Prime Minister has imbued his cabinet with, namely, that they are above parliament.

The hon. member for Peace River (Mr. Baldwin) today quoted a statement made in the British House of Commons by a Liberal leader. When I look at this government and listen to the arguments being advanced today, I think of what Churchill said about an opposition member who wrapped himself in the garments of purity in his endeavour to dissemble what he said. Churchill said, "There, but for the grace of God, goes God". That is the attitude of this government. It cannot be accepted in any way whatsoever.

If you accept that principle, what about setting up a commission on finance? The government has a deficit of approximately $1 billion a year. When I was Prime Minister, the deficit was $750 million, because we assisted the aged and equalized opportunity for the provinces.

Mr. Dionne (Northumberland-Miramichi): Order!

Mr. Diefenbaker: Order, says some backbencher.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: Setting up a royal commission on finance and then denying parliament the opportunity of asking the government about this deficit would be a grand thing. You could do it in any department. The deficit costs the Canadian people in exchange on the borrowed money approximately $1 billion a year. They could cover all that by setting up a royal commission and say they are not going to answer any questions because a royal commission has been set up. It is a preposterous argument, one that cannot be accepted by parliament.

Today the Prime Minister, with ingenuity but not with much energy, with the realization that he was actually trying to delude the House, put forward the proposition that what he said had not been said.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I will try to be very brief. The Prime Minister (Mr. Trudeau) got to his feet this afternoon and chastized members of the opposition for using all the time but not clarifying the issue. The Prime Minister could have gotten up very early in the proceedings this afternoon, right after the Leader of the Opposition (Mr. Clark) made his excellent case, and clarified the matter.

When the Prime Minister spoke, rather than clarifying the situation, he made it even more ambiguous. I do not want to waste the time of the House. If the Prime Minister will get up again soon, I am sure he could remove the problem entirely. I want to address myself to what I see as the essential ambiguity in the government's position.

The Solicitor General (Mr. Blais) and the Prime Minister have indicated this afternoon that, in their view, there are still some aspects of information pertaining to the royal commission on a continuing basis about which the Solicitor General does not feel obligated to answer questions before the House.

The Solicitor General, ostensibly to clarify his position and partially withdraw it, intimated he would be prepared to consider questions about previous ministers in that portfolio, but would not accept moral responsibility for what went on. He clarified it to that extent.

The Solicitor General indicated, as did the Prime Minister later, that in terms of ongoing testimony before the royal commission, either of them presumably, he did not intend to answer questions in the House. The Prime Minister this afternoon used the word "espoused". He said it was a tenable argument for the Solicitor General to make, that in terms of evidence on a day to day basis before royal commission he did not have to answer questions in the House. With all respect, that does not clarify the situation. It makes it even more ambiguous than before.

The previous position of the government was that it felt responsible from time to time in answering questions about matters that were brought before the royal commission. I refer to an answer given by the Prime Minister a week ago today. I was asking him about certain testimony that appeared before a certain commission which left very important matters in a state of contradiction or irresolution because of positions taken by the previous solicitor general. In the absence of the Solicitor General last Monday, the Prime Minister stated to me in the House:

I will gladly take notice of that question and make sure he provides an answer.

He was saying in the House that he was going to check it out with the solicitor general, whom we subsequently found out had resigned. However, the Prime Minister did take it as an ongoing responsibility for a minister of the Crown, in this case the solicitor general, possibly to answer questions that arose from testimony being given before the Royal Commission. I do not see how ministerial responsibility can be defined in any other sense.

Of course it makes sense not to set up the House of Commons as another judicial body. As a number of members have said, we are not here to do the job of the royal commission. However, we are here to make sure that ministers are honest. We are here to question ambiguities or conflict of testimony given by ministers which might impinge their credibility and the credibility of the government. It is our responsibility to pursue those questions regardless of whether they come before a royal commission.

If the Prime Minister and the Solicitor General want to clarify this and get on to other business, all the Solicitor General has to do is get up and say to the House that he withdraws the comments he made last Friday in the House and that he gives unequivocal assurance that all future questions on this or any other matter will be considered on their merits, with no qualification of the kind he and the Prime Minister gave this afternoon.

• (1542)

Mr. Speaker: I see that the hon. member for Calgary North (Mr. Woolliams), the hon. member for the Yukon (Mr. Nielsen) and the hon. member for Esquimalt-Saanich (Mr. Munro) are seeking the floor. I shall listen to them, after which I believe the Chair will have heard sufficient argument on the matter.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I believe I can add two points to this argument. Before doing so, I would say this: the Prime Minister (Mr. Trudeau) accuses the opposition of wasting an hour this afternoon. Should that be the case, it was the best hour ever wasted if it establishes the supremacy of parliament over the executive.

Some hon. Members: Hear, hear!

Mr. Woolliams: I come, now, to my two points. I am particularly concerned about the first because of the number of hours I spend in standing committee. We on this side submit we have a prima facie case of privilege. I do not think any defence was put up by the Prime Minister with reference to the words used on Friday. They were clear and concise. They were not ambiguous.

As I say, we submit we have a prima facie case of privilege, but if a ruling is made against the opposition today we are caught in those committees because parliament lost the purse strings when the rules were changed allowing the government to move all the estimates to that circus known as the standing committees of the House of Commons where ministers will neither answer questions nor give us information. So Your Honour's ruling is one which will affect all the committees, too; I can almost hear the various chairmen of those committees saying " Well, the Speaker has ruled against you, so you

cannot ask those questions." This is an aspect which I sincerely hope Your Honour will bear in mind.

My second point concerns the McDonald commission. Members opposite argue we cannot usurp its jurisdiction. But I would point out that the government has already discredited that commission by its undertaking to bring in a bill legalizing the opening of mail by the RCMP before the commission can even bring in a report. We have asked it to wait, but the government has refused.

Along with those two arguments I incorporate everything else which has been said this afternoon by speakers from this side of the House, and that is quite a lot. The opposition has made out a very good case, and it has done so to save parliament. The hour the Prime Minister talked about as having been wasted will probably go down as the best hour in the history of the opposition.

Mr. Erik Nielsen (Yukon): Mr. Speaker, I hope I can confine my remarks to the question before the Chair, that is, whether or not there is a prima facie case of privilege which would justify consideration of a motion.

I might say that in all the time I have been here I have never seen a sadder display than that given by the Prime Minister (Mr. Trudeau) today. Time spent defending the rights of parliament and, specifically, the rights of the opposition, is always time well spent. In the last ten years we have spent too much time eroding those rights, to the point at which we are simply a nuisance, as the Prime Minister has described us on more than one occasion, a bunch of nobodies when we are five minutes away from the Hill. I make no apology for participating in this debate if it will have the result of preserving some of the few rights remaining to the opposition.

One of the first observations to be made with regard to the Prime Minister's intervention was that he failed to deal with the real question at issue, namely, the statements made initially by the Solicitor General (Mr. Blais) in the House—statements which were confirmed by him even more forcefully outside the House. The right hon. gentleman chastised us for taking an hour in which to discuss this matter, one which concerns the rights of the opposition and the rights of all hon. members, yet he himself took almost 25 minutes immediately afterward to intervene in a wishy-washy fashion. That is to be expected of the right hon. gentleman because he does not understand this place. He has no real feeling for parliament. For example, in 1968, when he was minister of justice, the government was defeated on a tax measure by two votes. And those who were there heard the minister of justice, now Prime Minister, say the defeat meant nothing even though the vote was on a tax measure. This was his view, though hundreds of years of tradition demand the resignation of a government in such circumstances. This gives us some insight into the Prime Minister's failure to understand how this place operates.

I wish to comment, now, on the point raised by the hon. member for Winnipeg North Centre (Mr. Knowles). If the concept put forward by the Solicitor General last Friday is followed, the ministry can avoid responsibility and take cover simply by playing the game of musical chairs. If that concept were followed to its logical conclusion the entire ministry could escape all responsibility for past actions by adopting the absurd strategy of changing round the whole ministry. The administration would then be able to wipe the slate clean and start afresh. I have never heard of a more ridiculous concept, nor can I find any justification for it in the precedents.

As to whether or not a prima facie case exists, I submit there can be no question that, as Your Honour has ruled on past occasions, the sub judice rule as it applies to the courts does not apply to administrative inquiries and commissions set up by the government. In support of this assertion I could cite May's eighteenth edition, page 328, paragraph 11. If it were necessary to cite a precedent I could refer to the Dorion commission, very embarrassing to the government of the day, set up by the right hon. gentleman's immediate predecessor, and to the Spence inquiry. During each of those inquiries questions were repeatedly raised in this House by members of the opposition, questions which were, in fact, answered by ministers on the government benches.

What the Solicitor General failed to quote from the *Hansard* of Friday was far more important than what he did quote. Incidentally, the Prime Minister's interpretation of what was said is beyond belief. The Solicitor General asked us to believe we were placing an extremely fine interpretation on his words. He said he was not going to deal with questions concerning evidence given before the commission. Let me read from *Hansard* what he did say—he did not refer to this in his remarks today. As reported at page 2511 he stated:

> It will be my policy to leave the McDonald commission to make its own conclusions on the evidence that is adduced. I will not be commenting on a day by day basis on evidence that may be adduced before that commission on a prior occasion.

Suppose that evidence gives rise to a question about the conduct of a ministry. Are we precluded, on the basis of the hon. gentleman's theory, from directing questions to ministers and obtaining answers?

On the same page of *Hansard* in the left hand column the Solicitor General is reported as saying:

> I take my ministerial responsibility very seriously indeed. That ministerial responsibility is dated as of February 1 of this year. What happened prior to that time and prior to the nomination of the previous solicitor general is a matter presently under study by the McDonald commission.

The hon. gentleman did not read that part into the record. Again, on the same page of *Hansard*, we find a question put to the minister by the hon. member for Northumberland-Durham (Mr. Lawrence), who said:

> ● (1552)
>
> Obviously, it is our responsibility to ask the minister these questions so that we can receive the truth in this House.

The hon. member for Northumberland-Durham asked for the assurance of the minister that he would answer questions relating to evidence adduced, and he received an emphatic no from the Solicitor General.

Privilege—Answers of Solicitor General

As reported at page 2518 of *Hansard* dated February 3, 1978, the Solicitor General said the following:

> The McDonald inquiry is studying certain issues and matters within very wide terms of reference. It is for that commission to deal with those issues.

I emphasize that comment, Mr. Speaker. He continued by saying in effect that parliament has no right to have its members dealing with those issues as they affect the ministry. The Solicitor General also said:

> Until such time as a report is received from the commission, Mr. Speaker, I will not comment, nor will I offer any judgment relating to the value of the evidence or indeed the completeness of it.

Surely it is within his responsibility as the minister to see that all possible evidence is placed before that commission in order for it to fulfil its terms of reference. These are some of the matters he did not refer to which appear in *Hansard* for last Friday.

The Solicitor General referred to page 2518 of *Hansard* by reading the first part of the paragraph which appears in the right hand column. I will conclude that for him. It reads as follows:

> The decision which I have made that I will not reply to questions relating to matters presently before the royal commission which has been set up by this government—at the request of the opposition, Mr. Speaker—

Nothing could be plainer than that. What would be the result, irrespective of whether or not there is a prima facie case before the Chair? What would be the result in terms of the rights of hon. members and the rights of this House? These are questions which the minister could refuse to answer and which we have every right to ask. For instance, we could ask when the Solicitor General was informed of the La Minerve communiqué calling for violent action which was fraudulently and perhaps illegally prepared by the security service—but we would be prohibited from that. We could ask whether there was knowledge on the part of the solicitor general of the day concerning the use of agents provocateurs against left wing groups—but we would be precluded from doing that.

We could ask whether one of the previous solicitors general, the present Minister of Supply and Services (Mr. Goyer), was fully briefed on all aspects of the operations involving phone taps which he authorized—but we would be prevented from doing that. We could ask whether the then solicitor general authorized any telephone surveillance of the APLQ and, if so, why did he not bother to fully inform himself about the complete scope of security service operations—but we would be precluded from doing that, if the philosophy of the government is adopted.

We could ask the Solicitor General about his statement indicating that he was not misinformed about operation Cathedral by his director of security, in light of the fact that the director of security knew of Cathedral in mid-October, 1977, and the Solicitor General specifically stated that the mail was not being diverted. He indicated that in his previous portfolio. We could ask him why he misled the House—but that kind of question would be precluded.

[Mr. Nielsen.]

I could continue giving examples of questions we would be prevented from asking if the government's idea of ministerial responsibility were accepted.

The government is attempting to muzzle the opposition further than the restrictive rules now preclude the opposition from performing its function. We have every right to preserve what remains of those rights by adopting the motion which has been put forward by the hon. Leader of the Opposition (Mr. Clark).

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise to intervene in this discussion this afternoon because I am deeply worried about where parliament is heading. The philosophy which was expounded by the newly appointed Solicitor General (Mr. Blais) on Friday matches dangerously the philosophy which was expounded by the Prime Minister (Mr. Trudeau) on December 9, 1977. At that time, in a press conference, the Prime Minister said the following:

> It is a matter of stating, as a principle, that the particular minister of the day should not have a right to know what the police are doing constantly in their investigative practices, in what they are looking at and what they are looking for, and in the way in which they are doing it.

It is frightening. They are expected not even to have the right to know, so how could they reply to questions from this side? This is a philosophy which undermines the whole principle on which this parliament stands. I am deeply concerned and worried.

It is important for hon. members to understand exactly what is meant by ministerial responsibility. Before dealing with that, I should like to make a comment with respect to questions raised by the opposition on matters before commissions. The notion that the opposition may not ask questions on matters before commissions apparently has no effect on the government.

Mr. Paproski: Or the Prime Minister.

Mr. Munro (Esquimalt-Saanich): We have learned that the government is planning to introduce legislation relating to the interception of mail, amendments to the Post Office Act, when this matter is before a commission. The government can intervene. Are we to be muzzled and unable to comment on that legislation when it comes before the House? Is that what this ruling will mean?

Returning to the meaning of ministerial responsibility, I wonder if all members understand clearly the basis on which it rests and the importance it is to parliament. To all students of parliamentary government, and until now to most practitioners, the principle of ministerial responsibility is considered to be absolutely basic to the form of parliamentary democracy which we have come to know in Canada and by which Canadians have agreed to be governed. I thought this principle was so deeply imbedded in our traditions that it was indisputably integrated into our parliamentary system and it would never be questioned. I appear to have been wrong. It has been questioned by the Prime Minister, as well as by the Solicitor General.

I should like to refer to what was said by Professor Finer, a British scholar and a student of parliament and its institutions, in an article which was published in "Public Administration" in the winter of 1956. It reads:

> Ministers are expected to explain and defend the exercise of their powers and duties in parliament.

Later in the same article, it continues:

> Each minister has a positive duty to answer to the House for the matters with which he, specifically, is charged.

In his opening remarks to that article, Professor Finer paid tribute to another great scholar, Sir Ivor Jennings. He quoted from the Jennings classic in the area of "Law and the Constitution" as follows:

> Each minister is responsible to parliament for the conduct of his department. The act of every civil servant is by convention regarded as the act of his minister.

Not only observers and analysts of the political scene hold this view, but practitioners have voiced it also. In 1954 Herbert Morrison said in the British House of Commons:

> There can be no question whatever that ministers are responsible for everything that their officers do.

He went on by indicating the following:

> The minister is responsible for every stamp stuck on an envelope.

Not only did he say that in the British House of Commons, but it was repeated in his book entitled "Government and Parliament" which was published in April, 1954. It reads as follows:

> If a mistake is made in a government department the minister is responsible even if he knew nothing about it until, for example, a letter of complaint is received from an MP or there is criticism in the press, or a question is put down for answer in the House; even if he has no real personal responsibility whatever, the minister is still held responsible.

This is fundamental. Herbert Morrison went on to say the following:

> Somebody must be held responsible to parliament and the public. It has to be the minister, for it is he, and neither parliament nor the public, who has official control over his civil servants. One of the fundamentals of our system of government is that some minister of the Crown is responsible to parliament, and through parliament to the public, for every act of the executive. This is a cornerstone of our system of parliamentary government.

One might say that the foregoing refers to the British House of Commons, but it is worth recalling that the institutions developed there over the centuries were transferred to this House. We have benefited from them. We have adapted and adopted them. I suggest, Mr. Speaker, that aside from the establishment of responsible government in the colony of Nova Scotia in 1848, we find these institutions were transplanted to Canada as well.

● (1602)

Mr. Speaker: Order, please. I hesitate to interrupt the hon. member but he is making arguments that are well known and well documented in parliament. I hope perhaps he can be persuaded to summarize his argument in the belief that I have no difference of opinion with him in respect of theories on ministerial responsibility. I hope to set his fears aside, perhaps very soon, so perhaps he could summarize.

Mr. Munro (Esquimalt-Saanich): I am glad you have no differences, Mr. Speaker, but the government does. This government does not understand what ministerial responsibility is all about, and if I have to be professorial about it I think it is time somebody read these precedents into the record so this government knows the dangerous course into which it is leading this parliament and the country.

I suggest, Mr. Speaker, that the introduction to the British North America Act which was agreed upon by Canadians before the text was written in this country, passed by the British parliament, reads as follows in part:

> —the provinces of Canada, Nova Scotia and New Brunswick have expressed their desire to be federally united into one Dominion under the Crown of the United Kingdom of Great Britain and Ireland, with a constitution similar in principle to that of the United Kingdom.

I think it is worth underlining those words, "with a constitution similar in principle to that of the United Kingdom". This means that the constitutional monarchy, the cabinet exercising authority in the name of the Crown, but responsible for its performance to parliament, properly elected, is part of our tradition. That is, the government exercising authority in the name of the Crown is responsible for its performance to parliament properly elected. To me this means, along with sections 12 and 129 of the BNA Act, that not only the forms of governing but also the means of governing were transplanted to Canada at the request of the recipients. Along with all the other things came responsible parliamentary government.

By my reading of these transfers of authorities, we in Canada have inherited and can legally exercise here in this parliament, of which we in the House of Commons are but a part, not only the powers acquired by the British parliament, including those legislated in its own interest by that parliament, but also those still remaining in the royal prerogative. Along with these powers, I suggest, we decided we were prepared to be governed by those British statutes that we do not as a matter of deliberate policy reject.

It is very important, therefore, that the responsibility aspect of the British tradition, developed in the British parliament and transferred to this parliament, should in no way be eroded. I have cited one instance this afternoon, of the manner in which it was being eroded, in the words of the right hon. Prime Minister (Mr. Trudeau). We heard on Friday another statement which rejected completely the notion that a minister of the Crown would be answerable to this House. Therefore, Mr. Speaker, I feel that on the strength of this explanation of what ministerial responsibility is, your decision is vitally important.

The future of parliament, to my way of thinking, Mr. Speaker, is very much at issue here. This is one of the most important discussions I have had the opportunity to listen to since coming to the House first in 1972. It is critical and it is vital. We either go on having parliamentary institutions in this country or we do not, and ministerial responsibility is a part of that. If you remove that cornerstone or pillar, the rest collapses.

Mr. Speaker: Order, please. Earlier in the day I indicated I would hear this argument before the question period began,

obviously because it relates to events that might take place in the question period. That is self-evident. That being the case, it seems very difficult to ask that I should attempt to adjudicate on these complicated matters and, perhaps mistakenly, try to make instant law.

On the other hand, that reasoning is going to persist and it is difficult to launch into the question period without at least attempting to resolve some of the issues that have been raised both Friday and today. The importance of the matter is so fundamental to the operation of parliament that I think it deserves that kind of priority.

I should clarify just briefly the procedure involved. I have received two motions which, to the purists of parliament, of course, would raise some fears that I had taken leave of even the most fundamental knowledge of parliamentary procedure. However, it will be recalled that because this is being put forward as a matter of privilege it is necessary first to persuade the Chair that it is a matter which falls so within the definition of privilege, that it ought to be given that priorized treatment often referred to as a prima facie case of privilege.

However it is to be described, it requires some intervening or preliminary decision by the Chair in acceptance of the subject as having that priority attached to privilege so that all other business should be stopped while this is considered and, therefore, those who raised it be given the opportunity, without notice and without the other constraints that stand in respect of the introduction of a motion, to put a motion forward at that time.

Hence, both motions are quite properly in the possession of the Chair in the form in which they were put forward, because both advance the thesis that if the Chair first decides that the matter should be given that priority of privilege then the motion can be examined on its merits to see if it has any other technical flaws. If both of those conditions are met, presumably the first motion, if it met all other criteria, would be put forward and, therefore, the second motion could not be put. On the other hand, if the first motion fell on some technical ground the second motion could be received, and it is on that basis that I am in possession of two motions at this time.

The whole matter and argument are centered around the theory of ministerial responsibility. This is a very clear doctrine that has been repeated and repeated many times, because it touches the procedures of the House so frequently. The hon. Leader of the Opposition (Mr. Clark) raised my own paraphrasing of that repeated definition reported on page 6851 of *Hansard*. It is simply based on the cornerstone that a minister must have responsibility in the informational sense, and here I make the division which was referred to by the hon. member for Oshawa-Whitby (Mr. Broadbent). This refers to the responsibility of a minister, since we have said that we cannot put questions to former ministers in their previous capacity simply because to do so would mean that the responsibility of the present incumbent would only go back to the date of his appointment.

We hold to the theory as being very fundamental to parliamentary practice, that the responsibility to this parliament in the informational sense, and I hope this is not a misleading term, goes back for all time. I do not need a standing committee of this House to undertake some kind of study to reaffirm that proposition. In deciding the ambit of responsibility of a minister to whom questions can be directed in this House, we have decided that such responsibility goes back for all time in that portfolio.

• (1612)

Now, the hon. member for Oshawa-Whitby referred to another aspect of ministerial responsibility, to moral responsibility. I believe that was the term he used. It is obvious that the direct administrative responsibility to parliament of any minister for the department cannot go back prior to the date of his appointment. I think that is fundamental as well. If it turns out that the evidence discloses that a civil servant in that department has been somehow misinformed or has been guilty of misconduct for which the minister has to direct an apology to parliament, surely the minister cannot be called on to resign. However, if it is during the period of time when that minister has been in office, then either the civil servant is fired or the minister resigns—

Some hon. Members: Oh, oh!

Mr. Speaker:— which is the administrative aspect—

Some hon. Members: Oh, oh!

Mr. Speaker: —perhaps instead of saying fired I should have said disciplined. I do not want to make instant law, but the point is that again I say I do not need a standing committee of the House to undertake a study and report back to me on this issue. If the House takes any comfort in that definition, I am trying to make it as clear as I possibly can.

If the minister says that his responsibility goes back to the date of his appointment, he may be correct in referring to some direct responsibility so far as defalcations in the department are concerned, but he is incorrect if he is referring to the informational responsibility to receive questions in the House in connection with that particular department. I hope that that is clear now.

Now I do want to clear up another matter because it was referred to at some length by both the hon. member for Calgary North (Mr. Woolliams) and the hon. member for Yukon (Mr. Nielsen). In attempting to involve the Chair in this problem I believe we must make a very clear division. It should be remembered that what was being discussed by the Solicitor General (Mr. Blais) last Friday has a certain obvious limitation. On Friday the Solicitor General could speak only about what position he might take in answering questions. That does not in any way transfer to the Chair the responsibility to provide an opportunity to put questions, which is quite a different thing. It is for the Chair to decide whether the questions that are put are proper questions. What happens when they are put is another area with which I will deal in a moment.

I have already made known my views on the sub judice matters. As hon. members who have taken the trouble to read the report of the Special Committee on Rights and Immunities will know, I take a very narrow view of the whole question, and if it is to be used as a defence in answering a question, it seems to me that it is the minister who seeks to invoke that defence for not answering a question who should be able to justify it. Rare would be the occasion in my tenure of this Chair that I would ever intervene to prevent a question on that ground, because I do not see a situation in which the Chair would be in possession of specific information which would justify that decision. That seems to me to be something which rests entirely in the possession of those who are called upon to make an answer, and therefore I would confine it to that ground.

So we should be clear that we are not talking now about some theory which has to do with the adjudication upon the propriety of questions; we are talking about a theory which has to do with the right of a minister to answer or fail to answer a question, as he sees fit. I believe we must keep that very clear.

Hon. members know, I am sure, that the Chair has no authority to compel an answer for a number of reasons which are well known to all of those who have advanced arguments, not the least of which is the very practical consideration that, if there were such an obligation, I do not know how anybody could judge when the obligation had been fulfilled. I suppose the Chair would have to decide, when a minister rises and says, "I refuse to answer that question", that that probably constitutes an answer within those kinds of rules. So there can be no obligation to provide an answer.

That raises again the very interesting academic position, namely, if there is no obligation upon the minister to answer a question, what difference does it make upon what grounds he chooses to refuse? Since the minister can refuse to answer without grounds, why should the Chair try to make a decision as to whether or not any grounds put forward by the minister for refusing to answer a question were proper grounds? In any case, regardless of whether the grounds are proper or improper, the Chair does not have the authority to compel the minister to answer. These considerations must be taken into account.

In the final analysis, the most serious practical difficulty we have to face is the matter of the executive accountability to parliament. We are dealing with a matter which is fundamental to the whole question period, and the question period, as I have said publicly many times, is a source of great pride to the Canadian parliament. In my opinion the question period here is a session of daily accountability, which is an absolutely paramount feature of the Canadian parliamentary life.

Some hon. Members: Hear, hear!

Mr. Speaker: Fundamental to the Canadian question period—which, I take it, is an example to be held up to all the legislative bodies around the world—is the matter of the responsibility of the executive to be accountable to parliament in this daily session. As hon. members will realize, that cannot be judged in the procedural sense; it is judged in the political sense, and in the final analysis that is the ultimate sanction of everybody who has the honour of representing his constituents in the chamber. Therefore, in the final analysis, the Chair is not in a position to compel an answer—it is public opinion which compels an answer. However, that does not diminish the importance of this exercise and the importance of the theory of ministerial responsibility, which makes the question period work on a daily basis in the Canadian parliament. Therefore, we are dealing with something which is fundamental to the most important aspect of our Canadian parliamentary system.

On the other hand, both motions that have been put forward call upon the Chair to interpret what the minister said was going to be his future intention in handling questions. In fact, as the hon. member for New Westminster (Mr. Leggatt), whose question has given rise to all of this, said, the minister's comments on Friday were a definite "no"; his comments today were perhaps "maybe" or even "yes". The hon. member for Oshawa-Whitby and the right hon. member for Prince Albert (Mr. Diefenbaker) said we could have avoided all of this perhaps if it had been made clear by the Solicitor General at two o'clock that if he gave a certain impression which alarmed the House on Friday, it was not intentional and he proposed to proceed today to answer questions and to receive each one on its merits.

I only raise all of this because in both motions what is really being asked is that I rule in such a way as to let the House send this matter to the committee for the committee to decide what the Solicitor General is going to do and how he will handle questions. Surely that matter need not go to the committee. The way for the House to find out what the Solicitor General is going to do in response to questions is to proceed to the question period and ask him questions. On the other hand, I think it would be disrespectful of a very serious argument and of the very serious position put forward by the opposition which is fundamental, simply to push these motions aside.

I think I have exposed the difficulty and I hope I have made my thinking as clear as possible on decisions on which I really do not need any help from the standing committee. Therefore, I think the appropriate action for me to take would be to reserve my judgment on both these motions, not for one day but for several days, because I think I can be aided in my deliberations by determining, in the manner in which I described, exactly what the intentions of the minister are and what will be the reality. Therefore, I propose to set these motions aside for a few days and see what happens.

Some hon. Members: Hear, hear!

Oral Questions

ORAL QUESTION PERIOD

[*English*]

ADMINISTRATION OF JUSTICE

McDONALD INQUIRY—ALLEGED DISCREPANCY BETWEEN EVIDENCE ADDUCED AND STATEMENT OF EX-SOLICITOR GENERAL

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is for the Solicitor General. I wonder if the minister can explain the obvious discrepancy between the evidence adduced before the McDonald commission through the witness, former commissioner Higgitt, which would indicate that one of the Solicitor General's predecessors, now Minister of Supply and Services, was aware of the APLQ break-in in 1972, and the statement of that minister which indicated that he was not aware of the incident until 1976. Will the Solicitor General explain that discrepancy?

● (1622)

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I call the attention of the hon. gentleman to a statement made in this House by my predecessor, the present Minister of Supply and Services, who gave a very explicit explanation in which he denied any knowledge. The hon. member for Argenteuil-Deux-Montagnes alluded to that statement in his own statement in this House, and indicated the circumstances as well. In making his statement, the present Minister of Supply and Services indicated that he was making it as though under oath. I accept the statement he made with reference to the evidence which has been given to the inquiry by former commissioner Higgitt. I suggest we wait and see what other evidence may be adduced before that commission, before making any comment. I hope the hon. member will be patient enough to wait until all the evidence is in, so that proper conclusions can be made.

Mr. Jarvis: Mr. Speaker, the Solicitor General is asking for a considerable amount of patience. Did the previous solicitor general, the present Minister of Supply and Services, authorize any telephone surveillance of the APLQ and, if so, can the Solicitor General explain why his predecessor did not fully inform himself at that time of the complete scope of security operations which were being directed against the APLQ?

Mr. Blais: Mr. Speaker, again I refer the hon. gentleman to the statement, which was made on a question of privilege, of the Minister of Supply and Services with reference to the other aspect of the question, I wish to reserve. Perhaps the hon. gentleman will choose to ask that question again at some future time.

Mr. Jarvis: The Solicitor General is well aware, as are all hon. members, that we cannot ask former ministers questions, and we cannot be represented before the McDonald commission because counsel for the minister's predecessor argued against that—unfortunately, successfully. However, is it the policy of the present Solicitor General to continue the policy of his predecessor, whereby before the standing committee studying estimates officials of the department were not allowed to answer questions put to them by members of the committee with regard to the dates upon which certain officials and ministers were informed of certain events? Is that a continuing policy of the present Solicitor General?

[Mr. Speaker.]

Mr. Blais: Mr. Speaker, I will have to look at the record, consider what the hon. gentleman is advancing and perhaps provide him with additional comment at some future time.

McDONALD INQUIRY—ACTION TAKEN RESULTING IN ARREST OF RED ARMY TERRORIST

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, by way of a supplementary question I would like to test the Prime Minister with regard to the bona fides of asking and answering questions in the House. At a press conference on November 18, the Prime Minister said that the mail opening activity of the security service resulted in the arrest of a Red Army terrorist. In view of contradictory testimony to the royal commission last week, which indicated that a wiretap, not a mail opening, resulted in the arrest of this Red Army terrorist, can the Prime Minister now revise his statement to coincide with the testimony provided by Staff Sergeant James Pollock?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am informed that that testimony covers some 30 pages: I believe the Solicitor General indicated that in his answer on Friday. I have not read the 30 pages, and I was not present at the royal commission, but I am informed that the purport and intent of the testimony was that the mail opening was very fundamental and necessary.

Some hon. Members: No.

Mr. Trudeau: Hon. members opposite have probably read the press reports, but I enjoin them, as the Solicitor General enjoined them on Friday, to read the 30 pages and reach their own conclusions. I have not read them. I have been informed that the testimony of the witness was to the effect that if the police had known at the time that they could get information of future value from other sources, they perhaps would not have opened mail. However, when you are conducting an investigation, you do not know what further evidence you might get in the future.

Mr. Woolliams: There was no evidence as a result of opening mail.

Mr. Trudeau: I am told that that is the conclusion of the witness but, unfortunately, that is not the impression which was created in the reporting of that testimony. I will gladly continue to attempt to elucidate on such questions and so will the Solicitor General, but if we are called upon, on a day to day basis, to comment on the credibility of witnesses, I think it will be obvious to the Chair that we will be engaging in an operation which will be completely unproductive.

Mr. Lawrence: Mr. Speaker, I am told that in the small portion of Staff Sergeant James Pollock's testimony with

regard to Red Army terrorist activity there is no question whatsoever about the interpretation.

An hon. Member: You are told. Have you read it?

Mr. Lawrence: The Prime Minister was obviously wrong in what he said at his press conference on November 18. Who misinformed the Prime Minister? Was the former solicitor general involved in briefing the Prime Minister on this matter?

Mr. Trudeau: Mr. Speaker, I presume the hon. member for Northumberland-Durham is admitting that he has not read the 30 pages of testimony. I suggest he do so; then he can make a judgment as to whether that testimony corresponds with, or denies, what I said at a press conference in the month of November. If he still believes what he has said today, I would like him to make that quite clear tomorrow by using quotations from the witness, and not from the press.

Mr. Lawrence: Was the former solicitor general involved in briefing the Prime Minister on this matter, or not? "Yes" or "No"?

Mr. Trudeau: Yes, Mr. Speaker, the former solicitor general and, indeed, the commissioner of the RCMP, gave me this as an example of the usefulness of mail opening.

ACTION TAKEN RESULTING IN ARREST OF RED ARMY TERRORIST—STATEMENT OF FORMER SOLICITOR GENERAL—MINISTERIAL RESPONSIBILITY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in this House, on November 15, the former solicitor general, when citing illegal acts, made reference to the opening of mail but he did not say it was related to the apprehension of this particular terrorist. He was very categorical and I would like to quote what he said:

> Through the mail opening devices which have been described in parliament, the RCMP obtained access to it. As a result of this interception they were able to identify someone who was a member of the Japanese Red Army. He was arrested at the border and deported to Japan.

In a direct voice clip on radio, I heard the constable in question making it clear that the letter opening had absolutely nothing to do in a direct way with the apprehension of this Japanese Red Army member. I would like the Prime Minister to assure the House that he will check with the present Solicitor General as to the basis for this categorical assertion made by the minister's predecessor.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I noted the words of the leader of the New Democratic Party to the effect that the witness said that the letter opening had absolutely nothing to do with the apprehension of the terrorist.

Mr. Broadbent: In a direct way.

Mr. Trudeau: The hon. gentleman now says, "In a direct way". I am not sure: if it had absolutely nothing to do with the apprehension of the terrorist, obviously I was misled by the commissioner who reported on this.

Mr. Clark: Or the former solicitor general.

Mr. Trudeau: Or the former solicitor general who got the information from the commissioner.

Mr. Clark: Blame the commissioner.

Mr. Trudeau: I am not blaming anyone. I was asked by a member of the Leader of the Opposition's own party who had given me this information, and I told him it was the commissioner. I submit today that the commissioner took that position, and I repeat: my information is that it was confirmed by the testimony of the witness, and not inferred, that the interception of the letter was the first clear link established between the terrorist and the Toronto resident.

• (1632)

I submit that the Leader of the New Democratic Party had better not only hear an excerpt of the testimony, but I enjoin him to read the 30 pages and see if he can stand on his feet tomorrow and reassert his accusation, which I submit is false, to the effect that the letter opening had absolutely nothing to do with the apprehension. If he can make that statement tomorrow, then indeed we will have the question of a witness contradicting what the commissioner has said, and probably will say if he is brought before the royal commission of inquiry. Then what will the House do, Mr. Speaker? Will it ask the government to try and arbitrate between the testimony of the commissioner and that of the witness? Obviously, Mr. Speaker—

Some hon. Members: Order.

Mr. Trudeau: Obviously, Mr. Speaker—

An hon. Member: Your light is off.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

Mr. Broadbent: A supplementary question, Mr. Speaker. Considering that the Prime Minister has admitted in the House that he has not read the 30 pages—

Mr. Trudeau: Nor have you.

Mr. Broadbent: Considering that he has admitted that he has not read them, I find it a little surprising that he makes the categorical assertion that what he says now is the case. Considering that, at least, the excerpt I heard from the man giving the testimony clearly indicated that the apprehension of the terrorist was obtained by a legal wiretap—the obtaining of necessary information—and that the letter opening was not connected with it, I should like to ask the Prime Minister, and we can both read the testimony in the interim, if he will check, before the House sits tomorrow, to find out if there was a direct connection between the letter opening and the apprehension. Or was it merely a legal wiretap, within the framework of the law, that led to this apprehension?

If so, will he admit that the government's intention to bring in legislation which will permit the legal opening of mail is totally without foundation?

Mr. Trudeau: Mr. Speaker, the leader of the New Democratic Party suggests that I made a categorical assertion. I did not. I indicated that I had been briefed on the testimony, that my briefing indicated quite clearly that the witness did not say that the mail opening was irrelevant and unimportant and that it did not lead to the apprehension of the terrorists. That is what I have been told by those who have analysed the briefing. They went on to say that the media reports are completely contrary to that.

Mr. Speaker, I stand on that: I stand on the information I have received. All I ask the opposition to do is to have the decency and the honesty to read the testimony themselves before they make this categorical assertion.

Mr. Broadbent: A final supplementary question, Mr. Speaker. I say seriously, but with respect, that just as the Prime Minister is briefed by officials he assumes to be reliable, so are we on this side of the House. We both have some things to confirm before tomorrow.

Referring back to the question of ministerial responsibility that we were discussing earlier today, I should like to ask the Prime Minister whether, when he does the checking, he will do it with specific reference to the statement of the former solicitor general as reported at the bottom of page 884 of *Hansard*, where he said:

As a result of this interception they were able to identify someone who was a member of the Japanese Red Army. He was arrested at the border—

That is a categorical link between the interception and the arrest. If, when the Prime Minister checks the record, he finds out there is a clear contradiction between what the RCMP officer said and this kind of assertion, will he find out whether the minister deliberately misinformed him—in which case, would he tell the House—or will he ascertain if it was an official within the minister's department who misinformed the minister? If so, will he ensure that disciplinary action is taken with regard to that official?

Mr. Trudeau: Mr. Speaker, I have already informed the House of that in answer to the question from the hon. member for Northumberland-Durham. I said quite clearly in the House that I had received this information from the commissioner. The hon. member for Argenteuil-Deux Montagnes, the former solicitor general, presumably received it from the commissioner, too. It was stated to me by the commissioner in my office.

I think this whole series of questions, Mr. Speaker, proves the wisdom of the Solicitor General when he said we should not engage in a running commentary on the testimony before the royal commission. If the opposition is right in its interpretation of the testimony, and we will see after we read it—

An hon. Member: You will resign.

Mr. Trudeau: —who are we supposed to discipline: the commissioner, or the witness? Obviously, if they are right there is a contradiction between the two. Who are we to discipline? I ask the opposition to give me the answer to that question, Mr. Speaker. Or should we wait for the royal commission of inquiry?

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[*Translation*]

REGIONAL ECONOMIC EXPANSION

INQUIRY WHY OUTAOUAIS NOT DECLARED DESIGNATED AREA

Mr. Armand Caouette (Villeneuve): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. Answering a question put by the hon. member for Témiscamingue on December 14 last, the minister said that he was considering the possibility of declaring the Outaouais region in Quebec a designated area. The conditions having grown worse since then, could the minister tell us what criteria the Outaouais region does not meet to qualify as a designated area?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, when the question was put, I said that we had received representations and that meetings had been held to discuss the economic conditions in the Outaouais region. I then indicated that negotiations were under way with the Quebec government and that I hoped some decisions would be taken for the benefit of the area. Since then, as the hon. member knows, we have concluded an agreement with Quebec dealing with industrial infrastructures and within the next few months the Outaouais area may benefit from some assistance which could perhaps to some extent contribute to give it an economic impetus. As for designating the area, such request was also made to us. I have also received representations from colleagues on this side of the House. That is something I am not prepared to grant at the moment.

Mr. Caouette (Villeneuve): I would like to ask a supplementary question, Mr. Speaker.

Would the minister tell the House whether or not eastern Ontario municipalities and the National Capital Commission have made pressures within his department so the Outaouais region does not obtain this designation?

Mr. Lessard: No, Mr. Speaker, I did not receive such representations.

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[*English*]

ADMINISTRATION OF JUSTICE

McDONALD INQUIRY—INTENTION OF SOLICITOR GENERAL TO ANSWER QUESTIONS ON EVIDENCE ADDUCED

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to put a question to the Solicitor General because of the ambiguity today and the fuzziness of his argument

earlier in the afternoon. My question is very simple, and it may clear the muddy waters.

Is the Solicitor General prepared to answer questions put to him by members of the opposition on any matters that may come before, have come before, and could come before the McDonald commission? I refer, for example, to the statement that it was necessary to open mail in connection with the Japanese terrorist, when in fact the evidence this afternoon seems to be that the real meat of the evidence came from an authorized wiretap. Is the Solicitor General prepared to answer such questions whether on the McDonald commission, the Laycraft commission or the Keable commission?

Mr. Speaker: Order, please. Surely, the proper way to test that matter is to put one such question, rather than asking again for an interpretation. I say respecfully that the whole import of what I attempted to do earlier this afternoon was to indicate that the way to find this out is to put the questions. I really do not want to invite a renewal of the rather long, though important, argument we had this afternoon. If hon. members have questions and want to find out whether the Solicitor General is going to answer, they should put them.

Mr. Woolliams: Mr. Speaker, I shall come to the last part of my question. In light of the argument between the Prime Minister and the leader of the New Democratic Party, will the Solicitor General take it upon himself to clear the air about the evidence in reference to the Japanese terrorist? Was it, in fact, as a result of a legal wiretap, or the result partly or wholly of opening mail, which was illegal at that time and which the minister is now going to try to make legal?

● (1642)

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, surely that is evidence which is presently being dealt with by the commission. There has been evidence, as was indicated by the Prime Minister and myself on Friday, which covers about 30 pages of transcript. I do not know whether counsel for the commission will be calling other evidence on that particular point. I am awaiting that decision with some anticipation.

Mr. Woolliams: Mr. Speaker, I certainly bow to your ruling, but I have asked a clearcut question. We have had wiffling and waffling from this minister, even though he has only been in the portfolio for a short time. He may go down as "the minister of wiffling and waffling." I put a direct question to him: Will he ascertain from the evidence, of which he has a transcript, if the evidence determined whether the Japanese terrorist was apprehended as a result of opening mail illegally, or from a legalized, or legal, wiretap? It is a simple, concise and precise question: please answer in the same way.

Mr. Blais: Mr. Speaker, indeed, I am proceeding to read that particular transcript in order to draw my own conclusions. They will be my own conclusions.

Mr. Woolliams: Draw them.

Mr. Blais: I will draw my own conclusions, because I am sure they will be germane to the debate on the bill which I will be introducing, hopefully this week, relating to mail opening and amendments to relevant legislation.

Mr. Woolliams: Mr. Speaker, the minister says he is going to bring in a bill. Is he prepared, as the right hon. gentleman from Prince Albert suggested, to wait before he produces a bill to legalize the opening of mail, that is, to wait until the commission has either brought in an interim or a final report in that regard? Or is he going to rush into this House of Commons, like a bull in a china shop, with the legislation?

Mr. Blais: I will be introducing the bill, hopefully, this week. As was pointed out last week, I believe by the Acting Solicitor General, the Minister of Justice, when a similar question was put, the bill contains a clause whereby the duration of that provision will be limited, I believe, to one year after the McDonald inquiry has made its report.

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NATIONAL SECURITY

RIGHT OF MINISTERS TO KNOW HOW SECURITY PERSONNEL OPERATE—GOVERNMENT POSITION

Mr. John A. Fraser (Vancouver South): My question is directed to the Solicitor General. In December, the Prime Minister said that a minister should not have the right to know how security personnel are carrying on their work. He went on to say that if there is illegal activity, we have the protection of the courts. I ask the Solicitor General if he discussed this theory with the Prime Minister before his appointment, and does he agree with that theory of ministerial responsibility?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I would like to review the comments of the hon. gentleman.

Mr. Fraser: Mr. Speaker, I presume the Solicitor General wants to reconsider the Prime Minister's comments. Let me put the exact statement to the Solicitor General. The Prime Minister said that it is a matter of stating, as a principle, that the minister of the day should not have the right to know what the police are doing constantly in investigative practices, what they are looking at, what they are looking for, and the way they are doing it. The Prime Minister went on to say that if there is concern about illegal police activities:

> We have the protection of the courts. If you want to break into somebody's house, you get a warrant.

Mr. Speaker: Order, please. I do not want to interrupt the hon. member, but that is rather a long preamble to a supplementary question.

Mr. Fraser: Mr. Speaker, I will try to shorten it. I should like to continue, as it is a matter of some importance. I will continue the quotation:

A court decides if you have reasonable and probable cause to do it. If you break in without a warrant, a citizen lays a charge and the police are found guilty. So this is control on the criminal side—

That was a statement made by the Prime Minister. Can the Solicitor General tell this House how a court will ever find out about a secret and illegal break-in, keeping in mind the fact that a court cannot do anything until evidence is gathered and a charge laid? I think it is important that the House knows whether the new Solicitor General agrees with the Prime Minister.

Mr. Blais: Mr. Speaker, evidently it is a very important statement, and I would like to read it in full. I will comment on it at some future time.

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ADMINISTRATION OF JUSTICE

NATIONAL INDIAN BROTHERHOOD—ALLEGED SURVEILLANCE BY GOVERNMENT AGENCIES

Mr. Erik Nielsen (Yukon): I should like to ask the Solicitor General whether his immediate predecessor in office, once removed, was ever informed of the surveillance activities against the National Indian Brotherhood?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I will take the hon. member's question as notice.

Mr. Nielsen: Mr. Speaker, when the minister does that, will he also determine, for members of the House, whether the present Minister of Consumer and Corporate Affairs, when he was holding the portfolio of solicitor general, was aware of the approval by the security services of the use of FBI agent Douglas Durham in infiltrating the National Indian Brotherhood. Was he aware of any agent provocateur activities carried out by Mr. Durham?

Mr. Blais: Mr. Speaker, without accepting the premise of the hon. gentleman's question, I will take it as notice as well and provide him with a reply in due course.

McDONALD INQUIRY—ALLEGED DISCREDITING BY GOVERNMENT FOR POLITICAL GAIN

Mr. Lincoln M. Alexander (Hamilton West): I direct my question to the Prime Minister.

Mr. Trudeau: Big guns.

Mr. Alexander: Not big guns.

Mr. Trudeau: Take your hand out of your pocket.

Mr. Alexander: I will keep my hand in my pocket as long as the Prime Minister leans over his desk and points. I am a little confused right now because the Prime Minister has indicated that the opposition is discrediting the royal commission when it asks questions on the matter of the RCMP and national security. On the other hand, the Prime Minister, through his yet to be tried Solicitor General, has indicated in no uncertain terms that he is going to introduce a bill dealing with the opening of the mail. I want to know if the Prime Minister can rationalize that statement, and I charge the Prime Minister with deliberately discrediting the royal commission for political gain.

[Mr. Fraser.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I did not say that opposition questioning would discredit the royal commission.

Mr. Alexander: Yes; I copied it down.

Mr. Trudeau: Mr. Speaker, I said the assertion made by the hon. gentleman's leader, that royal commissions were only emanations of the executive, and the inference that we could not trust them, tended to discredit the royal commission. That is what I said.

Mr. Clark: You said it; do not apply your inference to me.

Mr. Trudeau: In so far as questioning by the opposition of the government, of the Solicitor General, on what is going on before the royal commission, I am not saying that is discrediting the royal commission; I am saying it is proving the unwisdom of the opposition, as in the example just given. If we have two people who say opposite things, the commissioner and, according to the interpretation of the opposition, the witness of last week, what is to be the government's position?

Mr. Clark: Find out.

Mr. Trudeau: The Leader of the Opposition says we should find out.

Mr. Clark: Right.

Mr. Trudeau: He is suggesting, therefore, the government should do its investigation of witnesses; that we should reach a conclusion and decide which of two witnesses should be disciplined. Obviously, Mr. Speaker, the opposition is suggesting that the government should do the job that the royal commission has been set up to do, and that is a contradictory position.

An hon. Member: Rubbish.

Some hon. Members: Shame.

Mr. Alexander: In light of the fact that the Prime Minister wants us to wait until the commission has done the job which it has been charged to do, would the Prime Minister now like to reconsider the introduction of the bill which would legalize the opening of the mail? You cannot have it both ways. In view of the concern which the Prime Minister has, and because of the importance of the findings of the commission and in order that this House will know which direction to take, will the Prime Minister now state that he has changed his mind? Also, in order to be consistent, will the Prime Minister wait until we are all apprised of the findings of the commission? Does he not think that is the proper approach to take to this very serious matter?

Mr. Trudeau: M. Speaker, if that were the proper approach, it would mean that during a period of months, and perhaps more, the RCMP would be put in the dilemma of either opening mail and doing something illegal, or of not opening mail and perhaps failing in its duty to protect the security of the country. It is a very difficult dilemma, and that is the reason the government has taken the position that the bill which we are introducing will only be for an interim period; it will only last until after we have read the report.

● (1652)

It may be the royal commission will instruct us that the police do not need this authority, that Canada, of all democracies, is a country where the police should not have a right to look at the mail in order to protect the security of the country. If this is the position of the opposition, and if they think that will be the position of the royal commission, surely their role is to argue that when the bill comes before the House. We will hear their arguments at that time. Indeed, if they are convincing to themselves, to the government and the country, the bill will not pass. However, if they do not make that demonstration, obviously the bill should pass.

Mr. Alexander: As I stated in my preamble, I deliberately charge the Prime Minister with discrediting the royal commission. Will he answer that?

Mr. Trudeau: Mr. Speaker, if this is a charge, I must say I do not feel broken and crumbled. I wish the hon. member would substantiate that charge in some way. I return to the substance of the question of the hon. member and suggest to parliament and the country, as we will when we examine this bill, that if a man's house, which is his castle and which is very sacred, can be broken into by the police under certain conditions with a warrant, and so on, what is so offensive about a man's mail being looked at under certain conditions? Certainly, there is nothing more sacred than my house, or the house of the hon. member for Hamilton West. He knows that in certain circumstances the police can go into his house, his office or through his belongings and search them. He is not shocked about that, but he would be if they went into his house and opened a letter. That does not seem very consequential.

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[*Translation*]

REGIONAL ECONOMIC EXPANSION

SUBSIDIES FOR EASTERN QUEBEC—GOVERNMENT POSITION

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion.

A few weeks ago the minister signed an agreement with the province of Quebec on industrial infrastructures and I realized that nothing new has been provided for the Gaspé area and eastern Quebec, except stale programs from former governments since 1968. Could the minister explain to the House why the government of Quebec insisted on industrial parks and industrial development in the Montreal, Quebec city and Trois-Rivières areas and why it has not scheduled any new initiatives for the Gaspé area and eastern Quebec?

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, in our negotiations and in our review of the proposals which have been made to us and also in our counterproposals, the infrastructures needed to support the industrial development, that is to say, the infrastructures for industrial development, were recognized as those which had to be privileged.

Finally, this was also part of the general plan of the previous administration, namely that we were to help establish infrastractures to facilitate the development of industries within these municipalities. As the hon. member doubtless knows, financial assistance has been earmarked for industrial developments within his Gaspé area and also for fishing industrial developments.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

McDONALD INQUIRY—EVIDENCE THAT PRIVY COUNCIL OFFICE INSPIRED RCMP BREAK-IN

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Solicitor General. It is very similar to the one I asked on Friday and which he refused to answer. He has had the weekend to inform himself of this matter. Will the Solicitor General advise the House whether the allegation is true that it was the Privy Council Office which submitted information to the security service of the RCMP that led to the break-in and theft of PQ records? Can the Solicitor General confirm, whether, in fact, it was the Privy Council office which inspired that activity?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am afraid I cannot inform the hon. gentleman at this time. I will take the question as notice.

Mr. Leggatt: In taking the question as notice, will the Solicitor General also provide to the House the evidence which the Privy Council officers relied upon in advising the RCMP security service? Was it rumour, or was it hard evidence which led them to instruct the security service to attack a legally constituted political party in Canada?

Mr. Blais: Mr. Speaker, I will take that question as notice.

McDONALD INQUIRY—AVAILABILITY OF TRANSCRIPT OF EVIDENCE

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have listened to all the arguments about the opening of mail. A letter directed to me was opened the other day. I honour the Royal Canadian Mounted Police for having done so. They said there was nothing of an explosive nature in the letter. As long as we have a police force, for which I have

tremendous admiration, that will open mail in order to protect the recipients, I am all for it.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: My question arises out of the controversy as to the contents of the 30 pages of evidence which the Prime Minister suggested we should read. That is very costly matter today. In my day, 30 pages of transcript could have been produced for possibly $15. I am now told they would cost hundreds of dollars. My simple suggestion is that those 30 pages be tabled in the House, so that each of us can read the transcript and determine for ourselves the nature of the evidence given.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am informed that this whole matter was discussed in an in camera session of the Standing Committee on Justice and Legal Affairs. In order to save the expense about which the right hon. member is so worried, perhaps we should ask the members of that committee to refer back to the minutes of that in camera session.

In so far as the position of the right hon. member regarding the opening of mail is concerned, I think he is taking a very sensible and logical position. He was prime minister of this country for some six years. He said he knew everything which went on through actions of the RCMP. Therefore, he was obviously aware that mail was being opened by the Royal Canadian Mounted Police in the period he was prime minister. He sees nothing wrong with it. I just ask his own party to have a little huddle with the right hon. member before they take the position of the leader of the NDP.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. The clock now shows five o'clock. As hon. members will realize, the question period began at twenty minutes past the hour. The most sensible arrangement would seem to me to continue questions until five minutes past five, and then go on to routine proceedings. If routine proceedings do not prove to be too lengthy, we could delay the commencement of private members' hour accordingly and extend it into the supper hour. Is that agreed?

Some hon. Members: Agreed.

Mr. Paproski: It is so agreed, Mr. Speaker.

Mr. Speaker: It is so ordered.

Mr. Diefenbaker: Mr. Speaker, with regard to the Prime Minister's answer referring to the 30 pages of evidence, if I were given to be suspicious, I would wonder what he was covering up. I simply want to see those 30 pages. The government has them. They were not discussed in the committee at any time. Why not just produce them, because it would clarify the situation? If the Prime Minister is borne out in his interpretation of what those 30 pages contain, everything will be cleared away. Just produce the 30 pages and we will know who is hiding what, and why.

Mr. Trudeau: Mr. Speaker, the testimony in front of the royal commission was obviously public; it was reported upon by the media. It was on the basis of that report that I suggested the opposition was asking the wrong questions. What I said was in camera—

An hon. Member: Oh, oh!

Mr. Trudeau: I say to the interrupter from the Tory party that it had to do with the proceedings in front of the Standing Committee on Justice and Legal Affairs. We will ask the McDonald commission if this testimony can be transcribed. If so, expense apart, I am sure the government will have no hesitation in letting anyone in the country see copies of it. However, it is, once again, indicating that we will be engaging ourselves in judging the credibility of witnesses in front of a royal commission.

• (1702)

McDONALD INQUIRY—POSITION OF GOVERNMENT ON ANSWERING QUESTIONS BEFORE REPORT HANDED DOWN

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a question for the Prime Minister. It goes back to some of the earlier questions which have been answered in the House. I want to be clear as to the policy of the government. Is it the policy of the Prime Minister, in the event of an inconsistency relating to the activities of ministers, or any other kind of inconsistency—an inconsistency as between testimony before the commission and statements in this House, or evidence otherwise becoming available—that the true facts should be hidden from the House of Commons until the royal commission reports? Is that the position the Prime Minister is taking?

Right Hon. P. E. Trudeau (Prime Minister): No, Mr. Speaker. If there is an inconsistency in the testimony, of course it will not be hidden. It will be in the testimony. The hon. gentleman has only to look at it and he will be able to make up his own mind as to whether it is inconsistent or not. What I am saying is that the ultimate decision as to whether a witness is credible or not should be left to the royal commission.

The former solicitor general, the Minister of Supply and Services, in a statement on privilege made to the House, made a position quite clear. I took the hon. gentleman at his word. If something comes out through other witnesses which tends to contradict that statement, the Leader of the Opposition will make up his mind which of the two witnesses is credible; we will make up our minds as to which is credible. All I am saying is that in the last resort we will not trust the judgment of the opposition, and they will not trust ours. We should trust the royal commission of inquiry, and that is the position taken by the Solicitor General.

Some hon. Members: Hear, hear!

Mr. Clark: This is an important question for parliament. The Prime Minister is saying that when evidence becomes

available before a royal commission, or elsewhere, suggesting that a minister of the Crown was giving inaccurate or false information, for whatever reason, to the House of Commons, the House of Commons must be barred during the existence of the royal commission from finding out the true facts of the case. My question to the Prime Minister is this: Is it the policy of the government that in the event of a contradiction between what a minister of the Crown tells the House of Commons, and evidence before a royal commission, the government, as a matter of policy, will not itself seek out the true facts and make those true facts known to the House of Commons immediately, so that hon. members may know whether or not they can trust the government?

Mr. Trudeau: I have in no way said the opposition would be barred from forming its judgment as to which of the witnesses would be credible. I have made it clear that, as far as I am concerned, I stand by the word of the minister. If the opposition, or a royal commission, judge that another witness is more credible and that, indeed, he contradicts the minister, it will become known. I am not suggesting the opposition should not make up its own mind. Indeed, it obviously has made up its own mind: The government is always wrong and the opposition is always right.

But I repeat, Mr. Speaker: What does the government, or the opposition, do when the commissioner says one thing and a police officer says the contrary? Is the opposition suggesting we should chastise or discipline the commissioner or the police officer? Or is the Leader of the Opposition suggesting, as we do, that the government should wait for the commission to tell us who is credible and who is not?

Mr. Clark: The opposition is saying that when there are facts which are relevant to the role of ministers in the House of Commons, when there are facts which parliament and the people should know, those facts should be made available to the House of Commons. We are not talking, now, about differences in judgment. We are talking about differences in fact. I refer to differences in fact between evidence adduced before a royal commission of inquiry and statements made in the House of Commons.

The government knows these facts or, because it is an employer of public servants, it has the means to find these facts. In face of the kind of contradiction in evidence to which I have referred, will it be the policy of the government to go after those facts right away and publish them for the benefit of the House of Commons, or will it be the policy of the government to hide them until the royal commission has reported?

Mr. Trudeau: Mr. Speaker, the government has gone after these facts. It has not hidden them. It has made its own inquiry. It has made its own inquiry into this particular set of facts, and the former solicitor general, the Minister of Supply and Services, in a statement to this House on this particular set of facts said he had not been informed of the APLQ break-in. He also said, if my memory is correct, that the commissioner of the RCMP at that time, Mr. Higgitt, said he could not remember having told him of this break-in. These are the facts. We looked into them, and on the basis of those facts the former solicitor general raised the matter in this House as a question of privilege and made his position clear.

The former solicitor general will obviously be called upon to testify before the McDonald royal commission. He will be asked these questions. I am reasonably certain he will say to the royal commission what he has said to the House of Commons, that he had not been informed of the break-in of the APLQ by the RCMP. We shall, therefore, be placed in the position of having the former solicitor general say he was not informed, and the former commissioner saying either that he did not remember or that he thought he might have told him. What is the government to do? I suggest our duty, and the duty of the Leader of the Opposition, is to allow these facts to be adjudicated upon by the McDonald royal commission.

Mr. Clark: One final question, for the sake of clarification. Is the Prime Minister now telling us that he, himself, after investigating all these matters, accepts and supports the statements of the former solicitor general?

Mr. Trudeau: Yes, Mr. Speaker.

* * *

PRIVILEGE

MR. NIELSEN—ANSWER GIVEN BY PRIME MINISTER

Mr. Erik Nielsen (Yukon): Mr. Speaker, I rise on a question of privilege. I am sorry the Prime Minister (Mr. Trudeau) has left the chamber, because it involves him. A moment ago the right hon. gentleman made a statement which disclosed information concerning certain discussions which took place during an in camera session of the Standing Committee on Justice and Legal Affairs, I sat in on those discussions. The Prime Minister informed the House a few moments ago that 30 pages of testimony, to which reference has been made, were somehow made known to members attending that incamera session.

While members who attend in camera sessions of standing committees do not take any oath of secrecy, they are upon their honour not to discuss any of the proceedings with anyone. The Prime Minister has disclosed information with respect to proceedings which he thinks took place in an in-camera session. As one who sat in on those sessions I feel compelled, without disclosing what did take place, to refute the Prime Minister's assertion that those 30 pages of testimony were discussed or produced in any way. I believe my colleagues who sat in with me on those sessions will bear me out in this.

Mr. Speaker: I will examine what was said to determine whether any reference to the meetings of that committee shows evidence of there having been a breach of privilege.

Order Paper Questions

● (1712)

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 389, 431, 485, 487, 489, 790, 804, 985, 991, 1,009, 1,022 and 1,134.

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

[*Text*]

NUMBER OF PERSONS UNDER CONTRACT TO THE BLUE WATER BRIDGE AUTHORITY (CANADIAN SECTION)

Question No. 389—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Blue Water Bridge Authority (Canadian Section) and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): The Blue Bridge Authority advises as follows: 1. Nil.

2. (a) 1975, $24,449.32; (b) 1976, $2,153.59. None of these amounts was paid to retired public servants.

AIRPORTS FINANCIAL ASSISTANCE PROGRAMME

Question No. 431—**Mr. Brisco:**

For each year 1970 to 1977 to date, what was the total dollar value of the total number of applications for assistance under the Community Airport Facilities Fund?

Hon. Otto E. Lang (Minister of Transport): The total value of all applications received for financial assistance appears below:

Year	Number of Applications	Total Dollar Value
70	25	2,227,000
71	20	4,979,800
72	47	9,644,900
73	41	9,255,900
74	68	19,417,800
75	59	15,186,200
76	41	11,489,800
77	23 (To November 25)	13,621,600
Total	324	85,823,000

AIRCRAFT MOVEMENTS AT AIRPORTS

Question No. 485—**Mr. Bawden:**

1. What were the actual aircraft movements at (a) Calgary (b) Edmonton (c) Vancouver (d) Winnipeg (e) Regina (f) Montreal (g) Toronto (h) Halifax (i) Moncton International Airports for the year (i) 1974 (ii) 1975 (iii) 1976?

[Mr. Speaker.]

2. For the same airports, what are the projected aircraft movements for the year (a) 1977 (b) 1978 (c) 1979 (d) 1980?

3. (a) How many terminal services personnel was the Department of Transport first planning for the new Calgary International Airport (b) has the number of personnel been reduced and, if so (i) on what basis was such a decision made (ii) how does it affect the safety factor for ramp control?

Hon. Otto E. Lang (Minister of Transport): 1. Table I, following, contains statistics for the years 1974, 1975 and 1976 on air carrier aircraft movements, total itinerant aircraft movements, local movements and total airport aircraft movements for the requested airports.

2. Table II, following, contains forecasts for the years 1977, 1978, 1979 and 1980 for air carrier aircraft movements, total itinerant aircraft movements, local movements and total airport aircraft movements for the requested airports.

3. A total of 16 terminal services personnel was first planned for the new Calgary International Airport to carry out the functions of ramp control, gate assignment, baggage control, information services and facility monitoring. Since the ramp control function is now being provided as an advisory service by Air Traffic Services (ATS) staff, this allowed terminal services personnel to be reduced to a total of 13. The safety factor for ramp control is unaffected by this change, as this service by ATS is consistent with apron operations at all other airports in Canada, with the exception of Mirabel which uses terminal services personnel to control Passenger Transfer Vehicle (PTV) operations.

Table I

Historical Aircraft Movements

Airport	Year	Itinerant* Air Carrier	Itinerant* Total	Local*	Airport Total
Calgary	1974	50,081	110,266	61,676	171,942
	1975	54,567	117,750	58,889	176,639
	1976	54,204	124,159	75,615	199,774
Edmonton International	1974	26,065	49,890	47,211	97,101
	1975	32,302	58,862	47,969	106,831
	1976	33,468	59,411	40,093	99,504
Vancouver	1974	61,953	180,759	15,762	196,521
	1975	70,149	198,416	4,837	203,253
	1976	74,205	211,102	5,520	216,622
Winnipeg	1974	38,516	112,942	38,873	151,815
	1975	41,789	114,459	34,044	148,503
	1976	40,972	115,569	35,179	150,748
Regina	1974	10,623	35,163	75,021	110,184
	1975	11,547	54,417	83,123	137,540
	1976	11,725	55,976	82,638	138,614
Montreal**	1974	121,431	186,097	6,861	192,958
	1975	121,137	191,795	4,797	196,592
	1976	125,479	206,783	2,496	209,279

* Local movements operate in the local traffic pattern or within sight of the control tower (within a 30-mile radius). Aircraft movements other than local aircraft movements are itinerant movements.

** Montreal Area i.e. Dorval and Mirabel.

Airport	Year	Air Carrier	Total	Local*	Airport Total
Toronto	1974	151,678	226,921	14,814	241,735
	1975	150,958	228,688	9,509	238,197
	1976	152,742	235,998	8,851	244,849
Halifax	1974	22,980	39,204	42,695	81,899
	1975	23,703	41,129	37,421	78,550
	1976	24,039	44,772	28,394	73,166
Moncton	1974	10,092	25,545	80,722	106,267
	1975	8,924	33,169	82,666	115,835
	1976	8,581	37,815	67,362	105,177

Table II

Forecast* of Aircraft Movements

		Itinerant			
Airport	Year	Air Carrier	Total	Local	Airport Total
Calgary	1977	62,700	130,800	73,800	204,600
	1978	66,700	140,300	77,000	217,300
	1979	70,200	150,700	80,400	231,100
	1980	75,400	161,200	83,900	245,100
Edmonton International	1977	35,700	64,400	34,300	98,700
	1978	36,900	70,100	48,400	118,500
	1979	38,500	76,300	52,000	128,300
	1980	39,900	83,100	56,000	139,100
Vancouver	1977	74,200	218,700	5,000	223,700
	1978	77,400	229,300	5,000	234,300
	1979	80,700	239,900	5,000	244,900
	1980	84,000	250,800	5,000	255,800
Winnipeg	1977	43,800	115,000	40,300	155,300
	1978	43,900	113,800	38,600	152,400
	1979	45,000	113,700	36,900	150,600
	1980	46,100	112,800	36,200	149,000
Regina	1977	12,100	58,100	89,000	147,100
	1978	12,200	59,700	92,100	151,800
	1979	12,300	61,500	95,400	156,900
	1980	12,500	63,500	98,700	162,200
Montreal	1977	125,000	212,000	10,000**	222,000
	1978	130,000	221,000	10,000	231,000
	1979	135,000	229,000	10,000	239,000
	1980	140,000	238,000	10,000	248,000
Toronto	1977	154,600	238,400	8,900	247,300
	1978	156,400	240,800	9,000	249,800
	1979	158,200	243,300	9,000	252,300
	1980	159,100	249,700	9,000	258,700
Halifax	1977	23,300	52,300	40,000	92,300
	1978	24,700	54,900	40,000	94,900
	1979	25,700	57,700	40,000	97,700
	1980	26,400	60,200	40,000	100,200
Moncton	1977	9,000	39,400	65,000	104,400
	1978	9,300	41,600	65,000	106,600
	1979	9,600	42,800	65,000	107,800
	1980	9,900	44,000	65,000	109,000

* These forecasts are based on longer range forecasts to 1986 and are not intended to reflect short term year to year fluctuations.

** A substantial increase in local movements was reported at Mirabel in the first nine months of 1977. Local movements at Dorval are approximately the same as last year.

CP SHIPS—TRANSFER OF PORT OPERATIONS FROM QUEBEC CITY TO MONTREAL

Question No. 487—**Mr. Forrestall:**

1. Did CP Ships agree with the National Harbours Board to transfer its port operations from Quebec City to Montreal and, if so, will the two gantry cranes be moved from Quebec City to Montreal and, if not, for what reason?

2. What area of the Port of Montreal will accommodate CP Ships' Montreal port operation?

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows: 1. No agreement has been made between CP Ships and the National Harbours Board to transfer CP Ships' operations from Quebec city to Montreal.

2. In the event that CP Ships transferred its operations to Montreal, the vessels could be accommodated at the proposed Racine Wharf Container Terminal in the area between sections 58 and 62.

CONTAINER FACILITY—PORT OF MONTREAL

Question No. 489—**Mr. Forrestall:**

1. Did the government consider the possibility of building a container handling facility on the south shore of the St. Lawrence River at the Port of Montreal near the Louis-Hippolyte Lafontaine bridge and tunnel and, if so, what is the government's best estimate of the cost of a one berth facility with two gantry cranes including all dredging costs?

2. Are other locations in the Port of Montreal being considered as sites for container facilities and, if so, which ones?

3. Will the government consider that prior to any construction of additional container facilities at Montreal, that the same degree of private and provincial government financial involvement will be required as was the case at the second Halifax container facility?

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows: 1. No.

2. Yes, the Racine Wharf Container Terminal between sections 58 and 62.

3. The project has been developed on the basis of financing from accumulated surplus funds of the port of Montreal and loans from the Government of Canada.

PROPOSED PATROL VESSEL "SUPPLY VENTURE"

Question No. 790—**Mr. Huntington:**

1. Who, in the National Harbours Board, was responsible for conducting or approving the initial marine survey which indicated that the proposed patrol vessel, the *Supply Venture,* was seaworthy?

2. Who are, or were, the principals of Halifax Fishing Ventures Ltd.?

3. What was the total cost of shipping the *Supply Venture* from Halifax to Vancouver aboard the Norwegian freighter MS *Belstar?*

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows: 1. A reputable firm of marine classification surveyors performed a condition and evaluation survey on the vessel MV *Supply Venture.* In addition, a certificate of seaworthiness was issued by the MOT Marine Safety Surveyor for the voyage from La Havre to Halifax.

2. Halifax Fishing Ventures Ltd. is unknown but the principals of Maritime Fishing Ventures Limited are as follows: Mr. A. C. Huxtable, President; Mr. Paul P. Russell, Vice-President; B. A. Huxtable, Secretary-Treasurer; Mr. Gordon Elliott, Director.

3. $16,503.61.

TENDERS REGARDING RENEWAL OF CAR RENTAL LICENCES—QUEBEC CITY AIRPORT

Question No. 804—**Mr. Beaudoin:**

Were any tenders received in response to the Department of Transport's 1976 call for tenders regarding the renewal of car rental licences at the Quebec City Airport and, if so, how many?

Hon. Otto E. Lang (Minister of Transport): Yes, public tenders were called by the Department in 1976 for the awarding of agreements to operate car rental concessions at Quebec city airport. Five companies submitted financial offers.

COST OF CONSTRUCTION OF A HIGHWAY FROM FREDERICTON TO SAINT JOHN, N.B.

Question No. 985—**Mr. Howie:**

Has the Department of Transport (a) agreed (b) been asked to financially support the cost of construction of a highway from Fredericton to Saint John, New Brunswick?

Hon. Otto E. Lang (Minister of Transport): (a) The Department of Transport has offered to pay 50 per cent of the cost of a programme to improve primary highways in the Atlantic region. Negotiations on the details of the program are continuing. (b) Yes.

AMOUNT SPENT FOR IMPROVEMENT OF NATIONAL HARBOURS BOARD SEAPORTS

Question No. 991—**Mr. Howie:**

Since January 1, 1976, what amount has been spent for the improvement of each of the seaports under the jurisdiction of the National Harbours Board?

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows:

Port	12 months ended December, 1976	11 months ended November 30, 1977	Total
St. John's	$ 437,039	$ 392,267	$ 829,306
Halifax	277,402	137,321	414,723
Saint John	2,867,699	3,200,476	6,068,175
Belledune	—	—	—
Sept-Îles	295,106	770,885	1,065,991
Chicoutimi	1,806,782	902,353	2,709,135
Bai des Ha! Ha!	—	—	—
Quebec	1,357,116	517,716	1,874,832
Trois-Rivières	187,214	223,630	410,844
Montreal	2,094,601	1,139,251	3,233,852
Jacques Cartier Bridge	—	—	—
Champlain Bridge	243,508	—	243,508
Prescott	108,203	1,763,325	1,871,528
Port Colborne	218,134	508,185	726,319
Churchill	714,745	392,636	1,107,381
Vancouver	5,877,016	6,536,642	12,413,658
Prince Rupert	2,527,138	2,890,782	5,417,920
Total	$19,011,703	$19,375,469	$38,387,172

[Mr. Lang.]

AIR TRANSPORTATION TAX

Question No. 1,009—**Mr. Howie:**

What was the gross revenue from the current $8 air travel tax used to defray the cost of security at airports in each of the fiscal years ending March 31 (a) 1975 (b) 1976 (c) 1977?

Hon. Otto E. Lang (Minister of Transport): The air transportation tax was implemented on December 1, 1974. At that time domestic and transborder (Canada-U.S.) trips were subject to an ad valorem tax of 5 per cent, maximum $5, while a specific tax of $5 applied to other international trips. On August 1, 1975, the ad valorem tax was increased to 8 per cent, maximum $8, and the specific tax raised to $8. The revenue from the tax helps pay for the cost of airport facilities and services in general and is not allocated to specific services such as the provision of airport security. The annual revenue from December 1, 1974 to March 31, 1977 was as follows:

Fiscal Year Ending	Revenue ($000)
March 31, 1975	$ 7,109
March 31, 1976	53,731
March 31, 1977	71,107

RE-ESTABLISHMENT OF MODERN, UP TO DATE CAR SHOP IN MONCTON

Question No. 1,022—**Mr. Jones:**

With the establishment and operation of VIA Rail Inc., what consideration is being given to the re-establishment of a modern up to date car shop in Moncton, New Brunswick to service, renovate, repair and maintain and possibly construct new modern passenger cars for CN, CP and for VIA Rail or the Department of Transport?

Hon. Otto E. Lang (Minister of Transport): VIA Rail Canada Inc. will be reviewing the need for maintenance facilities and will be considering alternate sites including Moncton.

AMOUNT SPENT BY DEPARTMENT OF VETERANS AFFAIRS IN CONSTITUENCY OF NICKEL BELT

Question No. 1,134—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Veterans Affairs and those agencies that report to it?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Departmental accounting systems are not designed to provide this information by constituency.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised at the time of adjournment are as follows: the hon. member for York-Sunbury (Mr. Howie)—Research—Inquiry as to programs to stimulate development of manufacturing sector; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Manpower—Canada Works Program—Date of announcement of third phase—Use of slippage funds; the hon. member for Kootenay West (Mr. Brisco)—External Affairs—CIDA grants to foreign countries—Request for government reconsideration.

PRIVATE MEMBERS' MOTIONS

[*English*]

Mr. Speaker: It being 5.12 p.m. o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

Is there some understanding about the particular notice of motion which will be proceeded with, in view of the lateness of the hour?

Mr. Pinard: Mr. Speaker, the understanding is that we will proceed with motion No. 2 if there is unanimous consent.

Mr. Speaker: Is there unanimous consent?

Mr. Paproski: Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed. It is at the top of the list in any event, Mr. Speaker.

Mr. Speaker: I understand that at 13 minutes past six o'clock the House will adjourn for the supper hour and will resume at the usual time of eight o'clock this evening. Is that agreed and so ordered?

Some hon. Members: Agreed.

[*Translation*]

MERCHANT MARINE

IMPLEMENTATION OF THE DARLING REPORT RECOMMENDATIONS

Mr. Raynald Guay (Lévis) moved:

That, in the opinion of this House, the government should consider the advisability of reviving the Canadian Merchant Marine, and applying the recommendations of the Darling report.

He said: Mr. Speaker, I think it is time to start studying serious matters because, as private member of this House, even though I sit in the first row, I am happy to see that television shows the Canadian people how much time is wasted in the House in discussing matters which are already being looked into by commissions or other groups.

In fact, lest I be called to order I shall only skim on the subject, namely the notice of motion I gave the House in October. As you read yourself just a moment ago, Mr. Speaker, this is in fact the tenth time I have taken part in a debate on the merchant marine. In a little while, I shall give the House several quotations to prove that though all hon. members may not have wasted their time, I myself, as member for Lévis, feel that I have wasted considerable time because this is at least the tenth debate we hold on the subject, and the various departments have made costly studies to look into the wisdom of having a Canadian merchant marine.

I have been sitting in this House for 15 years. The first year I gave a notice of motion and also supported the notice of motion of the hon. member, if I remember correctly, of Saint-Jean-Albert. I seriously wonder, today, and I ask the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe) who is responsible for those studies or reports, if one must conscientiously wonder whether we have achieved anything. The question I ask myself, and ask on behalf of Canadian shipbuilders, on behalf of the shipyard workers, and not only those of Davie Shipbuilding back home, is whether we will once and for all come to a decision. That is what I ask in motion No. 2, that the government say clearly once and for all where it stands with regard to creating a Canadian merchant marine. Recently I received from Davie Shipbuilding a letter addressed to me and which started like this:

The Canadian merchant marine has been making the headlines for so long that we cannot help smiling whenever the subject comes up. And yet Canada is the country in the world which ought to have a merchant marine. Bounded as we are by three oceans extending over thousands of miles and with our tremendous international trade done mostly by sea, there is no valid argument against a merchant marine. Everything has been said about the matter and it would be useless to repeat it. Expansion of the far north will finally provide valid grounds for launching merchant marine vessels built and operated by Canadians for Canada. It would be unforgivable to miss such an opportunity.

And it is signed by Mr. Louis Rochette, President of the Davie Shipbuilding in Lauzon.

I think we have really reached a turning point. The other day in Quebec city, on behalf of the electors of the Lévis constituency, I introduced a resolution to that effect which will be considered at the national convention of the Liberal party to be held in Ottawa on February 24, 25 and 26. At a meeting with the delegates of the Quebec city area, I was quite

moderate when I urged the government to take it in consideration. However that resolution which will be presented to the national convention was amended as follows: That the government take a clear and specific stand on the recommendations of the Darling report.

● (1722)

It would not be a bad idea to repeat the recommendations found in the Darling report, but I will simply mention some. First, the Darling report states that the government has to determine very specific objectives with regard to the problems we have to face in relation to Canadian navigation and international trade.

A second recommendation, or prerequisite to the establishment of a merchant marine, is the unification and co-ordination of responsibilities within the government. There is nobody in the government who has the power to make a decision about the establishment or non-establishment of a Canadian merchant marine. I know that the file is in the hands of the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe), but studies and numerous reports have been prepared by the Departments of Industry, Trade and Commerce, Public Works and others on the costs and possibilities related to the establishment of that Canadian merchant marine. Therefore, what we are asking for, and it is the main recommandation of the Darling report, is to bring together within the government and to put under one minister the whole matter of the final examination of those heaps of reports and studies sponsored by the government perhaps in an attempt to prove—and I am being nasty—that a merchant marine was not profitable or applicable to Canada. But what do you want? Every study we have seen was in support of the establishment of a Canadian merchant marine. I wonder why the government is still waiting to take this position, because, as I said before, I think that legislation on a Canadian merchant marine, for we already have a maritime code, can only bring about new studies and piles of reports that will be shelved as was the Darling report published nearly two years ago, and I wonder how far along is the study by the responsible officials who recommended the drafting of that report. Several agencies are involved, and we keep wondering because each one wants to establish its own priorities. In the end, Mr. Speaker, we no longer have any priorities at all when it comes to a Canadian merchant marine. I for one, as a Canadian, am proud of my country which, as I said a moment ago when quoting the letter from Mr. Louis Rochette, borders on three oceans and boasts a very flourishing international export and import market. I am wondering what the Canadian government is waiting for to consider the question of navigation—I am not saying shipbuilding, Mr. Speaker, I'll bring up that matter in future debates—the issue of shipyards.

Shipping must be considered as being an economic sector like any other, but perhaps more important than some of them. Mr. Speaker, this is what I am asking from the government today, and I hope that I shall not have to come back to it. The last time I spoke on shipping, I told myself: I hope this is the last speech I have to make on this subject. So I hope that today I am introducing some new elements in the debate, some arguments that may have weakened the speech made by the Parliamentary Secretary to the Minister of Transport, and which may lead to a decision, once and for all. About two years ago, a newspaper of the south shore, of my own area, ran an article entitled "Shipping in Canada" let's settle the matter.

That is all I am asking, Mr. Speaker, that is all I am asking of the Canadian government. I am therefore convinced that it is important to establish a Canadian merchant marine. Several hon. members who will take part in this debate are also convinced of that. All the government has to do is to prove to me that it is impossible to establish such a fleet and we will put an end to this debate that I consider as a lot of repetitions that are of no use to the House. I represent an area where the main employer in metropolitan Quebec city is the Davie Shipbuilding Ltd, of Lauzon, a company which gives us both direct and indirect jobs. It is therefore important to Quebec city area residents that marine construction make a step forward, not backward.

Mr. Speaker, I have here a letter which was sent to me by labour unions and these people tell me they are worried because they do not know if the shipyard workers will be able to hang on to their jobs. They are also anxious to know if tomorrow they will still have a job to earn a living for themselves and their families, if they will be able to find a job in their own area; otherwise, they could be forced to move.

Mr. Speaker, I also received from the Canadian Labour Congress a letter commenting the recommendations contained in the Darling report signed by President Donald Macdonald. A long time ago a questionnaire was sent to hon. members concerning the Darling report. I never communicated further with Mr. Macdonald to know if some members had answered that questionnaire which read as follows:

1. Do you support the main recommendations of the Darling report contained in the attached summary? Yes or no.

2. If you support the Darling report or if you consider favourably its basic recommendations, will you press for its fast implementation? Yes or no.

3. If the government persists in ignoring the Darling report, would you support a private member's bill to implement its main recommendations? Yes or no.

4. Comments.

You are invited to make your comments.

Mr. Speaker, I think that I am trying to answer that questionnaire now. I wish all hon. members would take that same responsibility and tell us what they intend to do, particularly those who must make that decision. I wonder who should make that decision and I shall ask the parliamentary secretary, when he takes the floor, if that decision should not be made by his department unless he tells us who should make it. I am tired of repeating the same thing and of pressing continuously this government to put an end to those very costly studies. It should stop this and tell us yes or no. I do not think it is all that complicated.

Mr. Speaker, there were times when we were first in global shipbuilding. Since 1867 our prestige has plummeted. It may not have completely vanished, but we now rank very low. I

have here another quote from March 15, 1973. That day, I asked the then minister of transport the following question:

Mr. Speaker, I wish to direct the next question to the hon. Minister of Transport.

In view of the brief that was released by the CNTU on April 1, is the hon. minister prepared to make a statement on the creation of a Canadian merchant navy, or does he plan to do so in the fairly near future?

The Hon. Jean Marchand was then minister of transport, and this was his answer:

Mr. Speaker, I believe I have already stated, in the House or outside, that we are steadily beginning to restructure our merchant navy, and also to help our shipyards.

First, we should like to accept the Darling report; we should like to reserve all Arctic navigation for Canadian ships, and we hope eventually to achieve the next stage, that of starting to make our merchant navy truly Canadian . . .

And I would like to stress the words truly Canadian.

—and giving it all the privileges that merchant navies enjoy throughout the world.

Such was the answer given by the then minister of transport, the Hon. Jean Marchand, now a senator, on May 15, 1973. And I still ask myself the following question I am now putting to this House and to the government: "What progress have we made?" The former minister stated we had but one step to go through in order that our merchant navy be made truly Canadian. I am asking for an answer, and it is more than time that we got it.

I have here an editorial signed by Gilles Goyer that appeared in the Quebec newspaper *Le Soleil*. I quote:

We are spending tremendous amounts of money on rail transport, but we never considered establishing our own Canadian merchant navy.

And he had this to say in conclusion of his study of the Darling report.

The report does not exclude the development of a Canadian merchant marine. On the other hand, it does not consider it an essential condition for developing in Canada a well-defined maritime policy. If a Canadian merchant navy can be developed, it can only be in many stages. According to the report, to be valid, the objective must be in the long term.

This was said that same year, in 1973, nearly five years ago, Mr. Speaker, and nothing has been done since! The then minister of transport told us that we should proceed in stages. Editorials at the time said the same thing.

I have here another statement of which I shall only quote the title:

A merchant marine

It was the newspaper *Le Peuple de la Rive-Sud*, quoting Mr. Nightingale, who was chairman of Davie Shipbuilding in Lauzon, which said the following:

Canada is losing a good opportunity

This was on June 23, 1976, nearly two years ago. Mr. Speaker, everyone agrees that it would be a good thing to have our own merchant marine. What are we waiting for? This is what I would like to know.

I have here an editorial of Montreal radio station CKAC dated March 1 of last year, which reads as follows:

According to the Chairman of Canada Steamship Lines, Mr. Paul Martin Jr., Canada could lose its control over large areas in the Arctic if the federal government does not decide as soon as possible to promote the development of a national merchant marine on the high seas which would be able to make its presence felt in this area.

Mr. Martin made this statement yesterday at the University of British Columbia in Vancouver. In addition to asserting Canadian sovereignty in the Arctic, a Canadian merchant marine would contribute to the creation of jobs, the development of shipyards, security and the exploration of new natural and energy resources.

Mr. Speaker, I think this editorial speaks for itself. I do not have to repeat it.

I have here another article of the Canadian Press published in an Ottawa newspaper:

Creation of a merchant marine supported by opposition parties

I recall very well that it was the hon. member for Dartmouth-Halifax East (Mr. Forrestall) who supported me and the hon. member for Winnipeg North Centre (Mr. Knowles)—

● (1732)

[*English*]

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

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, with the exception of how we would go about it, there is no doubt on this side of the House but that a more concerted effort must be made by the government in the very near future to resolve the question of how Canada can protect its imports and exports.

The matter in front of us this afternoon has been very well examined by this chamber and discussed at some length. I would not care to mention the number of times in recent years that I have found myself on my feet in support of the hon. member for Lévis (Mr. Guay) on this matter and, I might add as well, the number of times I have heard him supporting the position I have taken and the position that has been taken by other members in this chamber in support of the concept he puts forth. Indeed, he is quite correct in saying that this idea enjoys the support of everyone in the House except for the damned government. Nobody on the Treasury benches since the distinguished Senator Jean Marchand, a former minister of transport, has paid any attention to it. The reason probably is quite simple. This government is so preoccupied with the esoterics of life in Canada in the last ten years that it has paid no attention whatsoever, or precious little, to some of the fundamental things that affect our economy and our capacity to help ourselves.

The studies I have conducted indicate—and, to the best of my knowledge, they have withstood any serious contradiction—that we are kicking into the pockets of offshore entrepreneurs some $3 billion annually to haul goods out of the country and to bring them into the country. I have my detractors with respect to the validity of that, and mostly they are—

An hon. Member: —on your side—

Mr. Forrestall: —at the back of me. On the other hand, those gentleman have their own particular views and they have not in any way been in opposition to the principle of Canada getting on with establishing, now in the 1970s and as we approach the latter years of this century, the capacity to protect our own manufacturers, the producers of our raw materials and of our agricultural products which we want to move in processed or semi-processed form. Nobody disputes that it has to be done.

Any nation which leaves unguarded its means of ensuring its export trade—and everybody of course will recognize the degree to which the Canadian economy is dependent upon export markets—will recognize and admit the validity of the proposition that we must protect ourselves, and that we must have the means under our control to protect that vital aspect of our Canadian economy.

There is no question about my position on this issue. I have supported the development of the Canadian merchant marine for 25 or 30 years, so I am prejudiced. As a matter of fact, it is interesting how one's thinking about this changes over the years. I recognize the difficulties posed by some of our marketing people and our agricultural people in rural areas near water, particularly at the extremities of our country. Of course, they have to move their goods at the lowest possible cost. There is no question about that. Aside from the difference between me and one or two of my colleagues to which I have referred, there is no difference at all. I agree with that, and I think the hon. member for Lévis does also.

● (1742)

What I am supporting in terms of the concept put forward is that this government should find an interested institutional vehicle which can take a look at the information which is available on this question. Where there are deficiencies in that information there should be studies to show the government the way to achieve this without impairing the capacity of our traders, be they involved in intercoastal or international waterborne traffic. Members of the opposition should not be left in the position where they have to justify their positions by reaching out into ad hocery in terms of a Canadian merchant marine. As individual members we do not have access to the resources necessary to provide the proper information upon which a realistic policy aimed at the development of a viable Canadian merchant marine could be achieved. There are deficiencies in the information which is available, and they should be examined very quickly.

I will not go over what the late Howard Darling had to say about this because we have dealt with that in this chamber on many occasions in recent years. Rather, let me just conclude this point by indicating the need which continues to exist for Canada to protect its import and export traffic with ships of its own. These ships should be designed in Canada, built in Canada, manned by Canadians, responsive to Canadian law and, through ownership, paying Canadian taxes and subject to our regulations. God only knows that the opportunity to protect for Canadian entrepreneurship the waters north of 60 degrees—one of the most fragile environments in the world—exists with our generation of policymakers, yet we do not seem anxious to respond. That is a matter of regret. If we are not the first in our Arctic with the technology and expertise to meet the requirements for protection which has been based on professional help and data, I predict that we will not be in the north carrying our onw natural gas, minerals and supplies. We will not be able to do that through probably two whole generations of ships, 20 or 30 years down the road, and by then it may be too late.

I will take the liberty of being precise by quoting somewhat from an H. P. Drewry study. That is a company of shipping consultants in London. This is an economic study, numbered 37 of a series, dated July, 1975 and titled "World Shipping Under Flags of Convenience." Some very knowledgeable people in the general marine field, for whom I have a great amount of respect, have put forward certain arguments. Donald Kerr from Halifax, Captain Gold of Dalhousie University and others have argued that perhaps sometimes we malign flags of convenience ships too much. They say that flags of convenience ships are frequently good ships. Sometimes they meet standards which are even higher than Canadian standards. I have yet to see any which do, but I concede that it is possible that flags of convenience ships could exceed our own requirements.

I accept that, but the reality of the situation is quite the opposite. I am not accusing anyone of speaking as a result of a need to represent vested interests. God knows I would not do that. Captain Gold is now an academic in any event. What I want to draw to the attention of hon. members is that while flags of convenience ships may offer the competitive advantage that our processors and manufacturers sometimes feel they need in order to remain competitive in our market and in the market places of the world; I happen to believe that shipping on Canadian registered vessels with Canadian crews does not represent higher cost.

There is a real danger in accepting that it would be useful for our own national purposes to use flags of convenience ships. Incidentally, we do very little of that. On the west coast virtually 100 per cent of our traffic moves in Canadian ships. On the Great Lakes 70 per cent or 80 per cent moves in Canadian ships. On the east coast the figure is 75 per cent. Indeed, I think it is probably a minuscule proportion of traffic, other than our import-export traffic, which moves in ships other than Canadian ships. Canadian shipping companies have demonstrated to users of waterborne modes of transportation that they can be competitive with rail, with land and with ships. When we accept in a general way the proposition that we can safely use flags of convenience ships in Canadian business, there is a very real danger. Apart from the economics of the argument, people say that statistics show that ships which are not flags of convenience ships have more accidents. Indeed, statistics do show this, but that is part of the danger I am trying to get at. Canadian vessels operating in Canadian waters and carrying Canadian goods between one Canadian port and another Canadian port are travelling in restricted

waters where navigation is sometimes hazardous, where visibility can be limited, where channels are treacherous and so forth. Generally speaking, flags of convenience ships sail on the high seas and have lots of room to manoeuvre. They are not in danger of running aground if they approach harbours and ports. So in my judgment the argument on the question of safety is not valid.

● (1752)

I should like to quote briefly from the Drewry report, Mr. Speaker. Part V deals with the future development and growth of flags of convenience fleets. In the mid-1960s there were probably 1,000 ships in the world sailing under flags of convenience; today there are probably 7,000 to 9,000. There is every evidence that this enormous and rapid growth will continue and I think we should be on guard against it. I am not taking anything out of context but I should like to quote the following paragraph from part V of the Drewry report.

Obviously these criticisms cannot be applied to all free flag operators, some of whom maintain standards as high, or higher, than those of traditional flag operators. However, when an owner does wish to operate a substandard, ill-manned vessel probably the best means of doing so is through a flag of convenience, where he can feel assured of minimum interference in his activities from government levels. With such owners operating perhaps second or third-hand VLCC tonnage, the threat to maritime safety, particularly in congested waters, and to the environment, through pollution, will be enormous.

As we develop our north, the capacity to handle extractive resources north of the 60th parallel grows and the need for waterborne traffic becomes clear, I think it is incumbent upon this government to bring together qualified and interested people who can do the necessary studies which will enable Canada to gain a reasonable proportion of the traffic in resources that now leave this country in foreign bottoms.

Transportation today is more than a tool of economic development in this country; it is an industry and should be recognized as such. About 15,000 Canadian seamen sail in Canadian ships at present but the industry could employ 35,000 or 40,000 if we accepted the UNCTAD proposal for a 40-40-20 split. That will not be accomplished until the government takes seriously the message that the hon. member for Lévis (Mr. Guay) and others have been bringing to this chamber for years. I do not know why there has been delay unless it is because of the direction of this government—

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

Mr. A. Hugh Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, it will not surprise too many people that I have a passing interest in this subject. To put into a little historical perspective what the hon. member who just spoke was saying, we should remember that as a young and large nation our initial preoccupation was with transportation within the land mass rather than beyond our external boundaries. We have had less than 100 years to provide railroads, highways and air transportation compared with countries like Germany and Japan which have had thousands and thousands of years to develop their transportation systems. It was not dereliction of duty on the part of governments past and present that caused the problem that exists in relation to maritime shipping; rather it was a question of priorities. Perhaps the vastness of our country led us to be too preoccupied with land and air travel.

The two hon. members who spoke earlier—and I congratulate them upon their presentation—were correct in saying that it is time to consider what has happened in our maritime industry. I suggest that not much has happened in the last ten or 15 years. Reference has been made to the report of Mr. Darling, an expert in the field of maritime economics in Canada. According to him, the principal interest situations confronting Canadians are the movement of Canadian resources in the bulk trades, such as coal, ore, et cetera, the role of Canadian ships in the development of the Arctic, and the interests of the container consortia as well as the bilateral shipping policies of other countries.

I think there is a resistance on both sides of the House regarding the shipment of bulk resources in Canadian bottoms. The argument has been put up that somehow Canadian ships are not efficient and that it would cost more to ship Canadian goods in Canadian carriers than in Japanese, German or those of any other nation.

It has also been suggested that this may damage our export market. The UNCTAD Four conference which was held recently recommended that 40 per cent of the exports of a country and 40 per cent of the imports should be handled by the country either exporting or importing. That means that Canada should be using at least 40 per cent of our merchant marine to export our goods. We export tremendous amounts of copper concentrates from British Columbia as well as coal, for which a number of contracts have recently been signed with Japan and other Asiatic countries. We have an export market but all our coal, grain and copper concentrate is going out in foreign bottoms. The hon. member who spoke previously said this is a $3 billion business. He is right but that does not mean that Canada will pick up the $3 billion. Using the UNCTAD formula, however, 40 per cent would mean a great deal of revenue.

It is not just the revenue from the shipping industry that would come our way; repairs and building are also very important items. So this debate comes at a good time; we are trying to create more jobs in Canada, and here is an area where a Canadian merchant service could be competitive.

● (1802)

I would like to turn briefly now to the shipping scene. Since Darling wrote his report there has been, with the energy crisis and the reopening of the Suez canal, a glut of ships on the world shipping market. Given this glut on the world market, why would Canada at this particular time be concerned with increasing its merchant marine? If what has been said is true, there is no question that the cost of purchasing ships on the world market is now lower than it has been for many years. I would think, Mr. Speaker, that the time to purchase ships is at a time when the price is low. It is obvious that over a number of years prices will increase again. Although these lower costs

will not create an immediate market for shipbuilding in Canada, they would certainly help to establish a merchant marine much faster now than later on when we would have to construct ships starting from scratch.

I suggest that the Canadian government should move into some new programs, perhaps a mortgage insurance program to guarantee payment for ships. This procedure has been successfully followed in the United States. I understand that in the United States this program is in the black; in other words, it has made a profit. It is not a program which will necessitate subsidization by the Canadian government; it would in fact pay its own way and would be a great advantage to the people who would wish to involve themselves in the merchant marine service.

Statistics which reveal that Canada's requirement for certified ship personnel has increased by 12 per cent since 1970 and the requirement for officers 27 per cent in the same period concern me. Yet, Mr. Speaker, we do not have the facilities in Canada to train these people. I hope the hon. member who spoke before me will check his figures. I believe he used the figure of 17,000 seagoing personnel in Canada, but I understand the correct figure is approximately 29,000 people. At the present time there is a shortage of training facilities, with the result that we are unable to train people to fill positions, and this has had the effect in the last several years of increasing the number of marine accidents in Canada.

For three and a half years I have petitioned the Minister of Transport (Mr. Lang) to set up on the west coast a coast guard training facility—or call it what you want. We will be setting up a volunteer coast guard operation on the west coast of Canada, but we do not have a training facility. Nor do we have a training facility to give fishermen navigation and similar courses to upgrade their skills. Instead of spending millions of dollars on search and rescue facilities to find people in trouble off the coast, whether they are private boaters or commercial fishermen, what we should be doing is using a small percentage of that money for training facilities so that we have people with navigational skills to sail the west coast waters of Canada, which are no doubt dangerous.

In 1978 a council was set up to look into the situation. We are not going to rectify or solve the problem by setting up an advisory board, and in this respect I hope I have some agreement from members on the opposite side from British Columbia. Rather we should be setting up an institution on the west coast to provide training facilities for native fishermen, commercial fishermen and private boaters, and also for our merchant marine. I hope members from the west will support me when I say to the Minister of Transport: "Do not set up any more commissions or advisory boards to tell us what we need. We know what we need on the west coast; give us the money to build institutions and to hire people to provide training for those who risk their lives in the waters off the west coast of Canada."

Mr. Huntington: Mr. Speaker, I rise on a point of order. Would the hon. member allow a question?

[Mr. Anderson.]

The Acting Speaker (Mr. Turner): The hon. member for Capilano is rising on a point of order.

Mr. Anderson: Mr. Speaker, when I have finished my remarks I will welcome a question from the hon. member.

In this day and age there should not be this serious need for qualified personnel in the marine sector. On the west coast of British Columbia, with the salmon enhancement program, a new era will commence as far as our commercial fishermen are concerned. Therefore, would it not be more appropriate, instead of increased surveillance by teams of destroyers, aircraft, helicopters, which are all very expensive, to funnel a small portion of those costs into the education of people using the waters off the west coast of Canada? We presently face a problem of calamitous proportions in British Columbia in using hovercraft and various other services to help people whose pleasure boats get into difficulties on weekends. This costs a vast amount of money.

I suggest that the establishment of a single facility which could be used by the merchant service, by the volunteer coast guard, by the permanent coast guard, by people in our armed forces, by pleasure boaters and by commercial fishermen is a top priority for the west coast of Canada. Certainly priority is not in the field of a study of what is required in order to train personnel for the merchant marine on the west coast.

I understand there is a coast guard training facility on the east coast of Canada. However, I suggest that the differences between the east and west coasts are great enough to justify two separate facilities.

An advisory council, for all its good intentions, is not what is required at this time. There are 29,000 seagoing people in the merchant marine and other forms of marine activity. The annual revenue is $750 billion, so we are not talking about a penny-ante group or a small portion of Canadian workers. For that reason I support the arguments brought forward by my colleague the hon. member for Lévis (Mr. Guay).

Since we are technologically developed and have a good transportation service in the country inland, it is hoped that the same policies can be applied to making the marine industry strong and viable.

• (1812)

Mr. Huntington: Mr. Speaker, I listened with interest to the remarks of the hon. member for Comox-Alberni (Mr. Anderson), who said he would allow me a question at the end of his remarks. The hon. member spoke rather extensively about the need for training programs, particularly on the west coast and for native people there. Can he in the few minutes left explain why the government failed to support the training program that the Indian Brotherhood had in place at Alert Bay? They had there a seaman's and fisherman's training program that failed to maintain the support of the government. Why did the government let that fail when it was very badly needed in that particular area of British Columbia?

Mr. Anderson: Mr. Speaker, I will be pleased to answer that question. I obviously do not want to talk out this motion. Very briefly, I am suggesting there is a need for a totally co-ordinated, overall view of shipping and maritime activities in British Columbia, not just of one group or another. There should be one organization to cater to the needs of people in British Columbia whether they are involved in the pleasure boat industry, the commercial fishery, the coast guard, coastal trade or maritime trade between nations. Instead of a piecemeal approach, we need an over-all approach which will provide a facility to deal with all these questions, not just one small segment of the problem.

Mr. Huntington: Mr. Speaker, the Canadian power squadron is in place through which most amateur yachtsmen have taken extensive training. Most people who use the water are quite skilled in their hobby. The hon. member did not answer the question why his government allowed the Indian Brotherhood training program for fishermen on the north coast of Vancouver Island to lapse, particularly in light of his concern for these things.

The Acting Speaker (Mr. Turner): Order. The time allotted to the consideration of private members' business has expired. I do now leave the chair until eight o'clock p.m.

At 6.14 p.m. the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

FISHING AND RECREATIONAL HARBOURS ACT

MEASURE TO PROVIDE FOR ADMINISTRATION AND DEVELOPMENT OF CERTAIN HARBOURS

The House resumed, from Friday, February 3, 1978, consideration of the motion of Mr. LeBlanc (Westmorland-Kent) that Bill C-2, respecting the administration and development of certain fishing and recreational harbours in Canada, be read the third time and do pass.

Mr. John C. Crosbie (St. John's West): Unfortunately, Mr. Speaker, I only have four minutes left in which to conclude the remarks I began last Friday. I will do my best with the time which remains to me.

As the minister knows, the importance of the fisheries to Newfoundland cannot be overemphasized. At least 20,000 people are directly employed in the industry as fishermen, fish plant workers or trawler crews. This figure must be seen against the background of a total labour force of 190,000. So the industry has a gigantic impact on Newfoundland. If we use a multiplier factor of only 1.5, another 30,000 people depend on the fishing industry. There are whole sections in Newfoundland—I would say two-thirds of the province—in which people would not be able to live at all in the absence of a fishing industry.

In the last few months the minister has become too dictatorial, too rigid. He may be changing that attitude somewhat; I understand he had a meeting in Halifax on Friday with the provincial ministers, who seemed to be satisfied. Perhaps the minister has learned his lesson and will, in future, be less dictatorial and rigid than he was in 1977. I hope this is the case, because Newfoundland will not be satisfied with any situation in which the federal government dictates to the province how, when or whether it will survive. I should like the Standing Committee on Fisheries and Forestry to consider the major issues which are now before the country affecting the fishing industry.

My final point has to do with the community of St. Lawrence. A few days ago the fluorspar mine there closed. Alcan moved out. The Canadian government did nothing to pressure Alcan to keep that mine open. It did nothing to encourage Alcan to remain in St. Lawrence.

Mr. Deputy Speaker: Order. I find difficulty in following the hon. member's remarks. I cannot see how they relate at this point to the bill before us.

Mr. Crosbie: I will tell you how, Mr. Speaker. Alcan has abandoned the mine and there are now 300 people unemployed in St. Lawrence. In these circumstances the proposal has gone from St. Lawrence to the government asking for assistance in the establishment of a fish plant so that the unemployed miners could work in the fish plant and as fishermen. There is a fine port at St. Lawrence. The fishery is the only way in which these people can now make a living. A proposal has been made by Fishery Products Limited, supported by the Newfoundland government, supported by the St. Lawrence committee which is looking after the unemployed, that a fish plant be built in the town. Some assistance from DREE would be needed and an application has been made to Ottawa. Help is also needed from the fisheries department, because this is to be not just an inshore plant taking fish from inshore fishermen but a year-round operation taking fish from offshore vessels. This would involve Portuguese fishing boats and the minister would have to license them to land fish at the plant before the scheme could go forward.

Two weeks ago an official of DREE said the federal government was a long way from making any decision on this proposed fish plant. According to remarks of his which have been quoted, whether Portuguese vessels would be licensed to land fish at St. Lawrence was a question which was puzzling the minister. I would point out that the unemployed people of St. Lawrence are unemployed in part because the federal government did nothing to oblige or encourage Alcan to continue its operations in a mine which is still a profit-maker,

although the government went berserk when Sun Life said it was moving its head office from Montreal. I suppose moving from Newfoundland is different from moving from Quebec.

Anyway, there is a chance of putting a fish plant in St. Lawrence, Newfoundland. I ask the minister not to listen to those officials who say it involves a difficult decision. An assistant to the Minister of Regional Economic Expansion (Mr. Lessard), one Tom Webb, was quoted on January 20 as saying that the federal government was a long way from making any decision on the proposed plant. Well, if that is an accurate reflection of DREE's attitude toward this proposal, Mr. Webb will be a long way from surviving with the present minister. This month the mine was finally closed and the 300 unemployed people there need a chance to get themselves launched again. I ask the minister to act quickly on this situation at St. Lawrence.

I think my time is about up so I leave the House with the plea that a quick decision be made.

● (2012)

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, I am pleased to participate in the debate on third reading of Bill C-2, and I delighted to see the Minister of Fisheries and the Environment (Mr. LeBlanc) in the chamber this evening. I was very interested in the remarks which the hon. member for Niagara Falls (Mr. Young) made last Wednesday. He is also a member of parliament from the province of Ontario, which has more than a passing interest in that portion of the minister's budget that is allocated to small harbours and recreation. There are many anomalies within this bill which we cannot support.

As a representative from one of the principal tourist areas in Canada, small craft harbours and recreational facilities are of the utmost importance to me and to my constituents. I want to emphasize just how important it is that the province of Ontario be represented in this debate. Many people think that, because Ontario is one of the most populated and more wealthy provinces in Canada, we naturally benefit the most when it comes to the spending of government money. That is certainly not the case with small craft harbours. In this case, Ontario is getting the short end.

The estimates for fisheries and marines for 1978 allot only $30 million to the important and neglected area of small craft harbours, a mere $4 million of which is destined for Ontario, which amounts to roughly 10 per cent. Sixty per cent of this will be spent on commercial fishing harbours. What is left over will be spent on recreational facilities, development and maintenance costs. The amount left over, which is the actual amount of money that will go to the construction and maintenance of recreational small craft harbours, is disgracefully inadequate.

I have heard hon. members from the Atlantic provinces and the province of British Columbia speak of the need for funds for fishing harbours and how money allotted for recreational and tourist purposes is being taken away from the fishing area. Recreational facilities are of very high economic priority to my constituency, as well as to the neglected areas of the province of Ontario.

I would like to point out that in my riding of Parry Sound-Muskoka people trying to make a living depend very heavily on tourist dollars. Those tourist dollars will be generated if, and only if, we have adequate facilities to accommodate those who want to use them. Perhaps some of the hon. members who begrudge the allocation of funds for recreational and tourist purposes are misled by the word "recreational". Perhaps they think we want only to upgrade the facilities for our own use or for the sake of appearance. We need to improve facilities to protect the valuable tourist dollar and the competitive position of tourist operators in the area. I would argue—and I am sure the tourist operators in my riding would agree with me—that the tourist dollar is just as important as the upgrading of fishing harbours to the fishermen in the Atlantic provinces and the west coast.

We in Ontario must be able to accommodate the increase in boating and the number of boating enthusiasts who visit each summer. Boating is growing in Ontario at the rate of 12 per cent per year. This has placed a considerable strain on facilities. In many instances these facilities are badly in need of maintenance and upgrading. I do not have to emphasize the importance of the tourist dollar to Canada. A few days ago, the Minister of Industry, Trade and Commerce (Mr. Horner) announced some very important proposals in an effort to lower our staggering tourist deficit. These are certainly welcome changes, but what is important in my riding is accommodating the thousands of tourists who visit each summer from Canada and the United States and use our small craft harbours.

The recreational aspect of small craft harbours has been largely overshadowed by the importance of the fishing industry on the east and west coasts. I am not advocating that there should be any less emphasis on that very vital industry. Certainly they have very real economic and unemployment problems, which surpass those in my own riding and in most parts of Ontario. Nevertheless, the absolute need to improve and create new facilities in Ontario must not be ignored. Ontario is not receiving its fair share of federal money for the construction and maintenance of these facilities. We in this province depend heavily on tourist income dollars to help the economy grow. Small craft harbours, their upkeep and growth are very important parts of the tourist industry in Canada.

Ontario has a tourist potential which is unmatched in this country. Approximately 110 million people live within one day's drive of the Great Lakes. In 1972 a study of central Canada indicated that Ontario had 774,000 small craft. With the average growth rate, the estimates indicate that this year there are approximately 1,300,000 craft in Ontario. We must rid ourselves of the idea that recreational small craft harbours are somehow not very important compared to the fishing industry in the maritimes and on the west coast. They are important to the tourist industry, to the economy of the province of Ontario and to Canada. In 1976-1977 the value placed on sport fishing in Ontario by the provincial government was $450 million, which is a considerable amount of

money. Unless we are able to continue to provide the facilities, the tourist industry will greatly suffer.

In conclusion, I should like to urge that the province of Ontario be given its due consideration and attention in the area of small craft harbours. When the government comes up with a bill which reflects adequately the needs of Ontario, then I will be prepared to support it.

Once again, I wish to congratulate the hon. member for Niagara Falls. I should like to refer to an article which he wrote that appeared in the Canadian Yachting Magazine. It was entitled "The Marina Crunch". It outlined the plight of recreational boating facilities in Ontario. He referred to some very, very excellent statistics, which I am sure are correct. In part that article reads as follows:

—Ontario has 25 per cent of all the freshwater in Canada, several thousand miles of shoreline and approximately 53 per cent of all the small craft in Canada. The bulk of the population of North America lives either in or within easy driving or boating distance making our waterways very heavily utilized. Consider as well that recent studies have projected rates of growth in boating in the Toronto area at 8.7 per cent per year compounded annually and rates of growth in Ontario over-all at 12 per cent compounded annually. By 1980, there will be nearly two million small craft in Ontario alone, and forecasts for the Toronto area show a need to multiply present facilities five to six times by 1990.

Thus, Toronto and Lake Ontario will be bulging at the seams. As I was flying from Toronto today, I met the Metro chairman, Mr. Paul Godfrey, and I said I would put in a plug for Toronto to see if we could get more recreational facilities for that great tourist city, as well as the areas east and west of it. Let me present another statistic certainly worthy of mention that was contained in this report:

● (2022)

In 1974, Canadians spent 3.6 billion dollars on recreational or leisure goods and about ten per cent of this was for sailboats, boats and motors. Dealers indicate sales of 140,000 boats in Ontario in this same year. With residents taking up water sport activities at an ever increasing rate, with spending on leisure goods increasing 21 per cent faster than total income and 58 per cent faster than spending on all other consumer goods, the marina crunch problem is not going to go away—

The money the Minister of National Revenue (Mr. Guay) receives in excise taxes through the sale of boats and motors runs into millions and millions of dollars.

I had the privilege this year of spending a day at the boat show looking at the various types of boats, from the smallest canoe to boats valued up to $150,000. They were really something to see, as well as were the huge crowds taking an interest in boating. With the energy crisis sailboats seem to be moving ahead and will begin to be more popular.

Again I am hoping the minister will give serious consideration to making sure more money is ploughed into the province of Ontario for recreational harbour facilities. Out of the $230 million the most Ontario can expect to get in 1977-78 is $4 million, and that is just peanuts, with all due respect to the minister, when you consider the thousands of miles of shoreline with the Great Lakes and the many other lakes of this province, and the greatest tourist industry in the entire dominion of Canada.

I was pleased to hear from the office of the Minister of Transport (Mr. Lang) this evening that under FLIP, the federal labour-intensive program, there has been allocated an expenditure of $300,000 for upgrading the coast guard base in the town of Parry Sound. I understand this will provide 240 man-months of work. Let me add that the entire coast guard facilities there are so old fashioned, or just old, they should be reconstructed entirely, but at least this is a step in the right direction.

Again with a total budget of $230 million hon. members will agree that more should be directed toward this tourist industry which is the second largest in all of Canada, one we should consider very seriously. It is an industry that must be cultivated. The way things have been going lately a great many Canadians are certainly not helping out by heading south, though I admit that the weather we have been facing recently is not the most conducive to keeping Canadians in Canada, especially in January and February. However, when the weather improves and the boating season starts again I certainly hope a great many of our Canadian and American tourists will see fit to come to Ontario, which has the greatest tourist area of all.

The town of Parry Sound is a port used by ocean-going vessels. In August 1976 I had the privilege of attending a regatta or a weekend gathering there of the Great Lakes Cruising Club from Michigan. Most of the participants were from the United States. There was over $3 million in boats tied up in the harbour at Parry Sound. The harbour was taxed to its capacity and the floating docks were not of the best. I suggest the facilities should be expanded greatly, particularly when I see how much money this brings into the area.

As the hon. member of parliament for Parry Sound-Muskoka, I think primarily of my own riding but the same arguments apply to the riding of Niagara Falls and to all other ridings which border the Great Lakes, as well as the many ridings which have inland lake frontage. The tourist industry is very important and, therefore, money spent on facilities, harbours, launching ramps and so on by the minister's department represents money well spent. I suggest to the minister that if he casts his bread upon the waters he will bring in so much money that Treasury Board will probably give him more for 1978-79.

Mr. Young: Mr. Speaker, I wonder if the hon. member would permit a question.

Mr. Deputy Speaker: That can be done only with the consent of the hon. member.

Mr. Young: Mr. Speaker, the hon. member was kind enough to quote some of my remarks made in a speech and in an article I wrote. I wonder if he would now commit himself by saying he has seen the wisdom of the minister's bill, he is willing to join him in support of the measure, and he will help him in getting this bill passed?

Mr. Darling: Mr. Speaker, perhaps the hon. member was not here at the time I told the minister his bill contains a lot of

good points, but certainly it leaves a lot to be hoped for and that is the reason I am not prepared to support it at the present time.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, in response to the question interjected by the hon. member opposite let me say that there may be some things embraced by this bill that are of value to the tourist industry, but the bill itself does precious damn little for the fishermen.

Mr. LeBlanc (Westmorland-Kent): Did you ask them?

Mr. Forrestall: You are a little older that I am, Sir, but not that much. I was handlining halibut in the Annapolis basin in the 1930s too, sir, so I know one end of it from the other. What I have reference to is a $1 billion industry and the value returned to the economy of Canada.

Let me admit at the outset I am not one of those who sat as a member of the committee because of other responsibilities and other commitments. I wish I had been a member and had had the opportunity to listen to the explanation and rationalization of this measure by the minister and his officials. I should have liked to participate and bring to the committee's attention the view of the fishermen on the east coast.

After reading the evidence produced before the committee in respect of this bill, and having listened to the debates when the bill was before us previously, I recognize that the difficulties and problems faced by the fishermen on the east coast of Nova Scotia in relation to this measure are the same as those faced by fishermen in other parts of Atlantic Canada. The concerns expressed by the hon. member for South Shore (Mr. Crouse) going back many years regarding the fisheries in Atlantic Canada and off the west coast are valid concerns. They are concerns based on experience, an awareness of the capacity of government in these areas, an awareness of the realities of the sea, and an awareness of the deficiency of an ad hoc approach to what could potentially be a reasonable stimulant to the Atlantic economy in the years beyond 1980 to the end of the century, and probably even beyond.

● (2032)

It is because of the concern expressed by such members as the hon. member for South Shore that I pay particular attention to his comment to the minister that it is passing strange that the minister and his officials would find it appropriate not to increase the funding available to the fishery but rather to embark, without a useful dialogue, on the halving of the number of small harbours in use in Canada today by our fishermen.

It is particularly strange that the minister seems pressed by his colleagues, by the President of the Treasury Board (Mr. Andras) and by others on the treasury benches, to take that action. I am not sure whether the minister is a member of the treasury group. If he is, then there is no excuse, but if he is not, it is regrettable. I find it startling and somewhat frightening that the hon. member for South Shore should be alarmed, that he sees in this move, out of his experience and background, an attempt by the minister and his department to increase his capacity to work with the ports, not by increasing funding but rather by halving the number of ports with the same amount of money, thereby realizing an increase in the amount of money to be spent on particular ports. It is an odd type of economic approach.

It seems surprisingly strange, against the background of a parliament which will witness the write-off of the Seaway debt, the Air Canada debt and the Canadian national debt amounting to well over $2 billion, that the level of funding for the fisheries on the west coast is as disturbingly low as this. It may be that the comments and observations made by the minister in the House the other day are quite valid. I find difficulty in relating the minister's plea, for example, with respect to what the hon. member for St. John's West (Mr. Crosbie) said, quite properly, that the reason for restrictions on the Canadian east ports for such things as crew changes, catch transfers, etc., should continue in face of the removal of the very reason why those restrictions were imposed. I find it perhaps acceptable, although I wish the minister could find an opportunity to explain to us in a little more detail how he intends to use these instruments as levers of negotiation. I wish he would be a little more explicit about what it is he thinks he can bargain away with us, because it seems to many of us that now we have an opportunity, as the hon. member for St. John's West observed, to turn our ports into gas stations for the substantial fleet out there.

I think that probably we should go further than that. I think it should be literally one stop shopping. We should take advantage, quite openly and blatantly, of the changed circumstances, for which I give the minister every mark and every credit. We can debate whether or not it was on time and whether or not it should have happened years ago. We can talk about the preoccupation of the government with matters other than those basic to our economy and to our people in Atlantic Canada. We can talk about the very unacceptable impact that that has had in high unemployment in the fisheries and on our general economic well being. But I do not understand the value of this as a bargaining instrument. It seems to me that with the underutilized repair capacity of our shipyards now is the time when we should be trying to attract ships to our yards and to our ports, not only for such things as crew changes and fish catches, but to actively promote the unused capacity of our yards to effect minor and major repairs and overhauls. We are not doing this, and I find this passing strange. It has been a long time since Atlantic Canada has had the opportunity offered by the fishery to help our own people well into the forseeable future. For the government not to take the fullest advantage of the opportunity which is now in our hands is, I think, unacceptable.

It may well be that the minister is fighting his battle alone. The Prime Minister (Mr. Trudeau) and others have clearly demonstrated in the last ten or 12 years that their concern is centred on constitutional amendments, on bilingualism in the country, on national unity and on all these esoteric questions. It may well be that that is the reason the minister is alone, and

if it is the cause of the minister's inability to accept the challenge of the opportunity, then he has my sympathy and my support. If, on the other hand, it is not that, then I suggest that he should give more serious consideration to taking over Mr. Higgins' job. He might be better suited for it. However, I suspect it is the former reason. I expect he struggles alone in his fight on behalf of Canadian fishermen. I will just repeat that I find it passing strange.

We have the opportunity, for example, to attract the East Germans to the marine slip in the Halifax shipyards, $1.5 million worth of work, but we have done nothing about it. However, if they were looking for increased quotas, I would not say to the minister he has taken the wrong posture with respect to that because I would not give them increased quotas. The fact of the matter is that it is to their advantage to use our yards, our ports and our facilities. They have had a free ride for a long time, as the minister knows. They have used our navigational aids, our search and rescue capacity, and our ports for emergency purposes, and can continue to do so. I just think it should be done on an organized basis, with the full awareness of the government, so that the provinces, municipalities, ports and towns could capitalize on onshore expenditures and the supply of ships, overhauls and repairs. Millions of dollars are being missed by not being aggressive. In doing that I do not believe the minister would significantly impair his capacity to bargain for the concessions he has in mind and about which we are all aware.

● (2042)

With respect to the bill more specifically, concerns have been expressed with respect to the broad authority and power of the minister to levy fees without adequate consultation. While the minister may have gone ahead with the establishment of fisheries advisory boards on the east and west coasts—some hon. members seem to feel they have been established; others find that there are people whom the government pays $10,000 or $15,000 for advice on what should be done in herring fisheries or other fisheries—to the best of my knowledge the minister has not carried through on his correspondence with me. As a matter of fact, on February 23, 1977, one year ago, the minister indicated that he would be establishing advisory boards.

> Fisheries advisory boards for the east and west coasts, proposed Monday by (the minister), will only benefit the fishing industry if fishermen themselves are appointed board members, spokesmen . . . said—

I wish the minister would find some occasion on which to keep hon. members better advised as to just what is going on. For example, do we have a board on the eastern shore? If we do, it would be very interesting to hear from the board, to know who is on it, to know the work that is being contemplated and to know how the minister feels that he can best be advised by such a board. To the best of my knowledge we do not have one. In late September the minister indicated to me that his officials were presently working on the details of such counsel, but he expected it would be some time before he knew precisely how the boards would work. It would be interesting to follow through a little bit more with that because consultation has been seen to be less than effective or desirable in terms of the input the fishermen are capable of making.

Several years ago the Eastern Shore Fishermen's Protection Association met with federal and provincial departmental people and set out some priorities. They were never followed, and nothing really ever came of them. Apart from meetings initiated by fishermen individually or by the president of that association on their behalf, to the best of my knowledge there has not been an on-going and meaningful consultative process. If the minister wants the benefit of the views and knowledge of fishermen, he should involve himself in discussions with individual fishermen. That can be done only through his department.

I wonder if the minister had any knowledge of what would happen to him when he introduced that little amendment the other night. I am sure the minister is concerned about the sentiments expressed by hon. members. He has shown us the courtesy of being here and listening. He has paid attention as I have watched him today and over the last three or four days. However, in the area of the ability of the department to work with the men in the field, I know this is very difficult, but, on the other hand, it is very important. It is also important that the minister remember that his officials must work closely with fishermen as well as processing and marketing people.

For example, if my information is correct, and I have no reason to believe it is not, the department has had a study in its possession for some time. This study is a very useful one and involves the role large cold storage freezers can play in helping the industry to move from production into marketing or to a combination of both. The department has had this study in its possession for four or five months or perhaps even longer. I know the study dealt with the areas around Sydney, Halifax, Lunenburg, Yarmouth, the strait area and so forth. It dealt with the need for, and the use of, major cold storage centres. I wonder why the study has remained secret. Why can the industry not have access to it? The first complaint I had about this came from the National Harbours Board. Why can the government's Crown agency not have access to studies if they are available? If this particular study is available, I suggest that the minister is not being open and frank with the people in the industry. His failure to consult adequately and continually with fishermen is an admission of his inability to be open and frank with them. There is no question that we need strategically located major cold storage plants. I think they should be privately operated, but it is very important, whether they are in the hands of the industry or of the government, that they be common users. That is a personal feeling I have. If that study relates to cold storage, why can the industry not have access to it? Why do we not know what is going on? Is the minister saving the study for an election gimmick? Is it getting that close?

Far too little has been done in the area of bait freezing and storage capacity. Where attempts have been made by private fishermen to establish bait freezing capacity for their own use in their own areas, those fishermen have been met with frustration either as a result of provincial or federal bureaucra-

cy. Good ideas are frustrated by bureaucracy. I hate the term "bureaucracy", but these people are frustrated by someone reading the letter of the law. The last fisherman I talked to about this is being charged tax on the materials which went into a freezer. It is not a federal problem but it is a federal responsibility. This is a serious question.

● (2052)

There is probably some merit in the suggestion that it is time the provinces began to look at the question of whether control and authority over the fishery should return to them and be taken out of the hands of the federal authority. A hundred years ago or right at the beginning of our fishery it was the old political structure that exercised authority and had responsibility. I am one of those who believe that as the oil in the ground belongs to Alberta, so the fish in the sea off the coasts of New Brunswick and Nova Scotia belong to those provinces.

Mr. LeBlanc (Westmorland-Kent): Oh, oh!

Mr. Forrestall: That is a typical Liberal reaction. You would find fault with any concept brought forward. You have been in there so damn long your mind is closed. You have become lazy—

Mr. Deputy Speaker: Order, please. The hon. member should address his remarks to the Chair, but I hope he was not addressing his remarks to the Chair just now.

Mr. Forrestall: Mr. Speaker, I am not about to accuse you of becoming lazy or indifferent.

Just as the oil in the ground and the resources belong to the provinces, the resources of the Atlantic area belong to the Atlantic provinces. As long as we continue with ad hoc solutions to the problems and ignore the development of the opportunity that lies before us, the question of the provinces again assuming authority over the fisheries will be debated.

The minister would be the first to admit that there are many areas in which he wishes he could do more. Most fishermen that I know have a fair amount of respect for the minister. In some instances they have come to rely on his judgment, to respect his caution and to accept his word about methods of resolving their problems. I am not going to refer to the minister seeking the leadership of a party somewhere else although he might be an adornment to his province if he did so; but, Mr. Speaker, we must face the fact that the minister might not always be here and in that light his assurances cannot be taken for more than that—just assurances.

The minister will do those things he believes to be important but that is not good enough for the fishery. It is not good enough to say that the schedule of fees will not be usurious but will be applied with care and concern. The people want something more specific and in the absence of an explanation the minister is treading on very dangerous ground. He is assuming a responsibility and authority that the people affected will not accept.

[Mr. Forrestall.]

The only provisions in the bill that are new are the schedule of fees and minor changes in three or four areas. For the most part the bill consolidates and brings under one umbrella a lot of practices that are common and acceptable. What cannot be accepted is the assurance that these things will not hurt the fishery. Unless the minister can demonstrate to the fishermen that some of these charges will not be usurious, they will not trust him. Our own view flows from a desire to be open and frank and to tell the fishermen what we would do and how we would do it.

The minister has given himself wide authority and far-reaching powers in this bill. Many people in the fishery are outraged when they see pork barrelling, and an increase in the numbers of wharfingers. They do not like the continuing conflict between the minister and his provincial colleagues. We in this party want a better relationship between the fishery and the search and rescue capability. We also want improved repair and maintenance of wharves and breakwaters. We are told that because we catch only about 2 per cent of the fishery we are only entitled to 2 per cent of the money. Mr. Speaker, how does the minister expect us to do any better unless we are given wharves and harbours so that our young people may be encouraged to go into the fishery?

I asked the minister about dredging the Musquodoboit harbour and he said it could not be done. Mr. Speaker, it has the potential to become one of the finest private small craft harbours on the Atlantic seaboard. The Department of Public Works said they could not do it, but a local firm claimed they could do it in half a day. They said the job was too small for them, however. The Department of Public Works, on the other hand, thought the job was too big for them to tackle. There was only a handful of fishermen there, Mr. Speaker. It was not only the fishermen I asked about, but also the capacity of Musquodoboit harbour to handle boats and become a location for a series of marinas which would encourage private sailing and private use by Americans and people from other parts of Atlantic Canada as they traversed the south and east coasts of Nova Scotia.

● (2102)

We need the co-operation and the understanding of the treasury benches and the government that the fisheries require substantially higher funding. We need to end the disparate attitude which accompanies so much of the decision-making process within government in areas such as the fishery. We need to develop both our inshore and offshore fisheries. We do not need the hocus-pocus that the minister must sometimes go through in order to hide from our Atlantic fishermen the difficulty he has in convincing his colleagues in government that there is anything worth while in the fishing industry.

As a matter of fact, the only other member of the entire cabinet whom I have heard refer to the fishery in the last two or three years has been the Secretary of State of External Affairs (Mr. Jamieson). No other minister, including the Minister of Veterans Affairs (Mr. MacDonald), who comes from a great fishing riding, has bothered to mention it at all.

We need a better spirit amongst the people and the generation of enthusiasm. We need more than FLIP and LIP programs to develop our fishery.

The licence fees should be increased and the money used to improve the Loran and Decca systems. I do not mind soaking the foreigners who are off our coasts. For 10 or 15 years they have had a free ride on the backs of those navigational systems. Take the money from them. Do not put it into general revenue unless it is absolutely certain that every nickel is returned to the fishermen by the President of the Treasury Board (Mr. Andras). Every cent that is raised belongs to the fishermen of Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick. That money should be poured back into the development of their own resource.

That is the reason for my suggestion of the return of authority and control over the fishery to the provinces. I say return because this parliament, not this chamber precisely, took it away from the provinces in the beginning. The provinces can get it back. We must demonstrate a willingness to help the fishermen develop their own resources and their own livelihood to levels that are acceptable and most important, to bring it to levels that will encourage young people to return to the fishery. I do not blame the provinces for saying they wished they had more control.

If the principle of equalization is to have any meaning over the next 20 to 30 years, it will have to find justification, rationalization and a changed attitude on the part of this government toward the fishermen. But I think the minister has been abandoned. There has been such a preoccupation in the last ten years with matters other than those which are basic to our way of life that our basic primary resources have suffered. I repeat, we do not need ad hoc programs; we need programs that flow from reality. We need more money. We need to open up our ports. We need to create jobs in the shipyards. These things have to be done. Trust must be re-established between the minister and the fishermen with respect to the scheduling of fees. What will be the amount of the fees and how great will the impact be on the fishermen? These are the essentials. We must seize the opportunity, but with caution, and ensure that this economic generator is developed in the best way possible for the advancement of people on the east and west coasts as well as the advancement of our very rich nation.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I would also like to say a few words about Bill C-2. I am not given to praising people too highly because I am always afraid it might go to their heads. But the fact remains that in all sincerity I must say to the minister that I am under the impression that in the present circumstances he put in a lot of heart and time to try and bring a little help and relief first to fishermen and then to vacationers, those who have pleasure boats.

Personally, I am not jealous that others have marinas and fishing harbours. I think, and the minister is certainly aware of this, that Quebec is clearly underprivileged when it comes to recreational and fishing harbours for small and medium size boats when you consider that certain provinces have over 2,000 recreational harbours and there are only some 30 of them in Quebec at most, I believe.

This brings me naturally to talk about the Lower St. Lawrence area that I represent, namely Rimouski. I do not know whether the minister knows the Rimouski area but I think he knows it quite well. He is no doubt aware that Rimouski is a rather strategic area for pleasure boats. Indeed, judging from last year's business figures, the port of Rimouski is the second most important after, I think, Sept-Îles.

There are also many social clubs, sporting clubs and many owners of pleasure crafts in Rimouski. There are also a dozen fishermen living mostly off fishing there. Unfortunately they have no place to moor or tie up their craft. Of course there is the port of Rimouski but it is exposed in bad weather and there is difficulty in keeping the boats secure. Those fishermen fishing for cod, red fish or other species of fish in the gulf estuary would be quite happy naturally, even if they had to pay reasonable mooring fees to have a place to tie up their boats, land their catches and occasionally be able to make a few minor repairs.

● (2112)

Mr. Speaker, nor should we forget either pleasure craft owners who would be quite willing to pay mooring fees inasmuch as these fees are reasonable and that adequate services are available. As the minister knows, the city of Rimouski is some 350 miles downstream from Montreal and close to 200 miles from Quebec city in the quadrangle formed by Rivière-du-Loup, Saguenay, Matane and Baie-Comeau. The river width in these places can reach 50 miles. Sometimes the sea can be rather rough especially when there are strong winds which are called "nordet" in that area, or northeast winds if you want. I think it is more or less comparable with prevailing conditions in the Chaleur Bay so there is a lot of danger when we do not have any safe place to moor our boats.

The city of Rimouski has some 30 to 40 small boat owners. The city also boasts a marine school and a research centre sponsored by the University of Quebec. In addition, Rimouski has a university which can provide any courses related to fisheries and navigation.

Mr. Speaker, it is for all these reasons that I am asking the minister to provide us with adequate services because Rimouski and the areas of Bic, Sainte-Flavie and Sainte-Luce have been deprived of such services for too long. As I said earlier, we are not very well known, but I think that it would be high time now, in the spring of 1978, to build a marina suited to and worthy of the largest city in the lower St. Lawrence region. Mr. Speaker, I do not want to delay this debate any longer and I am urging the minister in the name of the people of Rimouski to put an end to the delays which the whole population of the lower St. Lawrence has been enduring regarding the building of a marina in Rimouski and at the same time provide improvements to the existing services for the dozens of fishermen in that area. I am also asking the minister if the Canada-Quebec agreements have now been

signed and if he will indicate to me in his answer if he can really grant my request.

[*English*]

Mr. Alex Patterson (Fraser Valley East): Mr. Speaker, this is the first occasion I have had to speak on either Bill C-2 or its predecessor which was introduced for second reading and debate on December 10, 1976. I reread the speech made by the Minister of Fisheries and the Environment (Mr. LeBlanc) on that occasion. I listened with real interest to the debate that took place on Bill C-2.

I do not want to delay the House for too long; however, there are a few matters on which I would like to comment as well as a few points with regard to the measure as it affects the province of British Columbia. The legislative provisions deal with two particular interests of our society in general. Both of these are of great importance to British Columbia. I refer to the fishing industry and also the recreation and tourist industry.

In introducing this bill, the minister stated, as recorded at page 2413 of *Hansard*:

> This act will provide the necessary legislative authority to develop and administer commercial fishing and recreational harbours in Canada in order to meet the changing requirements of the fisheries and the growing needs of sports fishing and recreational boating.

It is well known that the fishing industry is of paramount interest to the province of British Columbia. Because of the extent of that industry, it is vital to the maintenance of a healthy economy as well.

With regard to the commercial fishery, direct employment in the British Columbia fishing industry is about 100,000 persons. The direct export value of the product is about $250 million per year. The level of investment in the fishing fleet, equipment, plant and machinery is approximately $1 billion. Therefore, we see that this is not a small sector of the British Columbia economic picture or just a small part of the national picture. It is of substantial concern and interest.

The question may be asked why I, living somewhat more distant from the coast than some of my colleagues, would have an interest in the fisheries. I would point out that consideration must be given to the fact that the Fraser fishery is the mainstay of the British Columbia fishing industry. I have the honour to represent part of the Fraser river area. It is questionable whether the industry could remain viable without the fishery of the Fraser river.

The British Columbia fishing industry is one of a very few industries in Canada which is entirely vertically integrated, responsible for harvesting, processing and marketing of renewable natural resources in the finished form. The Pacific Trollers' Association points out it is also labour intensive and highly export oriented. What makes the industry unique is its relative independence from any direct support or subsidy by public funds. It does not require elaborate tariff and non-tariff protection for its existence. The association presentation also points out that the industry accounts for some $250 million annual in direct exports. Therefore, we can see that fisheries is an important industry in the province of British Columbia.

In our consideration of this industry, we ought to give a little more attention to the west coast fishery. Many times we find that we are left out of the discussion and debate. Since coming here some years ago, I have found that in many areas of activity British Columbia seems just a little bit too far away to be brought into the usual area of concern, discussion and debate.

Reference was made to the sports fishery. Statistics show that the sports fishery in Canada employs over 100,000 individuals and generates about $1 billion for the economy. The present value of sports fishing boats in Canada is approximately $2 billion. At one point in the minister's presentation he mentioned that a great proportion of this activity would be in the province of British Columbia. In participating in this debate, I want again to emphasize the importance of the fishing industry. The bill before us certainly does concern itself with this industry.

British Columbia's extensive coastline and relatively small number of wharves and facilities presents the possibility of a greater, healthier, and more economic industry if proper steps are taken, not only to catch up with present requirements, but to provide future growth opportunities.

Sometimes we are content just to look at the situation as it exists at present. We try to adapt our proposals, legislation and programs to meet the situation as it is at the moment. There must be vision in the matter of providing facilities. We have to look far beyond the present. If we are to have the growth that we desire, we must plan for the future.

I wish to make a few comments with regard to recreation. It is equally well known that our tourist and recreational aspects make British Columbia the land of recreation for Canadians. In spite of what the hon. member for Parry Sound-Muskoka (Mr. Darling) said, we still believe that British Columbia is Canada's evergreen playground. It is true there are times when the green is covered by a white substance, but that only adds to the beauty and attractiveness of the area.

● (2122)

Recreation is not only a local effort. It is tied in with tourism which has become one of our principal industries. Some people might suggest that in the face of the tremendous problems confronting Canada the government should concentrate only on areas which are a major source of concern and that in the field of recreation the people directly concerned should provide whatever is required.

The recreational aspect of the bill has a wider application than just meeting the needs and desires of local people in the community. It has a bearing upon the tourist industry. If facilities are not available we shall not be able to attract tourists to our country, and to British Columbia in particular. This is a matter of major concern. There has been a great deal of debate about the imbalance of the tourist account and it seems to me this is an area which requires a good deal of attention.

Urbanization has resulted in an effort on the part of a growing number of people to find relaxation and renew their physical and mental health in less populated areas. In British Columbia, roads have reached the point of such congestion—and this is true of other regions—that people hesitate to go out on them on holiday weekends. Nevertheless, more people than ever are finding their way to the waterways, lakes and camping areas and it is essential to provide wharves, marinas and ramps to meet their needs. Accordingly, I believe the inclusion of recreational facilities as one of the benefits of this bill is understandable. My own province would benefit not only directly but indirectly through the tourist industry. We should be looking not only at the present but to the requirements of future development.

There are several features in the bill which are causing apprehension and I should like to refer to some of them. They have already been dealt with to some extent, perhaps to a considerable extent, by my hon. friends, but I should like to associate myself with what they have said because they have been expressing the concern of a great many people across the country.

Reference has been made to the fee structure. The uncertainty with respect to this feature of the bill is a major problem. I realize that in the debate in which the minister took part he pointed out, as recorded at page 2414, that he did not intend to take any precipitate action, that nothing was contemplated at the present time but that at some time in the future consideration would have to be given to the imposition of a fee schedule so as to provide income for the various programs contemplated by the department.

This is not a sufficient assurance. It has been pointed out on many occasions that no matter how well intentioned the minister of the day might be no one knows when the situation will change. Some new minister might come along and say: "This is a matter which should have been taken care of during the debates on Bill C-2; we shall impose a fee structure without further delay." This is what is bothering those in the industry. I believe the minister should be more specific in outlining his intentions for the future as far as a fee structure is concerned.

He has indicated there will be a varying set of fees; in other words, that fees will not be the same across the country. This type of thinking is all too prevalent in the government's planning. We see it in tariffs, in transportation and in other directions. It is a source of real resentment among the people of British Columbia who feel they are treated differently from people in other parts of the nation. It is irksome. People are wondering when the government will come to the conclusion that British Columbia is an integral part of the nation. If national unity is to be maintained the government will have to look upon British Columbia as being an essential part of Canada and act accordingly.

I notice that as reported on page 2414 the minister said:

> The nucleus of the proposal we will bring to the fishermen is how we can best devise a fee system which will not only recognize market demand and relate to the level and quality of services provided but which will recognize regional differences. Obviously this means we are not going to be illogical enough, particularly in the case of east coast fishermen, to subsidize on the one hand and take it back through an unreasonable fee structure on the other.

We have no objection to consideration being given to the problems facing the fisheries on the east coast, but I believe if we are going to consider fees on that basis we must also take into account the needs of fishermen on the west coast. Speaking in another debate some time ago I pointed out that the industry in British Columbia was facing almost insuperable obstacles in its fight to maintain markets in the centre of the nation because of subsidy programs, lower wage rates and lower transportation costs in the east. I suggested that, as a measure of justice and equity, some form of compensation ought to be provided. When we come to the imposition of a fee structure, this aspect has to be taken into account as well.

I should like to refer now to a letter, a copy of which was sent to me, having to do with a statement made by the federal Minister of Fisheries and the Environment (Mr. LeBlanc) to the Vancouver *Province*. The minister said that while details of the licensing arrangements still have to be worked out he is committed to the principle of a tax to cover some of the cost of salmon enhancement programs. The problem, the minister said, was making sure the cost of an enforcement of the program did not eat up the benefits. There would be some enforcement but it was not desirable to let the administrative produce so much ill will that it had to be changed.

Replying to this statement, the minister of energy, transportation and communications of British Columbia wrote to the minister under date of January 25. I wish to quote one or two passages from that letter. He said:

> We looked into this matter carefully when I was Fisheries Minister and the cost of the scheme was comparable to the revenue produced. And the research or statistical value was just about nil. You don't get a complete record of the number of fishermen involved and you don't get any data on the number of fish caught. So it won't help us to manage the fishery either.

This is the opinion of one who was minister of fisheries here in Ottawa and who is now minister of energy, transportation and communications in British Columbia. He pointed out that these matters were considered, but that it was not worth the work, the time nor the animosity which would be stirred up because the revenue produced would be spent on operating the program. Also he pointed out the problem in regard to the fee structure. The closing paragraph of his letter reads as follows:

● (2132)

> So I again urge you to treat us the same way that sports fishermen are treated in other saltwater areas of Canada. Keep the federal bureaucracy to a minimum and we'll all be better off as a result.

The minister should take cognizance of this particular reference which was made by one of his former colleagues. Perhaps there is some question as to the application of fees, but the real thrust of this letter is the unequal application of the program on the west coast as compared to elsewhere.

The degree of consultation was a matter brought to the attention of the minister. The government is not noted for its willingness to engage in productive consultation. Rather, confrontation has been the order of the day. It is not necessary for

me to refer to the various measures brought before the House, nor is it necessary to refer to government attitudes which have been discussed before. Rather than engaging in consultation, the government partakes in a brief discussion and then proceeds. It says, "Take it or leave it. This is the way it will be, regardless of what you think". The minister should enter into real consultation with the provinces and those concerned in order to arrive at something which is acceptable and equitable, that will apply in an equitable fashion to those engaged in similar industries.

The matter of ministerial power has been mentioned by a number of hon. members. I will not refer to this at any length, except to say that this particular measure provides the minister with the authority to move out and lease facilities to any person. He can designate those who will be the enforcement officers. It does not stipulate their qualifications or anything else about them. It provides the minister with the ability to make decisions unilaterally without respect to any other considerations, which is unacceptable and could cause a great deal of harm to the minister because of the possibility of patronage.

I want to associate myself with the concerns which have been expressed by my colleagues in the hope that perhaps our combined efforts will move the minister to respond in a positive way to the reservations and views which have been expressed. If he responds in a positive manner, this bill could be made much more acceptable than it is at the present time.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I am pleased to speak on Bill C-2, an act respecting the administration and development of certain fishing and recreational harbours in Canada. While that language is perhaps typical of the title necessary for the drafting of a bill, it is broad and indefinite enough to make me nervous of the contents of the bill. As soon as the title refers to "certain fishing and recreational harbours in Canada", I become somewhat twitchy.

Some years ago I questioned the Minister of Fisheries and the Environment (Mr. LeBlanc) about the size of the bureaucracy in his department, and I found out that approximately half of the public servants in the fisheries department work in Ottawa.

Mr. LeBlanc (Westmorland-Kent): No way.

Mr. Friesen: No way? Have they been scattered? Have they been reduced?

Mr. LeBlanc (Westmorland-Kent): They are all over the place.

Mr. Friesen: Certainly they are not up the river streams and along the river beds of British Columbia. During the Christmas break I spoke to the fishermen. They indicated that they have been looking for those officials and they cannot seem to find them. When there are more people working in the offices than up the streams, then the entire department is in trouble.

Mr. Ellis: They are out poaching.

[Mr. Patterson.]

Mr. Friesen: I doubt that. The people who are out working in those areas are honest and dedicated. If it were not for those beleaguered few, the fishing industry would be in real trouble.

As some of my colleagues have already pointed out, several clauses in this bill tend to make us apprehensive. I should like to refer to clause 5(1) which reads as follows:

> The minister may undertake projects for the acquisition, development, construction, improvement or repair of any scheduled harbour or any fishing or recreational harbour to which this act applies.

Perhaps that language is normal, assuming the people out in the fishing areas are extensions of the minister. Too often that is not the case. The decision-making power still rests in Ottawa. While there may be a decentralization, it is a decentralization of administration and not of the decision-making process of the government. Thus, fishermen in the extremities of our country are faced with decisions made in Ottawa which do not properly apply to the regions.

For example, some time ago the minister and his officials decided to upgrade, rebuild or construct a new facility in Steveston Harbour. I am sure the minister is well aware of that project because it is sizeable. In fact, it is a $12 million project. The harbour was designed to accommodate ultimately 1,000 boats. Is that correct? I see the minister is nodding his head. The first phase of that project is designed for 350 boats. No one can argue about that. If it is to be expanded to accommodate 1,000 boats, one must assume the boats will come from far up the Fraser river to use the facilities at Steveston Harbour, unless the majority of the boats are recreational. It would be expecting an awful lot of fishermen to come from far up the Fraser river to use Steveston Harbour. This is an example of the minister deciding which harbour should be developed and developing it to the size he feels is necessary. That is not what the fishermen want. I was talking to them during the Christmas recess. I spent time with them in my office. I went to the harbours that we are talking about. They need facilities on site where their boats and homes are. Rather than one large complex at Steveston, the fishermen require a smaller one there, plus one at Ladner, one at Gunderson and one at New Westminster. I understand there will be a development at Ladner. I will elaborate on that later. Rather than one development for 1,000 boats, why not have four developments for 300 boats each?

Mr. LeBlanc (Westmorland-Kent): Basically Steveston Harbour is a winter tie-up.

Mr. Friesen: As much as I hate to admit it, even in December it is winter in British Columbia. I was at the Gunderson slew. There are boats tied up five deep at Gunderson, 15 or 20 miles away from Steveston. They are on land and in dry dock. They are all over the place along the Fraser river. The minister refers to Steveston as mainly a winter tie-up, but does he expect the fishermen to go 15 or 20 miles downstream, into open water and around to Steveston harbour to tie up? To me, that is another example of an Ottawa decision.

• (2142)

I am happy to hear that the Ladner harbour is to be the recipient of something in the neighbourhood of $300,000 under FLIP. This really is no skin off the nose of the small harbours department because this is a winter works program, but it is a good thing for the fishermen and I am glad to hear of it.

The minister was in Vancouver on January 26 and spoke to the fishermen there. They in turn brought a number of things to his attention, one, for example, in respect of licensing fees. I know some of my colleagues have already brought this to the minister's attention, but there is a great deal of concern out there relative to the expected cost of licence fees. Is the fee to be $2, or $2 a foot? First of all, it is passing strange that we would adopt a fee schedule that has been used for pleasure craft and apply it to fishing operations. Is the fee to be $2 on the west coast and $1 on the east coast? We do not know, but again the feeling is that the very sweeping powers contained in the bill are too great.

I refer particularly to that part of the bill which states that the governor in council may make regulations prescribing schedules naming and delimiting or describing fishing or recreational harbours under the control and administration of the minister, the granting of licences to persons, and so on. Some of these things are logical but the fishermen have a right to know what they are going to have to pay. They certainly have the right to equity in that the fees ought to be the same on the west and east coasts. This is one concern they brought to the minister's attention.

The fishermen feel very strongly that the licence fees they are already paying for fishing ought to be sufficient. They are paying anywhere from $100 or $400 and feel perhaps that ought to be enough to cover the cost of mooring at docks. I know the minister says that the money goes into general revenue and then into the salmon enhancement program. I do not know that the fishermen are convinced this always happens. The fishermen see the amount of money paid into the licensing program and the amount being spent on the salmon enhancement program for British Columbia, but I think they would like to have some concrete evidence that the amount of money going into general revenue does end up for salmon enhancement. The minister shakes his head and I will not suggest what he is thinking because this is a polite society. No doubt he will have something to say about this a little later on, but I am telling the minister this is what the fishermen are concerned about. They are not convinced that the minister is playing ball with them. They wonder if some of that money going into general revenue is not being used in some other way.

There is another clause of this bill that was brought to the attention of the minister, and it is of great concern to me. This is the provision in clause 11 regarding search and seizure. Let me refer to that for a moment. It states in part:

> Where an enforcement officer believes on reasonable grounds that a provision of this Act or the regulations is not being complied with, he may
>
> (a) board any vessel or enter any vehicle or premises where or in respect of which he reasonably believes there may be evidence of such non-compliance and make any inspection he deems necessary;—

On the surface that seems to be reasonable. I am sure there could well be hanky-panky along the coast. Obviously when you are out in the "boonies" you might be tempted to play hanky-panky with the law, but this seems to be a very broad provision. Perhaps the minister will correct me, but it seems that the search and seizure described is without warrant. Am I right in that regard? There seems to be no need for a warrant on the part of an enforcement officer. Who are the enforcement officers? Are they to be fisheries officials, harbours officials or police officers, or will they be anybody deputized by the minister who will be allowed on any kind of suspicion to go on board a vessel and search, seize and hold properties, as I read the bill, for a specified length of time?

Perhaps the minister will clear these matters up when he responds, but at the present time I am concerned about the kind of powers contained in this bill. When the minister was in Vancouver he said to the fishermen that nothing was final. Those are words quoted to me by the fishermen. He said nothing was final.

Mr. LeBlanc (Westmorland-Kent): Read my two speeches.

Mr. Friesen: Your two speeches?

Mr. LeBlanc (Westmorland-Kent): Yes.

Mr. Friesen: Did you say to the fishermen that nothing was final?

Mr. LeBlanc (Westmorland-Kent): My words are in *Hansard*.

Mr. Friesen: The fishermen understood the minister to say that we were approaching report stage on this bill and nothing was final, implying obviously that things could be changed. Yet I have not seen any changes forthcoming. Even if the thing is final we are supposed to trust the minister. I think he has been doing a pretty good job as Minister of Fisheries. I do not always agree with him but on the whole I think he is doing a good job. I do not mind trusting him as I do not think he would abuse his powers, nor would he like it if his officials did.

This minister holds this portfolio now, but what are we going to do if, for example, the present Solicitor General (Mr. Blais) were to become the minister of fisheries? Then we would be in trouble. What would be even worse is if the present Minister of State (Environment), the hon. member for Kamloops-Cariboo (Mr. Marchand), were to become the minister of fisheries. Then we would really be in trouble. As I say, I do not mind trusting this minister, but there are 33 other ministers and if any one of them were to become the next minister of fisheries what new climate would exist?

There is one final matter I should like to introduce to this debate, and this at least transcendentally relates to search and seizure powers. There are a number of recreational craft in my riding and in the neighbouring riding of Burnaby-Richmond-Delta. Since my riding impinges on the 49th parallel and crosses waters of the Pacific Ocean, this means that people

using their pleasure craft occasionally travel into United States waters. This is bound to happen.

Last week I received a distress call from a party whose father had just moved to White Rock from Winnipeg, bought himself a pleasure craft and gone sailing out in the bay. He drifted into U.S. waters and landed there. He did not even know he had landed on United States soil. A customs officer met him, found out he was a Canadian, and after a little tête-à-tête the father returned to Canada thinking everything was fine. Three months later, after the United States customs office sent their records to the Canadian customs office, this man had a visit from a customs officer and received a fine of $400 for not reporting to Canadian customs. On going into the United States he reported to the customs.

When I got back to my constituency office in Surrey I found a letter from a party from Delta to whom a similar thing had happened. The party was in a boat and another boat carrying some friends had motor trouble. Out in the open water the natural law of the sea is that you help somebody in distress. They drifted into United States waters. When they returned, because of the distress they had experienced they forgot to report to Canadian customs. A few months later when the records came to Canada from United States customs another $400 fine was assessed. I have a Xerox copy of the report made by a man from the mobile inspection section on leaving Canada.

Let me first of all say I agree with the customs and excise people that they ought to enforce this law in a very stringent way. When there are many miles of open water, as is the case along the British Columbia coast, one can imagine what could happen if we did not enforce the law very stringently.

● (2152)

There could be smuggling of dope or liquor, illegal immigration, or any kind of smuggling going on on those open waters if we did not enforce the law stringently. But two things should happen. First, the small harbours branch of the minister's department should be co-operating with the U.S. authorities. There should be a liaison between the Canadian and the U.S. authorities so that when Canadians go to U.S. harbours and dock there and report to the U.S. customs officials, U.S. customs officials are encouraged to tell those Canadian boaters that when they land in Canada they should report to the Canadian authorities. All of the boaters who come back do so in good faith, otherwise they would not even have reported to the U.S. authorities. They are not law breakers. They land there, report and then come back. But if for some reason or another they forget to report, zap, they get a $400 fine. They receive no warning whatsoever, just a $400 fine.

Second, many times they drift into U.S. waters without even knowing it. There are almost no market buoys in U.S. waters in that area. If they land somewhere in the U.S. where there is no customs official, who is to say that they will not be apprehended when they come back to Canadian waters? Although the minister wants to assess licence fees for these people, we are getting scant service when it comes to the particular area along the forty-ninth parallel in the open waters along the B.C. coast. As I said, while I subscribe to the stringent enforcement of the law, it seems to me that something should be done with regard to other kinds of traffic violations. Many a time if there is a traffic violation on the highways, some kind of warning is given by police officers. So it seems entirely reasonable for the same kind of system to be applied with respect to customs and excise.

I bring these matters to the attention of the minister in the hope that he will get in touch with his colleagues in the cabinet and will do something about these unfortunate people who, in spite of wishing to be law-abiding citizens, unwittingly run afoul of the law and are fined $400 without any kind of warning. I encourage the minister to take this matter in hand and do something for the people who use their pleasure craft and get caught in this way.

I am concerned about these areas in the legislation before us and I hope the minister will answer some of the questions I have raised. If I am wrong, I would be glad to hear him tell me so and have him explain to me what is wrong with the perspective I have of this legislation.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I am sorry it is so late in the evening, but I feel the minister would not mind if I made some comments, or even if I call it ten o'clock.

Before I make any comments directly on the bill I think it is up to me or to one of my colleagues to pay tribute to the national director of the small craft harbours branch who will be leaving the department to take up a position with DREE in Prince Edward Island. Aside from the fact that many of us are not fully satisfied with the provisions in the act regarding small craft harbours for fishermen in our districts, we owe him a word of commendation. I say that to him through the minister and I hope that the person who will replace him will do as good a job.

Some hon. Members: Hear, hear!

Mr. Marshall: I would also like to commend the minister on the fact that in my district now there is a mini-department of environment with an area manager who represents small craft harbours and a staff to deal with problems of fishermen on the spot.

I should like to make a few comments on the bill before us. It started out as Bill C-7 and was introduced on October 21, 1976. Anyone who would criticize the opposition for not giving it speedy passage should remember that the bill was only referred to the committee on June 6, 1977. Apart from the clauses in the bill dealing with its purpose, I believe we should concentrate our attention on priorities and on what fishermen need in view of the newly proclaimed 200-mile limit and the prospects which this presents to the fishing industry in Canada, particularly in eastern Canada.

I have just completed a tour of my district, which I started during the Christmas recess and continued in the past two weeks, because I know, having been here for ten years, that at

about this time every year damage to fishing gear and to small craft harbours needs to be assessed and I can bring the matter the attention of both the provincial and federal governments. I should like to say, without passing out too many bouquets, that I have had the complete co-operation of the area manager and the provincial government in my investigations and assessment of the situation. My conclusion is that we are forgetting our priorities. We will never reach our objectives if we do not first ensure that there is a sufficient number of small craft harbours before charging our fishermen the licencee fee to use them.

What has struck me in particular is the effort being made under the Canada Works program to provide many small craft harbours. Recently I came across members of a community employment strategy association who are trying to create employment. They seem to have the money, and yet the small craft harbours branch of the Department of Fisheries does not appear to have sufficient funding to provide those harbours which are so essential to fishermen. Perhaps the minister could check with his officials because this problem has been causing a great deal of frustration. Fortunately we are providing some small craft harbours under the Canadian Works program, thus ensuring better service to fishermen in the future. But more funding is needed to provide appropriate harbours with a good engineering design to which the minister's officials could dedicate their efforts.

The Acting Speaker (Mr. Turner): Order, please.

* * *

BUSINESS OF THE HOUSE

Mr. Paproski: Mr. Speaker, on a point of order, I would like to ask the minister whether he plans to carry on with this bill tomorrow before we go on to Bill C-17.

Mr. LeBlanc (Westmorland-Kent): I am so informed, Mr. Speaker.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

RESEARCH—INQUIRY AS TO PROGRAMS TO STIMULATE DEVELOPMENT OF MANUFACTURING SECTOR

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, last year Canada's deficit in manufactured goods amounted to more than $10 billion; this year we are looking at a $12 billion deficit. A story in the *Financial Post* of December 17 last entitled "Think Industry or Forget Jobs" indicates that as a provider of jobs the manufacturing industry has eroded to the point where today it accounts for only 19 per cent of the nation's work force, as against 25 per cent in 1950. Canadian industry does not have a strong technological base. Without the auto pact, defence production sharing and similar bilateral arrangements with the United States, Canada would have few exports of manufactured goods.

• (2202)

Our lack of technological innovation and the problems of transferring technology from government laboratories to meaningful functions in our manufacturing industries are major problems, but not the only ones. Businessmen also point to excessive controls, high taxes, uncertainty about nationalist sentiment, high costs of production and more advantageous wage rates in other nations with lower living standards.

Examples of Canadian industrial success exist, but they must be built upon and multiplied. To do this, a favourable milieu must be established through the development of coherent national policies aimed at enhancing our industrial base.

In a January 25, 1978 news release Hugh Morris, chairman of the Committee for an Independent Canada, cited the 30 per cent decline in research and development since 1970 as a major contributor both to last year's $12 billion deficit in end-product trade and to the capture of almost one-third of all domestic sales by imported goods. Mr. Morris pointed out that our trade deficit in manufactured goods has grown by almost $9 billion since 1970, of which $7 billion is an imbalance with the United States. Mr. Morris suggests that the latter figure represents a loss of more than 350,000 Canadian jobs over a seven year period.

John Bullock, president of the Canadian Federation of Independent Business, has underlined the drain of Canadian industry and has pointed to our stale, second-hand technology, and the need for research which can make us world leaders in selected manufacturing areas.

Let us take a look at some of the examples of the emerging problems in our manufacturing sector. The answer to order paper question No. 528 shows that in 1970 imports served 26.2 per cent of the total Canadian market for manufactured goods. In 1973 this percentage had risen to 29.2 per cent, and in 1976 it stood at 29.8 per cent.

The answer to order paper question No. 529 shows that in 1970 84.1 per cent of the Canadian market for computer and office equipment was served by imports, and this figure was 85.9 per cent in 1973 and 87.8 per cent in 1976.

The answer to order paper question No. 531 tells the tragic story of the Canadian market for consumer electronic products served by imports. The figure in 1970 was 33.1 per cent; in 1973 it was 42.2 per cent; and in 1976 it was 59.1 per cent.

The answer to order paper question No. 536 cites one area where we should perhaps enjoy a natural advantage, the field of agricultural machinery. But here again imports have been rising and now control a major portion of our market. In 1969

the figure was 76.2 per cent; in 1972 it was 83 per cent; and in 1976 it was 82.6 per cent.

The answer to order paper question No. 522 shows us the estimated gap between the domestic market for secondary manufacturers and domestic production of secondary manufacturers in millions of dollars. In 1977 the production gap was $111 million; in 1973 it was $2,665 million; and in 1976 it rose to $5,009 million.

● (2207)

Order paper question No. 690 shows us that as of March 1977, the latest date for which information is available, only 284 out of 712 companies in the electronics sector were known to be conducting research and development programs. This would account for 78 per cent of all companies in the sector with annual sales over $300,000.

Clearly, research and development is the great multiplier that enables Canadians to maintain and improve their high standard of living by producing goods in our industrial sector for sale in Canada and abroad at competitive prices. There is a clear need for a strategy to stimulate significantly our innovative research and development potential in those industries in which we have the potential for a comparative trade advantage. Our performance to date is not good and is getting worse. I urge the ministry of science and technology to roll up its sleeves and, in concert with the Department of Industry, Trade and Commerce, launch an industrial strategy to get this nation moving forward again.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, first, let me assure the hon. member that I am as concerned as he that the Canadian manufacturing sector should be strong; and it is a matter of first priority with me that the research and development component of that sector should be a vital catalytic force. I say that representing the minister, as a fairly strong nationalist personally, and as a member of the engineering community which is associated with the research effort in Canada.

The government has three distinct sets of measures to stimulate industrial R and D in Canada. In the first place, there are tax measures. Beginning on April 1, 1977, the government extended the investment tax credit to scientific research and development. This means that both current and capital expenditures on research and development will enjoy a credit ranging from 5 per cent to 10 per cent of qualified expenditures depending on the region in Canada where the research is undertaken.

We estimate that the benefits received by industry from this measure in 1977 is estimated to be in the order of $30 million to $35 million. They will accrue mainly to large and medium size firms carrying out research in Canada. In addition, it is important to note that, as well as the investment tax credit, an immediate deduction for both capital and current expenditures on scientific research related to the business of the taxpayer is permitted. This treatment is quite generous since these costs are often not directly related to the earning of current income.

A second measure taken by the government to stimulate research and development in the manufacturing sector is the contracting out policy. For several years, Canadian business has been invited to provide on a competitive basis certain scientific and technological services required in support of new R and D programs. Last year, this policy was extended to ongoing R and D programs as well as related scientific activities. Research contracts have increased from $18 million in 1972-73 to approximately $100 million in the last fiscal year.

A third avenue of stimulation for research and development exists in the enterprise development program, established by the Department of Industry, Trade and Commerce on April 1, 1977. This program provides direct government assistance to industry in the form of loans or grants. The objective of this program is to enhance growth in the manufacturing and processing sectors of the Canadian economy by providing assistance to selected firms in either the area of structural adjustment or innovation, in order to make them viable and internationally competitive. Ministry officials are particularly active in contributing to the decisions of the innovation panel within the enterprise development program.

There are numerous other activities, which I have not detailed in this short response, but which are equally as important as some of the above.

The three major thrusts which I have described, namely, tax incentives, the purchase of R and D by the government and direct grants, offer a diversified program of assistance to R and D in Canada, one on which firms, whether they be small, large or medium size, can draw. These programs will be the subject of constant assessment and the Minister of State for Science and Technology (Mr. Buchanan) will put forward, as needed, proposals for their extension or modification.

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

MANPOWER—CANADA WORKS PROGRAM—DATE OF ANNOUNCEMENT OF THIRD PHASE—USE OF SLIPPAGE FUNDS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, it is not too often that I get a chance to speak twice within a few minutes! On December 17 I sought information from the Minister of Employment and Immigration (Mr. Cullen) about the ongoing Canada Works program. I was surprised to learn another change was going to take place. I cannot understand why a good program has to be changed so often. As a result these objectives tend to be forgotten. These objectives were to provide financial aid or assistance to communities, groups or organizations to enable them to use their initiative in providing an economic base or employment opportunities in their area.

● (2212)

The LIP program, Mr. Speaker, started out back in 1971 or 1972. I commended the program for its objectives. After three

or four years the monitors, co-ordinators and the people working within the program knew their districts. They knew the people who were sponsoring projects and they knew of the needs of the area. But there was one failing in that it did not provide a program on a five year basis which would allow communities to plan five years ahead. The five year plan would result in an economic base which would provide jobs on a long term basis. I was pleased with the change and I commended the program, as I still do. It can provide what we are seeking.

On December 12, in reply to a question which I posed, the minister indicated that there was to be a further change. This was after I had appealed to people serving on ministerial advisory boards to put the plan on a five-year basis. The program would be in two phases per year, enabling better planning of projects suited to the spring and summer followed by those projects suited for the wintertime. The minister now says that they are going to change the program once more. It will be a one phase program as of next September. Not only did the department change the program, they changed the whole set-up.

After four or five years of the LIP program, I indicated that we had experienced people. When the government implemented the Canada Works program those people experienced on the LIP program were no longer required. They hired new people to learn all over again. We have built up such a bureaucracy in the Canada Works program that it has become confusing to sponsors and to the people who are supposed to help. All those people flying around the country connected with these Canada Works programs have a different interpretation of how it should be run. The employment centres have a different interpretation of the hiring practices, with the result that they are splitting up communities and creating animosity. The member of parliament is caught in the middle.

Perhaps the government would listen to the advice that we are trying to give them. We are always being asked by the other side to tell them about our ideas. I say that the objective of this program is sound. But let us remember what the objectives and aims are. They are to allow every community to define their priorities, and to give themselves an economic base so that not only can they provide short term jobs for the people who need the work but also provide long term jobs, whether it is fisheries, farming or whatever. If the government will only look down the road at this program over the next five to seven years, they will find that every small community in Canada will be able to provide the economic base to give them long term employment. I hope the minister will consider that proposal and review the program as it exists.

I wish I had the time to go into many of the other failings of the program. However, I hope that all members, whether on the government side or on the opposition side of the House, will be able to develop a program which will enable them to obtain the best value for the dollar, to the betterment of this country.

• (2217)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, on December 19 the hon. member posed a question to the minister dealing with several of the points he raised tonight. At that time he also asked the minister a question dealing with the slippage funds.

To recap, on December 22, 1977, members were sent a letter informing them how the slippage funds were being distributed. The amount available for distribution was $4,630,-000. It was decided that this small amount should be applied to those constituencies which received an allocation lower in phase two than the allocation they received for phase one. The basis for this distribution was that each of these constituencies receive an amount equal to the difference between the constituency allocations for the first and second phases providing that the amount did not exceed either $100,000 or the amount for which there remained acceptable unfunded applications.

To respond more appropriately to the point the hon. member has made this evening, on December 20, 1977, the minister sent a letter informing members of his intention to reorient a significant portion of Canada Works funds for the 1978-79 fiscal year, in order to put more emphasis on the creation of permanent jobs in the private sector. This reorientation involves some $50 million for the economic growth component of Canada Works and the operation of the Canada Works community projects in one year-round phase, rather than two overlapping phases as occurred in 1977-78. Applications for the community projects will be available to the public on April 3, 1978; the application deadline will be June 24, 1978, and projects will commence in September, 1978.

Canada Works is one element of the employment strategy which is to operate over a five-year period ending 1981-82. Each year the government decides the funding distribution to each element in light of the performance of, and changes in, the economy in order that distribution may be directed toward specific situations. So, as the reorientation of the 1978-79 Canada Works program demonstrates, although the employment strategy encompasses a five-year period, it and its elements are nevertheless flexible and subject to yearly assessment and planning.

EXTERNAL AFFAIRS—CIDA GRANTS TO FOREIGN COUNTRIES—REQUEST FOR GOVERNMENT RECONSIDERATION

Mr. Bob Brisco (Kootenay West): Mr. Speaker, it is always a pleasure to have the opportunity to address so many members of the House. This evening I would like to speak on the issue I raised with the Acting Secretary of State for External Affairs (Mr. MacEachen) with regard to CIDA funding to Ethiopia. On January 31 I asked about the $7.9 million in funding to Ethiopia to develop rural water supplies. The acting minister's response to my question was surely the most ridiculous and unacceptable statement on Canada's foreign aid program. He said and I quote:

We had not taken the view the programs of international economic development should be terminated or interrupted because of the political activities of the government of the day.

If that is the case, why is CIDA winding down all their aid programs to Uganda? Is this not being done because Idi Amin is a bloody murderer, bent on tribal genocide, ruling by brutality and the fear that it engenders? Is the minister not saying that? Is the aid program winding down for some inexplicable, strange, fanciful reason of the Department of External Affairs, some decision made within their inner sanctum?

Why did we cease aid and funding to Cuba during the period of its confrontation with the United States? Agreed, as conditions warranted later, that situation changed. However, the simple fact remains that aid was stopped at that time.

● (2222)

Why should we be funding Mozambique, a communist-dominated country which in 1976 received $2.8 million from Canada and in 1978 will be receiving 11 million tons of wheat worth some $2 million? I was always under the impression that Russia grew some of the finest wheat in the world. What is wrong with Russian wheat?

Angola, another communist-dominated country with Russian and Cuban troops in place, will receive about $2 million for medicine, clothing and roofing materials. I see nothing wrong with the humanitarian aspect of that, but it cuts both ways. If Russia or Cuba are in a position to provide military aid, if they are prepared to move in with troops, arms and guns, surely they can also provide the aid which is essential for reasons of humanity.

Take Ethiopia. CIDA has been sitting on the fence for two or three years trying to decide whether $7.9 million should be spent on a scheme to provide for a water supply in the rural areas. Yet what do we find? We see Ethiopia receiving arms shipments sufficient to overthrow Somalia. We see a heavy Russian presence. We hear warnings from President Sadat that the west should be paying attention to the Russian intrusion in Ethiopia. Yet this government is sending $7.9 million to that country.

A community in my riding, the city of Castlegar, needs $3 million to develop a water supply and I have been trying to get that amount out of the minister for DREE for two years. The stability of the economy of that area, as well as hundreds of jobs, hinges on that $3 million. Besides, I was under the impression that we had an unemployment problem in this country. Surely we should be thinking in terms of Canada first at least in preference to countries which are communist-dominated, communist-oriented, communist-supplied, communist in direction and communist in political persuasion as well as brutal in terms of fellow human beings, countries where humanity is the least consideration.

I say the government is wrong, wrong, wrong in supporting countries of that type and that the money which is wastefully spent in this direction could better be applied to economic programs in this country. If we count up the millions we are throwing down the tube by making grants to those countries, we would probably find we had enough to provide a small Canada Winter Works program for municipalities. I am not selfish enough to advocate that the money should be channelled into my own riding, but I do submit that much could be accomplished by using the money so wastefully directed to some of these nations to which I have referred.

Finally, I am sure that if I were able to take a poll today of Canadians across this country, members would find they would agree with the position I have taken this evening.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I am happy to be with the hon. member in this large assembly that we have today. Before making specific comments on the project signed by the government with Ethiopia, I would like to tell the House that after listening to the hon. member saying that this government was wrong, wrong, wrong and that it gave too much assistance to those communist countries, communist in essence, Mr. Speaker, I believe that even though I was a bit young during the McCarthy era in the United States, the speech made by the hon. member could easily be compared with a speech made by McCarthy at that time.

Mr. Speaker, whatever the economic problems of our country and certain communities such as those mentioned by the hon. member or certain villages of the riding I represent, whatever these problems, I believe that a country like Canada cannot forget so easily its duties towards the international community. It is in this spirit that last December the governments of Canada and Ethiopia ratified a protocol of agreement concerning this water resource development project for southern Ethiopia. The hon. member quoted a figure of $7 million, but I must inform him that the figure is not $7 million, but $9 million, and I know he will be even more shocked. It is up to $9 million that Canada has promised to donate to Ethiopia for the professional services and the various types of equipment required for this project. For its part, Ethiopia is willing to contribute a sum equivalent to $3 million in local currency in the form of staff, offices, accommodation, equipment and building materials and other types of required services which are available locally.

Essentially, the long term objective consists in improving the capacity of the Ethiopian government to develop and put to use the water resources of the southern part of the country. As you know, this area is in the Sahel zone which in the last few years has been very seriously affected by droughts which are very difficult to control. In particular, many lives have been lost in this area. I think that everyone saw television programs which showed the tragedy that has afflicted this part of the African continent. There have been many deaths in Sahel, as well as important losses of cattle, and economic goods.

That disaster has shown how urgent it is to develop systematically water resources to prevent repetition of such a disaster. However, the lack of technical resources and expertise in that area has considerably affected the efforts of the Ethiopian government to lower the level of suffering and

privation in the population. It is to alleviate that situation that Canada favourably answered a request by the Ethiopian government for the development of that project. Other giving countries have also answered favourably requests asking first of all for the reduction—

The Acting Speaker (Mr. Turner): I regret to interrupt the hon. member, but his allotted time has expired. The motion to adjourn the House is now deemed to have been adopted. Therefore this House stands adjourned until tomorrow at two o'clock.

Motion agreed to and the House adjourned at 10.30 p.m.

HOUSE OF COMMONS

Tuesday, February 7, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

LABOUR CONDITIONS

LAY-OFF OF MINERS AT MARMORA, ONT.—SUGGESTION PRICE OF IRON ORE BE SUBSIDIZED—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Hastings): Mr. Speaker, under the provisions of Standing Order 43 I wish to present the following motion. The Marmoraton Mining Co. has announced that it will lay off 275 employees early this year when it closes its mine at Marmora. Left in the mine will be minerals which could provide a further two full years of employment at regular production rates. I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the government be directed to approach every Canadian steel mill and attempt to sell the ore at a subsidized price, and that the subsidy be equal to the amount that would be spent on unemployment insurance and other support for the 275 people unemployed, on the basis that they would prefer to work.

Mr. Speaker: Order, please. Such a motion can be presented for discussion only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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CANADA WORKS PROGRAM

REQUEST FOR STATEMENT ON ECONOMIC GROWTH COMPONENT—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to move a motion under the provisions of Standing Order 43, and I am sure the Minister of Employment and Immigration will give his consent to it. The minister has indicated that there will be a reorientation of Canada Works programs under an economic growth component to provide long-term jobs. I therefore move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Employment and Immigration be ordered to make a statement on motions today relating all details of the $50 million expenditure under the economic growth component and all its objectives, and that he do so forthwith.

Mr. Speaker: Order, please. The motion can be presented for discussion, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CANADIAN ECONOMY

ALLEGED FAILURE OF GOVERNMENT LEADERSHIP—REQUEST PRIME MINISTER CALL GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, considering that the government since the Christmas recess has indicated its complete lack of capacity and will to govern by naming a Solicitor General who refuses to answer questions about scandals, by producing an alleged planning document for the first ministers' conference which contains no plans, by betraying Canadian workers in obtaining no job guarantees on the Alcan pipeline and, finally, by the economic policy which has produced 1.6 million unemployed Canadians, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House, noting that the Prime Minister has failed completely to provide economic leadership and is, instead, spending his time on electioneering trips at the public expense, urges him to call a general election.

Mr. Speaker: Order, please. In accordance with the terms of Standing Order 43, such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

BROADCASTING

RADIO-MUTUEL—SUGGESTION GOVERNMENT PUBLICITY BE PROHIBITED PENDING SETTLEMENT OF LABOUR DISPUTE—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to introduce a motion dealing with an important matter.

S.O. 43

Considering that Radio-Mutuel network station employees have been denied their basic union rights; considering that that conflict has now lasted for a year; considering that the ministers involved have been advised to examine the matter; and considering the bad faith shown by the employers and owners of those stations who received their operating license from the CRTC, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That all government advertising on Radio-Mutuel network stations be prohibited pending the settlement of that dispute and that instructions to that effect be given by the House to the Minister of Finance (Mr. Chrétien).

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

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1412)

THE CANADIAN ECONOMY

UNEMPLOYMENT—REQUEST SPECIAL MEASURES BE TAKEN TO IMPROVE SITUATION IN QUEBEC—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, under the provisions of Standing Order 43, I ask for the unanimous consent of the House to present a motion of urgent and pressing necessity.

Considering that the percentage of men at work in the province of Quebec alone has gone down from 76 per cent to 69 per cent between 1966 and 1977; that the statistics on the rate of unemployment released this morning confirm that the rate of unemployment for this government is no longer a problem but rather a shame to this nation; and finally that the people of certain areas must cope with an unemployment rate of over 20 per cent, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House unanimously urge the minister concerned to introduce immediately very special measures designed for those regions which deserve special consideration because of their rate of unemployment.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, this motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Matte.]

[*English*]

REGIONAL ECONOMIC EXPANSION

PROPOSAL FISH PROCESSING PLANT BE BUILT AT ST. LAWRENCE, NEWFOUNDLAND—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, in view of the fact that Alcan closed their fluorspar mine at St. Lawrence, Newfoundland, in order to replace that fluorspar with cheaper fluorspar imported from Mexico, thereby causing the loss of employment for some 300 people, without any attempt by the government of Canada to persuade or to pressure Alcan to continue operating at St. Lawrence, and in view of the fact that the Export Development Corporation, a creature of the government of Canada, has now announced financing of $30.6 million to assist a subsidiary of Alcan to construct an alumina plant in Ireland, thus assisting in creating jobs in Ireland while jobs are permitted to vanish in Newfoundland, I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall):

That the Minister of Fisheries and the Minister of Regional Economic Expansion be directed to respond affirmatively, immediately, to a proposal from Fishery Products Limited and from the community of St. Lawrence for financing and for licences to enable the construction of a fish processing plant at St. Lawrence, utilizing offshore as well as inshore fishery resources, and that this House censure the government and its creature, the Export Development Corporation, for the assistance given to Alcan to create jobs in Ireland while doing away with jobs in Newfoundland.

Mr. Speaker: Such a motion can be presented for discussion as this time, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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RAILWAYS

REDUCTION IN SERVICE OF CN AND CPR—GOVERNMENT-COMPANIES' DISCUSSIONS ON CENTRALIZATION—MOTION UNDER S.O. 43

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to move a motion under Standing Order 43, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

Whereas both the CN and CPR have adopted policies of cutting back on service, eliminating operations in small towns and moving the reduced service to larger cities, and having been contracting out such railway activities as contract maintenance, and whereas these policies have led to reduced service and a sharp decrease of 10,000 employees in the last two years, therefore be it resolved that the Minister of Transport discuss with the railways the reversal of this policy of centralization which is the exact opposite of the federal government's policy of decentralization.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

INCREASE IN UNEMPLOYMENT—GOVERNMENT PROPOSALS TO FIRST MINISTERS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the right hon. Prime Minister. It is prompted by the latest figures from Statistics Canada. These figures have outraged the country. They show that unemployment now is officially at one million, or 9.5 per cent; or in real, hidden terms we have 1.6 million unemployed in the country. I can assure the Prime Minister there is nothing subtle about that. I ask the Prime Minister if he is prepared today, in response to these startling figures, to take the House and the country into his confidence and tell us what strategy he is going to present to the first ministers to deal with this situation immediately when he meets with them next week.

● (1417)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. member, of course, knows that the seasonally adjusted unemployment rates decreased in January.

Some hon. Members: Hear, hear!

Mr. Trudeau: I am not indicating that they decreased to a level or at a speed which is giving the government any comfort; I just want to remind the hon. member that if he is trying to interpret the effect of government policies and the reaction of the economy to them, he should take this into account. Of course, that is what we plan to do next week at the first ministers' conference which, as the hon. member knows, will last three days—Monday, Tuesday and Wednesday.

* * *

FINANCE

INCREASE IN UNEMPLOYMENT—GOVERNMENT MEASURES TO ASSIST JOBLESS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I direct my supplementary question to the Minister of Finance. As of January there were 36,000 fewer jobs in the manufacturing sector than there were at this time a year ago, and job lay-offs are increasing at a rapid rate. Apart altogether from the employment tax credit bill and the make-work project policies of the Minister of Employment and Immigration, does the Minister of Finance have anything to offer the Canadian people who are concerned that we have more people, in real terms, unemployed in Canada today than during the great depression?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I wish to inform the hon. member that beginning January 1, 1978, we put in place programs that are working to help Canadians at this moment. We have indexed the exemptions by 7.2 per cent, which is a stimulus of $800 million. We have a program for cutting taxes in January and February for seven million taxpayers, which will cost the government $750 million. There are many other tax incentives. This is a $2.5 billion package to stimulate the economy in 1978. These policies are extremely stimulative to the Canadian economy. We are preoccupied with the level of unemployment. This matter was discussed last week with the ministers of finance of all provinces, of all political stripes. They stated that we must carry on with our present policy. It will take some time, but everyone seems to agree that we are on the right track.

Mr. McGrath: Mr. Speaker, it is obvious that the Minister of Finance, like the Prime Minister, is operating in a vacuum. He is the only one who considers himself on the right track. Does the Minister of Finance have any relief to offer the provinces, given the fact that 36 per cent of the unemployed have been out of work for three months or more, and over one-half of the unemployed are no longer eligible for unemployment insurance because of long-term unemployment? Is the minister prepared to offer any relief to the hard-pressed provinces which now have to meet additional welfare payments as a direct consequence of the failure of the minister ot bring in meaningful policies?

Mr. Chrétien: Mr. Speaker, last week I spent two days with the ministers of finance. There was no request of that nature by any minister of finance of any province.

[*Translation*]

UNEMPLOYMENT—REQUEST SPECIAL MEASURES BE TAKEN TO IMPROVE SITUATION IN QUEBEC

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is directed to the Minister of Finance.

Earlier in a motion I was referring to very special regions with an unemployment rate of over 20 per cent. Considering these circumstances, I think the minister would agree with me that this situation cannot last any longer. Therefore I would like to ask the minister responsible whether he will introduce very special measures for those regions which are recognized as such because of their high level of unemployment.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, on October 20 last we introduced a program in the House of Commons and most of the proposed measures have come into force as of January 1, 1978. We have offered special credit incentives that those industries can obtain if they are making investments, as well as more advantageous incentives in parts of Canada where the situation is worse. In the program I proposed to the House just two weeks ago for job creation in the private sector, there are exemptions or incentives provided for the maritime regions and other areas in Quebec which have a higher rate of unemployment.

Mr. La Salle: Mr. Speaker, the minister is always quick reminding us of his government's good intentions. Since these measures are not likely to produce results for several months, could the minister advise us whether he will let these regions

cope with this excessively high unemployment rate, or whether he has special measures in store for them?

Mr. Chrétien: Mr. Speaker, I indicated a moment ago that we have stimulated the Canadian economy since January 1, 1978 with total incentives of some $2.5 billion, and that two thirds of these incentives have been given to consumers to increase their purchasing power. As a matter of fact, we have granted in January and February an additional $50 tax cut to some 7,000,000 Canadian taxpayers, an amount which we feel has and will spur consumer spending in both these months and will in turns boost productivity in Canada. I am glad to see that the unemployment rate went down from 8.5 to 8.3 per cent in January.

● (1422)

Mr. La Salle: Mr. Speaker, in view of the minister's optimism and taking into account our findings over nearly a year, would the Minister of Finance be honest enough to recognize that the measures proposed and the wrong predictions made by his department over the past year have been a complete failure? Moreover, is he willing to admit this failure which the Canadian public is quite aware of by now?

Mr. Chrétien: I think, Mr. Speaker, that there are many factors involved in the current situation. One of these factors which are a cause of great concern is the progressive deterioration of the unemployment situation in the province of Quebec. I feel it would be quite beneficial to assure political stability there as soon as possible, because we can see that the situation is improving in both Ontario and the maritimes, while it keeps on deteriorating in Quebec.

[*English*]

SUGGESTION BY PROVINCES THAT GOVERNMENT REDUCE TAXES TO STIMULATE ECONOMY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Finance. Considering that the great tax cut the minister boasts about amounts to about $2 a week for a typical family, that unemployment, in real terms, has now reached 1.6 million, and that there has been a loss of 250,000 jobs in one month—the worst record, I am sure, in any single month in Canadian history—will the minister now give serious thought to a proposal which all provincial premiers, from all political parties, made at St. Andrews last fall, when they recommended that the government cut taxes for middle and low income people in order to stimulate the economy?

Hon. Jean Chrétien (Minister of Finance): I am very surprised that the hon. member should now suggest I do what I did on October 20. I cut taxes then by $2.5 billion. I know the hon. member does not think $2.5 billion is very much. He does not understand that there are a thousand million per billion.

Some hon. Members: Oh, oh!

[Mr. La Salle.]

Mr. Broadbent: I realize the Minister of Finance was not trained as an economist before he took the job, but even a lawyer can read a first-year textbook in economics. I should like him now to come to grips with the problem of unemployment, instead of trying to make cheap cracks in the House. At that meeting in St. Andrews, the premiers also urged the federal government to do now, in 1977-78, what was done back in 1971 and 1972 when unemployment was at a lower level, namely, to bring in a municipal capital works assistance program to provide jobs right across the country. Will the Minister of Finance follow that advice?

Mr. Chrétien: We decided in October to stimulate the Canadian economy to the tune of $2.5 billion. This decision, to take effect in January, means the economy has been stimulated to a greater extent than has been the case for years. For the hon. member to come here at the last hour and say that perhaps we should put something more on top of that is surprising to me. We have to realize that it is not possible. We are being blamed by the official opposition for running a deficit of $8.5 billion. We cannot stimulate the economy further, because it would be counterproductive to do so. Last week I made a certain suggestion to the provinces because their fiscal stance was more favourable than ours. I suggested that perhaps they should do what we have done. But there have not been many takers for that proposition.

Mr. Broadbent: If the minister would look at page 78 of his own document produced for the first ministers' conference next week, he would find the best argument around in favour of cutting taxes. Will he look it up? In view of the minister's refusal to either cut taxes now or to aid the municipalities with winter works, is he really telling the people of Canada, with shipworkers laid off in Halifax, with Christie's bread workers being laid off in Toronto, Inco workers laid off in Manitoba and Sudbury, woodworkers being laid off in Vancouver, that he would rather spend $4 billion on unemployment insurance hand-outs than on job creation?

● (1427)

Mr. Chrétien: I do not think the hon. member is saying anything new. We have followed what I consider to be a very stimulative policy in the last few months. I discussed it last October and last month with my provincial colleagues of different stripes in the political spectrum of the Canadian society and, generally speaking, they have not pressed me to change the fiscal policy of the government at this time. It is very easy for the hon. member to say, after we have stimulated the economy to the tune of $2.5 billion, "Me too, and a little more". It does not take an economist to say that.

[*Translation*]

NATIONAL UNITY

INQUIRY HOW PRIME MINISTER WOULD JUDGE LEGALITY OF SEPARATION OF QUEBEC

Mr. René Matte (Champlain): Mr. Speaker, I would like to direct my question to the Prime Minister.

The Prime Minister has previously stated that he would not hesitate to use the army to stand by force in the way of the will of independence in Quebec, if he judged that that will has been expressed through illegal means; since such a statement remains equivocal and ambiguous, would the Prime Minister tell the House how he would judge whether that will has been expressed legally or illegally?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have said a great many times both in the House and outside that it was not the government's policy to use force to prevent the legally expressed will of Quebec from moving in a certain direction. If the hon. member is referring to the suggested assumption of illegality, he might refer to the transcript of the question which was put to me before TV cameras in December and he would find what I said about the assumption he is wondering about.

INQUIRY AS TO PARTICIPATION OF GOVERNMENT IN QUEBEC REFERENDUM CAMPAIGN

Mr. René Matte (Champlain): Mr. Speaker, can the right hon. Prime Minister tell the House what position his government intends to take during the referendum campaign on Quebec sovereignty, in other words does his government feel that it will be proper for personalities from outside Quebec to take part directly or indirectly in the referendum campaign?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, instead of worrying about what the government and the hon. members will do at that time, the hon. member would be well advised to take up the matter with the representatives of the Péquiste government and tell them to have the courage to put the question clearly to the Quebeckers as soon as possible.

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[*English*]

THE CANADIAN ECONOMY

FORECAST OF UNEMPLOYMENT IN 1978-79—GOVERNMENT ACCEPTANCE OF OECD FIGURES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As it is obvious from the answers he has given today that the die is cast as far as unemployment in this country is concerned, and that the minister and his colleagues have retired into some kind of bunker to see the year out, would the minister indicate what rate of unemployment he sees for the balance of 1978? In short, what does he anticipate unemployment to be in this country this time next year, bearing in mind that in December OECD spelled out very clearly that, notwithstanding the stimulative measures to which the minister referred today, and the October 20 statement, unemployment will likely be higher by the end of 1978 than it is currently? Would the minister indicate whether that is also his impression?

Hon. Jean Chrétien (Minister of Finance): If the people in OECD would look at today's figures, they would see that we have managed to reverse the trend this month.

Mr. Stevens: The figures that I referred to in the OECD Economic Outlook of December, 1977, refer very specifically to every stimulative measure announced and referred to by the minister today. In spite of that, they indicate that unemployment will increase markedly, by about 50,000 or, in total, 1,050,000 Canadians will be out of work this time next year, according to the government's own figures. Would the minister indicate whether he denies those figures published by OECD?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have nothing to add to what I said in the House: We stimulated the Canadian economy to the tune of $2.5 billion as of January 1 this year. Ours is probably the most expansionary policy at this time of any of the countries in the OECD. I feel quite confident that if we achieve our objective of 5.5 per cent economic growth in 1978, the rate of unemployment will go down in Canada, and I am happy to see that for last January, the adjusted rate went down from 8.5 to 8.3 per cent.

● (1432)

[*English*]

FAILURE OF BUDGET TO CREATE NUMBER OF JOBS ESTIMATED—MINISTER'S REACTION

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my supplementary question is directed to the Minister of Finance. Bearing in mind that his October 20 statement is simply a rewarmed version of the March 31 budget of his predecessor, and the previous minister of finance stated that 250,000 jobs would be created this year and the government has fallen 20 per cent short of that figure, would the minister indicate why that forecast did not materialize? Why were so few jobs created in 1977 compared to the estimate of his predecessor?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in 1977, employment in Canada grew by over 200,000 jobs. We would have liked that figure to be even larger, but I believe that in proportion to the Canadian population, it probably represents the highest growth of any of the OECD countries.

* * *

[*English*]

LABOUR CONDITIONS

HIGH LEVEL OF YOUTH UNEMPLOYMENT—GOVERNMENT ACTION TO ALLEVIATE

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, my question is directed to the Minister of Employment and Immigration who is responsible for unemployment. In view of the fact that there are now 426,000 unemployed young Canadians, that the unemployment rate for Canada's youth is now 14.9 per cent, seasonally adjusted, but over 16 per cent in

real terms, and considering that the programs the government announced outside the House last week will provide 3,000 less summer jobs in the government than comparable programs provided last year, what will the minister do to restructure his programs in order to bring them in line with the critical youth unemployment problem?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, on more than one occasion I have indicated the entire series of programs which is in place, directed specifically to the area of youth unemployment. The student summer program is only one of a series of summer job programs. There is the student summer assistance program, the programs we are operating with the provinces in the co-operative education fields, and the individual students we are placing through our Manpower offices.

With regard to the placing of students, we expect to place approximately 250,000 this year, which is not a bad response to a very, very difficult situation. That is not to indicate there is not concern, but the suggestion seems to be that there is nothing being done, which is just not in accord with the facts.

Mr. Dick: Mr. Speaker, in view of the fact that in 1973 the government spent $85.4 million to provide 67,000 summer jobs for youth in the government, at a time when the youth unemployment rate was 9.7 per cent, and considering inflation since then, why is the government spending less real money in 1978, and providing less summer jobs for young people now, when the youth unemployment rate has gone up to 14.9 per cent?

Mr. Cullen: Mr. Speaker, I would suggest that the hon. member talk to the research bureau of his party and check out those figures.

Mr. Paproski: They are your figures.

Mr. Cullen: When the hon. member goes down the list of all of the programs which are in fact in place, he will find that those figures are not correct.

Mr. Dick: Mr. Speaker, last week the minister announced that more than 250,000 young Canadians will be placed in jobs in the private sector this summer through the Canada employment centres for students. Considering the fact that in 1977 those centres made only 135,000 placements in the private sector—some only of a few days' duration—could the minister now tell the House how he expects to place 250,000 young Canadians in summer jobs in the private sector, now that the economy is in a worse position than it was at the same time last year?

Mr. Cullen: Mr. Speaker, in point of fact, those figures were put down after very carefully analysing the people we had in place and the number of jobs we anticipate will be put in place this year. It was specifically spelled out in the press release following the research work we had done. So we are satisfied that figure is correct, in addition to the 60,000 jobs which will be created by the other programs on which the hon. member neglected to report. They were mentioned also in the press release.

UNEMPLOYMENT—EFFECT ON SMALL INDUSTRIES—GOVERNMENT ACTION TO CORRECT

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is directed to the Minister of Employment and Immigration. The minister is aware of the depressed state of the economy in one-town industries, but the situation is exacerbated when service industries that grow up are also feeling the effects, which further defeats the situation. Can the minister indicate what action he has taken to deal specifically with these smaller industries, before whole areas become so depressed that they are obliterated?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the specific problem to which the hon. member refers is hardly the responsibility of my department alone. I think it covers a whole series of areas where there is, in fact, responsibility. I have indicated that in so far as my department is concerned, we will be providing an emergency response feature, which we have done in several regions across Canada to the benefit of those who were laid off.

We have many programs in place which, in effect, help individuals to become better trained for other jobs. We have mobility grants in place, which help people who are unemployed. My department has a whole series of these kinds of operations in place which are coping with the situation once a lay-off takes place. Of course, we would much prefer to see the reverse occur, that the lay-off not in fact take place, but that is not the sole responsibility of one department of the government at any particular level.

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REGIONAL ECONOMIC EXPANSION

GOVERNMENT STEPS TO MAINTAIN SMALL INDUSTRIES AND PROVIDE EMPLOYMENT

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I should like to direct a question to the Minister of Regional Economic Expansion. Is he aware, as his officials are aware, that across this country there is a spin-off effect on small service industries which are supported by larger industries? Is he doing anything on an individual basis to monitor, reinforce and see what help can be granted to those industries to keep going and provide employment? What action is he taking, in line with his officials in the various provinces?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, we are aware, of course, of the positive effects that the development and the establishment of some major industries have in various areas and that their impact on service or secondary industries is always significant. What we can do, as the hon. member and most of his colleagues know, is to help the industries to set up, to modern-

ize and expand their facilities, but beyond that stage, we could not until recently do more to promote the development of certain sectors. As the hon. member also knows, we are cooperating with the provinces in the development of a number of manufacturing and resource industries throughout the provinces. With regard to the particular province of concern to him, Newfoundland and especially Labrador, I certainly hope that within the next few weeks we shall be in a position to enter into some agreements which, I am sure, will have beneficial effects on the economy of that particular province.

* * *

[*English*]

LABOUR CONDITIONS

BRITISH COLUMBIA—EFFECT OF HIGH UNEMPLOYMENT ON ECONOMY

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is directed to the right hon. Prime Minister. It relates to the shocking statistics revealed today with respect to unemployment. The figures show a massive increase for the province of British Columbia, undoubtedly reflecting the rather depressed market conditions which the wood fibre industry faces in world markets. The wood fibre industry in British Columbia represents 58 per cent of the economy of the province and improves our balance of trade position by $7.5 billion. Earlier, the Prime Minister said in the question period that these—

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

Mr. Oberle: The Prime Minister is prepared to wait to see the government's policies work through the economy. What specific policy is the Prime Minister waiting for to improve this situation, which will obviously result in thousands of lay-offs in British Columbia over the next few months?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member refers to the very figures he is quoting from the report on unemployment in January, he will see exactly the contrary to what he is suggesting. Employment has gone up in British Columbia. It has gone up, or at least remained stable, in every province except Quebec, as the Minister of Finance said. Employment has gone up, in terms of its rate of creation, in British Columbia.

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● (1442)

THE CANADIAN ECONOMY

BRITISH COLUMBIA—LAY-OFFS IN CONSTRUCTION AND STEEL INDUSTRIES—EFFECT OF GOVERNMENT POLICIES

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, the Prime Minister chooses to play with figures which are adjusted and not adjusted. My supplementary question is directed to the Minister of Finance. It deals with yet another industry. The government has imposed import restrictions on steel in British Columbia, which will result in the lay-off, in the construction and steel industries in B.C., of at least 2,000 workers. The restrictions are not at all designed to save Canadian jobs, but merely to shift them from B.C. to Ontario. Can the minister tell the House whether the construction and steel industries in British Columbia are as satisfied with government policies as he led us to believe everyone else in this country is?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this problem is before the cabinet and I have nothing to say about it at this moment.

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GOVERNMENT ADMINISTRATION

REQUEST THAT GENERAL ELECTION BE CALLED THIS YEAR

Mr. Art Lee (Vancouver East): Mr. Speaker, my question is to the right hon. Prime Minister. However, before putting my question I would like to point out that today is the beginning of the Chinese new year. On behalf of all Canadians of Chinese descent, I wish all hon. members a happy Chinese new year.

Some hon. Members: Hear, hear!

Mr. Lee: As some hon. members have already noted, this is the Year of the Horse.

An hon. Member: Which end?

Mr. Lee: In view of that, I would like to ask the Prime Minister whether he will gallop to victory again some time in this Year of the Horse.

Some hon. Members: Hear, hear!

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, it is not without significance that the Secretary of State for External Affairs has just returned from China, where he learned a great deal about the techniques of galloping. We in this country, of course, have our own ways of doing it, and I am glad to see that the opposition is champing at the bit.

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CANADIAN NATIONAL RAILWAYS

GOVERNMENT-COMPANY DISCUSSIONS TO REDUCE LAY-OFFS AND IMPROVE SERVICE

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to direct a question to the Minister of Transport. Yesterday, in Winnipeg, the CPR announced the lay-off of 50 employees in its freight department. Lay-offs are taking place in every region of Canada. In the last 2½ years the two major railways have laid off 10,000 employees. Will the minister discuss with the president of the CNR the whole policy of

profit centres which has led to the tremendous number of lay-offs and to much poorer service for customers of the CNR and residents in small communities from one end of Canada to the other?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am always glad to have a discussion about any specific area where service can be improved. I think it is worth noting that improved ways of managing the CNR have resulted in the movement of more freight and passengers. It is true that in the process, 6,000 fewer people are employed, but surely hon. members will commend a more efficient way of operating which will lead to a profit, for a change, for the CNR and will result in more productivity.

Mr. Orlikow: Will the minister consider discussing with the president of the CNR whether efficiency is attained by contracting work out to other companies which do not pay wages arrived at over generations of negotiating, but which pay as little as possible, and which provide the poor service now being provided to many small cities, towns and hamlets in Canada? Is there not a better way of operating, without taking it out of the hides of the people of Canada?

Mr. Lang: Mr. Speaker, I think that is too general a question, but if the hon. member has a specific item about which he would like me to receive some information, I would be glad to take it under advisement.

* * *

REGIONAL ECONOMIC EXPANSION

REQUEST DREE PROGRAMS BE IMPROVED

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I have a question for the Minister of Regional Economic Expansion. In light of the very depressing figures which have been in front of us for, I think, about 17 months in a row, will the minister have the Prime Minister put before the first ministers next week a program which would have the effect of turning around DREE programs in regions of disparity? I refer particularly to the 75 per cent or 80 per cent leakage back into the central economy of moneys pumped into areas such as the Atlantic provinces, where that money has created only temporary jobs and has done absolutely nothing, particularly in the infrastructure area, to create permanent jobs since the DREE program was established several years ago.

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, at the outset, I must disagree completely with the hon. member's statement to the effect that DREE programs had no effect whatsoever in the Atlantic area. I should like to refer to his own province, Nova Scotia, where, as he knows very well, industries have been set up in the past seven years thanks to DREE financing. He should recognize that fact himself like most if not all Atlantic premiers who fully endorse the DREE programs. I rest assured that during the conference of first ministers to be held next week here in Ottawa, federal support to regional development will be discussed, especially with regard to the Atlantic area. I am sure that the Prime Minister and myself will have the opportunity to discuss this particular matter.

[*English*]

Mr. Speaker: One supplementary question; the hon. member for Dartmouth-Halifax East.

Mr. Forrestall: Mr. Speaker, I will have one supplementary question, and perhaps another, depending on whether the minister is calling me a liar.

Some hon. Members: Oh, oh!

Mr. Forrestall: I accept the minister's word if he says I am wrong in my information, it being primarily that money pumped into the Atlantic economy has come back into the central Canadian economy at a rate varying between 60 per cent and 80 per cent, depending on whether there was an infrastructure program or an industrial development incentive program. If that information is wrong, the minister will have to demonstrate it or withdraw his comment to me.

My question is straightforward and simple. Does the minister, together with the Prime Minister, have a proposal to put before the first ministers next week which will have the effect of reversing this trend and creating permanent jobs, and not temporary jobs digging ditches?

[*Translation*]

Mr. Lessard: Mr. Speaker, the hon. member is asking me to rectify my statement when he says that DREE programs have had no positive effect and created no permanent jobs in the Atlantic region. I reject that statement. As for the fact that a certain portion of the department's expenditures in that region through shared cost programs with the provinces or with industry may eventually leak back into the economy of central Canada or other provinces, that is quite right indeed, because provinces do benefit from the production of other provinces, but this works both ways. As for specific programs that, together with the Prime Minister, I may put before the first ministers next week, I am afraid the hon. member will have to wait for the report on that conference and judge for himself.

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[*English*]

LABOUR CONDITIONS

GULL ISLAND, LABRADOR, HYDRO PROJECT—GOVERNMENT NEGOTIATIONS WITH NEWFOUNDLAND

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Prime Minister. In view of the fact that there are 32,000 unemployed in Newfoundland today, 1,000 more than last month, many of them in the construction industry, has the government of Canada reached an agreement with the government of Newfoundland on the development of

the Gull Island hydro project in Labrador, which would create several thousand construction jobs; and are they close to signing an agreement so that that development can go ahead? If there is no agreement yet, has the government of Canada made a new proposal to the government of Newfoundland and, if so, what is the federal government prepared to do: what assistance is it prepared to give to that project?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I discussed that very matter two weeks ago with Premier Moores and discussions were continued by the Minister of Energy, Mines and Resources and the Secretary of State for External Affairs. This government is convinced it will be able to reach an agreement with Newfoundland. However, both parties to it must make certain preparations before anything can be finalized.

Mr. Crosbie: Mr. Speaker, the premier of Newfoundland says that an agreement is close to being reached. I should like the Prime Minister to comment on that.

● (1452)

Also, eight months ago the Premier of Newfoundland put before this government a proposal for a three-year job creation project to cut the wood from the sides of the reservoir at the Gull Island development. This would employ 400 loggers for three years, at a cost of some $4 million. It would be self-sustaining and would be of permanent benefit. The work has been ordered by the environmental authorities. Is the Prime Minister going to approve that project which will put back to work the 400 loggers laid off by the closing of the Labrador linerboard mill?

Mr. Trudeau: Mr. Speaker, on the first point, I agree with the statement of the premier as quoted by the hon. member. It seems to me that my first answer indicated the very same thing. On the second question, cabinet dealt with this matter as recently as last week and I expect an announcement to be made soon.

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REGIONAL ECONOMIC EXPANSION

GOVERNMENT INTENTIONS RESPECTING FUNCTIONS OF DREE

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, I should like to ask the Minister of Regional Economic Expansion if the government has any plans to either disband the DREE program or to transfer its functions to another ministry.

Hon. Marcel Lessard (Minister of Regional Economic Expansion): No, we have no such plan, Mr. Speaker.

Mr. Scott: A supplementary question, Mr. Speaker. Keeping in mind that some areas of the country have enjoyed a special relationship with DREE because they are classed as areas of high unemployment, will the minister say whether the government would be prepared to extend the operations of DREE into other areas of high unemployment, especially north-central Ontario?

[*Translation*]

Mr. Lessard: Mr. Speaker, the DREE programs apply also to northern Ontario. It can be said that 80 per cent of the Ontario territory is covered by some DREE programs, by way of grants to corporations or otherwise. The DREE programs apply to southern and eastern Ontario as well. These programs have been and continue being applied there.

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[*English*]

PENITENTIARIES

HOSTAGE-TAKING AT B.C. PENITENTIARY—INQUIRY INTO ADMINISTRATION OF INSTITUTION

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, my question is directed to the Solicitor General. The recent hostage-taking at the B.C. penitentiary involved five prisoners known to be extremely dangerous, one of whom was the leader in the events of June, 1975, and is described as one of Canada's most dangerous men. Can the Solicitor General give the House any indication why the administration at B.C. penitentiary allowed these five men into the visitors' area at the same time?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first of all I should like to thank the hon. member for bringing these events to the attention of the House and, indeed, the solution of that particular problem. I should like to commend all parties who participated, including the Canadian Penitentiary Service and the RCMP who assisted in the resolution of the difficulty. Again I commend my predecessor who was instrumental in bringing in the "no deal" policy, which in my view was highly responsible for the eventual solution of the problem.

To answer the hon. member's specific question, Mr. Speaker, I announced in my release on Saturday that there will be a formal inquiry. Surely the information the hon. member seeks will be made available as a result of that inquiry.

Mr. Friesen: A supplementary question, Mr. Speaker. According to information I have received, the assistant director of socialization, a former psychiatric nurse, was advanced from a WP3 position to a WP5 position in 18 months, and the head of social development, without previous penitentiary experience, moved from a WP1 to a WP4 position in one year. Could the Solicitor General give a commitment to the House that the parliamentary subcommittee which worked so successfully last year will be reconstituted to look into this matter, as it was a very non-partisan group and it could zero in on this specific problem regarding administration and the policy of promotion and advancement in the penitentiary service?

Mr. Blais: Mr. Speaker, without accepting the allegations of the hon. member, I am not ready to reconstitute the subcom-

mittee of the Standing Committee on Justice and Legal Affairs.

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EXTERNAL AFFAIRS

POSSIBILITY OF SELLING RAILWAY STOCK TO CHINA

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. In view of the continuing high unemployment rate on Cape Breton Island, and in view of the fact that the Sydney Steel Corporation has been able to get into foreign markets in the past, including Korea and Asia, can the minister advise the House what potential there may be to sell rails, railway cars and locomotives to China as a result of the discussions he and Canadian businessmen had recently with the foreign trade minister in Peking?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I think the hon. member, having been a very valuable member of the delegation, will know that there was considerable interest expressed in both rolling stock and other forms of railway equipment in China. There is a good prospect there, and we will continue to follow it up. I should add, of course, that there are a number of prospects, as well, through CIDA payments to various countries and one or two of these have already materialized for rail cars to be produced in Nova Scotia. I hope that others will come through for rails as well as cars.

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RAILWAYS

OWNERSHIP OF ABANDONED LINES

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my question is for the Minister of Transport. It concerns the monitoring committee dealing with rights-of-way of railway lines abandoned on the prairies. Has the minister obtained from the law officers of the Crown a definite statement about the legal ownership of these abandoned railway lines when the railways cease operating them?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I think there is no doubt about the position in relation to those lines: they are the property of the two railways. In both cases, however, they have agreed to give the land to us, and we are setting up the necessary machinery to put the land into the hands of the appropriate owner, which most often is the farmer through whose land the right-of-way passes. It is our intention to give the benefit of the land, whether it remains in the hands of the farmer, the municipality or occasionally the province, to the municipality in question so that they will be compensated for the loss of the rights-of-way and service.

Mr. Hamilton (Qu'appelle-Moose Mountain): Mr. Speaker, am I correct in deducting from the answer of the minister that there has not been a statement from the law officers of the Crown?

Mr. Lang: No, Mr. Speaker, that is not correct. I think there have been, in fact, based on rather secondary questions rather than the principal one the hon. member asked, because so far as I know no one has any doubt about that.

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EXTERNAL AFFAIRS

NEGOTIATIONS WITH UNITED STATES ON FISHERIES AND HYDROCARBON RESOURCES

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Before doing so, however, may I join in welcoming him back safely from his recent trip to China.

Some hon. Members: Hear, hear!

Mr. Crouse: When the minister released the text of the joint report of the chief negotiators on the Canada-United States maritime boundaries dispute, he indicated that fish stocks off our two coasts would be divided into three management categories, and that each country would be entitled to one-half the oil and gas production from the shared access zones covering hydrocarbon resources.

Would the minister indicate on which issue the negotiations have bogged down? Is it on the sharing of fisheries' resources, the sharing of hydrocarbon resources, or on the proposal with regard to the boundaries? Since the question of offshore hydrocarbon resources in Canada is a matter of direct interest to the provinces of Atlantic Canada, did the federal government consult the provinces during this phase of the negotiations?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I think the hon. member will appreciate that it is not possible to be very specific, nor would it be wise to indicate the areas which remain unresolved. I can tell him, however, that there is some question remaining unsettled with regard to various matters of allocation of fish stocks. There are some hydrocarbon issues which remain unresolved, and there is the question of the actual drawing of the boundary. None of this has been firmly put in place, but the whole negotiating process is continuing and I would, therefore, prefer not to go beyond these general comments.

I can tell the hon. member, as well, that the provinces on the east and west coasts have been thoroughly involved in the negotiating process, and certainly up until the last round they or their representatives were present either in Washington or Ottawa, depending on where the talks between the negotiators were taking place. I would not want to leave the impression that I am pessimistic. I believe the mere fact that we extended the mandates of the two negotiators for a short period indicates that they are moving toward what I hope will be a satisfactory solution for both sides.

● (1502)

FINANCE

REQUEST FOR ASSURANCE CANADIAN STEEL EXPORTS TO UNITED STATES NOT HAMPERED BY TRIGGER PRICE SYSTEM

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Finance. In view of the fact that the Canadian steel industry and the jobs of 40,000 steelworkers may be threatened by the American trigger price system affecting steel exports to the U.S. because Canadian steel prices are lower than American prices, due to efficiency rather than dumping, and in view of representations made by my leader, as well as the president of Algoma Steel, to the minister, can the minister assure us that he has sought and gained assurance from the U.S. government that Canadian steel will not be unduly hampered or delayed from entry into the United States because of the trigger price system?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have taken steps with the U.S. government concerning this, but we have been unable to obtain any results as yet. As soon as I receive a definite answer, I shall gladly convey it to the House.

[*English*]

Mr. Symes: My supplementary question is to the minister. Since the U.S. trigger price system will divert foreign steel from the United States, and thereby pose a threat of dumping this steel on the Canadian market, will the minister implement a trigger or reference price system similar to the American and European models in order to safeguard the Canadian steel industry and Canadian jobs?

Mr. Chrétien: Mr. Speaker, we are looking into this suggestion at this time. I will probably report on that aspect of the problem at the same time as I report on the other part of the problem, as I have already mentioned.

* * *

PRIVILEGE

MR. NIELSEN—ANSWER GIVEN BY PRIME MINISTER

Mr. Speaker: Order, please. Yesterday at the conclusion of the question period, the hon. member for the Yukon (Mr. Nielsen) raised by way of a question of privilege a reference which had been made in yesterday's question period by the Prime Minister (Mr. Trudeau) to some proceedings before an in camera meeting of the Justice and Legal Affairs Committee.

I have examined the precedents, one of which I might refer to the hon. member for Yukon. It is reported at page 781 of *Journals* for Tuesday, June 21, 1955. That particular ruling had to do with the difference between a secret or confidential meeting and a meeting in camera. I do not rely on this precedent too heavily. However, there is a distinction drawn, and I think that a much more elaborate argument would have

to be made in order to establish the kind of confidentiality referred to in the argument yesterday.

Secondly, in examining the remarks of the right hon. Prime Minister yesterday, he seemed to indicate to the House, in answer to a question, that it was his information that this subject had been discussed by the meeting, which was evidently an in camera meeting. It does not appear to be at all clear whether that in any way will be an infraction of the confidentiality of the in camera meeting, if in fact that was part of an in camera meeting. To refer to the subject matter discussed does not, it seems to me, betray a confidence as to what in fact was said or what was done in the meeting.

I think it is well known that often in camera meetings are held where the subject matter of a meeting is published; it forms part of the notice of the meeting. And therefore simply to make reference to what was discussed would seem to me to fall short of betraying the confidentiality of an in camera meeting. In the final analysis, although the hon. member serves the House well by bringing this matter to the attention of the House, his application was not accompanied by a motion, so in any event there is no action that the Chair can take. Therefore I would set aside the question of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

CRIMINAL CODE

AMENDMENTS TO GIVE CERTAIN RIGHTS TO POLICE

Hon. J.-J. Blais (Solicitor General) moved for leave to introduce Bill C-26, to amend the Criminal Code, the Crown Liability Act and the Post Office Act.

Motion agreed to, bill read the first time and ordered to be printed.

[*English*]

Mr. Speaker: When shall the bill be read a second time?

Mr. Knowles (Winnipeg North Centre): Never!

Mr. Speaker: Next sitting of the House?

Some hon. Members: Agreed.

Mr. Speaker: Agreed, and so ordered.

* * *

PETITIONS

RESTRICTION SOUGHT ON PUBLICATION OF PORNOGRAPHY

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I have the honour to present a petition gathered together by an organization known as B.C. Citizens for Integrity. It is a

petition asking the government to restrict the publication of pornography, and reads in part:

In particular that the revision of law:

(a) Prohibit hard core pornography, depicting and/or describing deviant sexual and violent behaviour;

(b) Prohibit the advocacy and/or the providing of material for the use of illegal drugs,

(c) Prohibit the public advocacy and/or public assertion of homosexual behaviour,

(d) Prohibit promotion of sadistic violence and advocacy of genocide in all media, and

(e) That all other related material be prohibited for use, display, exchange or purchase to all minors.

Mr. Speaker, there are 18,275 names signed to the petition, gathered together by the people of Vancouver and the lower Fraser Valley.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, the following questions will be answered today: Nos. 813, 818, 945, 948, 949, 955 and 1,125.

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

[*Text*]

GOVERNMENT FINANCIAL COMMITMENT—KATIMAVIK

Question No. 813—**Mr. Howie:**

Since January 1, 1977, what was the total amount committed by the government to Katimavik?

Hon. Barney Danson (Minister of National Defence): $10,000,000.

DEPARTMENT OF NATIONAL DEFENCE—REPLACEMENT OF VESSELS IN THE NEXT FEW YEARS

Question No. 818—**Mr. Howie:**

Does the Department of National Defence have any plans to replace or supplement its naval vessels and, if so, how many will be replaced or added in the next two years?

Hon. Barney Danson (Minister of National Defence): The only naval vessel scheduled for commissioning within the next two years is a Fleet Diving Support Ship which will replace the diving tender (YMT-2). The ship replacement programme for the future was announced by the minister on December 22, 1977.

[Mr. Friesen.]

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION, FREDERICTON, N.B.—BILINGUAL REQUIREMENTS

Question No. 945—**Mr. Howie:**

Since November 1, 1977, was a directive circulated or posted at the Fredericton, New Brunswick offices of the Department of Employment and Immigration relating to future staff bilingual requirements?

Hon. Bud Cullen (Minister of Employment and Immigration): No.

Question No. 948—**Mr. Howie:**

Since January 1, 1977, did a change take place with respect to bilingual requirements for employees at the Fredericton, New Brunswick office of the Unemployment Insurance Commission?

Hon. Bud Cullen (Minister of Employment and Immigration): No.

Question No. 949—**Mr. Howie:**

Since January 1, 1977, did a change take place with respect to bilingual requirements for employees at the Fredericton, New Brunswick offices of the Department of Employment and Immigration?

Hon. Bud Cullen (Minister of Employment and Immigration): No.

Question No. 955—**Mr. Howie:**

Since November 1, 1977, was a directive circulated or posted at the Fredericton, New Brunswick offices of the Unemployment Insurance Commission relating to future staff bilingual requirements?

Hon. Bud Cullen (Minister of Employment and Immigration): No.

SUPPLY AND SERVICES—EXPENDITURES IN CONSTITUENCY OF NICKEL BELT

Question No. 1,125—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Supply and Services and those agencies that report to it?

Hon. Jean-Pierre Goyer (Minister of Supply and Services): The department maintains records by cities and provincial boundaries and not by constituency boundaries.

GOVERNMENT ORDERS

[*English*]

FISHING AND RECREATIONAL HARBOURS ACT

MEASURE TO PROVIDE FOR ADMINISTRATION AND DEVELOPMENT OF CERTAIN HARBOURS

The House resumed, from Monday, February 6, consideration of the motion of Mr. LeBlanc (Westmorland-Kent) that Bill C-2, respecting the administration and development of certain fishing and recreational harbours in Canada, be read the third time and do pass.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, last night when I was interrupted at ten o'clock I was endeavouring to address myself to the bill in an effort to explain to the minister that if indeed we are going to pass this bill and levy fees on those fishermen who use harbour facilities, we should remember our priorities.

I would like to point out that before we approach fishermen on the subject of their paying fees so that they may tie up at harbours, we should have the proper harbour facilities. I would also like to mention the lack of co-ordination of effort between the various agencies which are trying to direct their attention to the provision of small craft harbours. Under the Canada Works Program many small craft harbours have been provided with help and the supplementation of funding by the small craft harbours division of the Department of Fisheries. Unfortunately, because of the lack of sufficient funding the proper harbours cannot be provided. And instead of getting proper engineering and design to put a harbour in place, whether it be a breakwater or a small craft harbour or wharf, it becomes impossible to put a small craft harbour in place as it should be for the benefit of the fisherman and for the benefit of the country.

Last week I made a quick tour through my district to witness and assess the storm damage which has actually obliterated many wharves and breakwaters, with damage reaching millions of dollars. Now they will have to be replaced and more millions of dollars spent. I am sure the minister's officials who are faced with that problem will be able to advise him on the difficulties of providing a reasonable wharf or harbour when funds are limited.

● (1512)

Last week I attended a meeting of another agency, the community employment strategy agency. They have a bit of funding to provide toward creating employment. As everyone in Newfoundland knows, the provision of employment will best be done by the creation, improvement, and expansion of our small craft harbours development policy. It is frustrating when the funding to provide proper facilities is limited. Millions of dollars are being wasted because the wharves float away as a result of storm damage. This is because they are not properly built.

Another problem to which the minister should address himself with regard to the small craft harbours on which a fee will be levied is the lack of capability, and the complete inefficiency of our dredging and icebreaking forces. During this season the fishermen cannot get out into the water. They cannot get their boats through the ice because of the inefficiency of our icebreaking services.

Another problem is the deployment of icebreaking services which are now in existence. Most icebreakers are deployed 300, 400 or 500 miles from the ice. Icebreakers are presently in Halifax, Nova Scotia, and in Quebec. If the minister would just look at a map, he would find it would be better if they were centrally located on the west coast of Newfoundland where there is a perennial ice problem.

A new icebreaker, the *Franklin*, will soon be coming into service. It will be deployed to the province of Newfoundland in order to try to overcome the present inefficiency. Not only will it provide a service which is needed, permitting the fishermen to get out into the water in order to get the fish, but it will provide 70 or 80 jobs that are badly needed in Newfoundland.

Last year we had a perfect example of dredging inefficiency and lack of capability. The fishermen had been promised dredging services for months and months. When the dredge finally arrived, it could not do the work. In some locations it ruined almost a complete season for the fishermen. Both the officials and myself have asked that a new type dredge be provided.

I hope the minister will give priority to protecting, supporting, and reinforcing the present facilities rather than trying to work the reverse through bills such as the one before us, which only creates hostility among the fishermen because they do not have the service required to take advantage of the stocks.

Another matter of importance is that the fishermen will be reluctant to pay fees. In order to build up our stocks, quotas have been placed on the fish over the past few years. There have been restrictions with regard to those who could get a licence to fish, whatever species. This is another detriment, charging the fishermen fees to use harbours which we do not have. I hope, with the various programs that are to come about, that this deficiency will be overcome.

The minister apologized to me for not being here because he is committed elsewhere. However, there is another matter I want to bring to his attention. Under the Canada Works Program there is no definition as to who owns a wharf. There are no criteria which state who has responsibility for a wharf after it has been built. In committee meetings, the minister and his staff indicated they would be responsible, but there is nothing to say whether it is owned by a municipality, town or group of fishermen. This must be clarified. I hope the law officers will look at that situation as it is causing a disruption and disadvantage to the fishermen.

The minister stated that under the bill wharfingers, harbour masters, or whatever you want to call them, will be hired. They will be responsible for a 50-mile radius. They must ensure that proper warning is given if damage should occur to a wharf. As stated in committee, this is building up another bureaucracy. I make this point because we have a situation which is contradictory.

With regard to protecting our rivers from poaching, there has always been a restriction by Treasury Board on funds to hire guardians for a long enough period to provide the protection that is needed. In every case we were told there were not enough funds. As I have pointed out a number of times, the guardians are hired on a 12 week basis, even though the season lasts three months. The Minister of Fisheries and the Environment (Mr. LeBlanc) cannot get the funds, but the Minister of Employment and Immigration (Mr. Cullen) has enough funds to pay those same people two thirds of their salary for nine months of the year. Here is an opportunity to do a double job.

Ministers are always looking for ideas. The river guardians know the small craft harbours in their area. If they were hired as guardian wharfingers, they could serve a dual purpose. They would provide a benefit to the fishermen and be cost effective. The guardians and wardens should be hired on a year round basis to carry out this double job. The minister mentioned at committee that this might be a good idea.

I wrote to the minister with regard to the vital necessity of increasing surveillance and control over the rivers which are being poached to the detriment of the legitimate angler. In some cases it resulted in the season being closed, and others the season was restricted. A part of our society was destroyed.

I hope the minister will give serious consideration to the excellent points made by the hon. member for South Shore (Mr. Crouse) and others of my colleagues who are interested in this bill and in the changes that are taking place. However, we must ensure that it is done in a cost effective way for the benefit of the fishermen and the economy as well as providing good development policies for the benefit of the country.

● (1522)

[*Translation*]

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, I am quite pleased to take part in the consideration of Bill C-2 on third reading. Obviously, it is quite a controversial issue and on several occasions I intervened during the study of the bill in committee to echo some comments made to me by fishermen and fishery workers of the Gaspé Peninsula. More particularly on November 10, 1977 when the bill was considered in committee, I put a question to the director of the Small Craft Harbours Branch and to the legal advisers about the responsibility of Quebec in that matter. My question which appears on page 126 reads as follows:

Does Bill C-2 conform to the agreement or to the spirit of the agreement signed in 1922 between the federal government and Quebec assuring the transfer of certain responsibilities in the area of commercial fishing to the province of Quebec?

Mr. Reid replied, and I quote:

Mr. Chairman, the responsibility for fishing harbours, and their construction and maintenance, was not part of the agreement in 1922. The responsibility for fishing harbours, their maintenance, their control, their administration, their repairs, remains exclusively the responsibility of the federal government—commercial fishing harbours.

So, Mr. Speaker, it is pursuant to the terms of the British North America Act that the federal government has jurisdiction over the construction, maintenance and repair of commercial fishing harbours in the province of Quebec as in every other province in Canada. This bill, now before the House for third reading, will clear up the use of fishing ports because, at times, commercial fishermen find it difficult to moor their boats, pleasure crafts crowding most of the facilities.

Nowadays fishing boats are becoming larger and larger and extremely well equipped. We should set well protected facilities and we require increasingly higher credits for building wharves, breakwaters and harbours. Who should pay for these facilities and these works? Mr. Speaker, the federal government did its large share and will continue to do so in the future, and the bill provides for the imposition of berthing fees for boat owners who will have to use these facilities. Several people will say, and several hon. members repeated this here in the House, that this is a new financial burden which we impose on fishermen both in Quebec and in the other provinces.

But I must say, Mr. Speaker, that Quebec fishermen do not pay any berthing fees at the moment although most commercial fishermen do in other provinces. So this new legislation will put the province of Quebec on an equal footing with the other provinces of Canada. To eliminate the discrimination that has been going on for some time and to get a modest revenue for the administration of fishing harbours, this bill provides for the implementation of limited, easy to apply regulations taking into account regional disparities. So fishermen in the Gaspé area will be paying a lower berthing fee than commercial fishermen in British Columbia.

Mr. Speaker, having said that, I would like to take a few minutes of the time of the House to review briefly the distribution of budgetary allocations and the needs of the Gaspé area with respect to fishing harbours as well as for the rest of the province of Quebec, particularly on the shoreline of the Gulf of St. Lawrence and the river. According to my estimates, the province of Quebec received a very low portion of the budget revenues for the construction of fishing harbours prior to the 1970s—and I did say prior to the 1970s. It was impossible to determine the amount of supplies used for fishing harbours and the budget was administrated by the Department of Public Works and included fishing harbours as well as commercial wharves. It was only in 1972 that the government established two administrative levels: one for commercial wharves and the other for fishing and small craft harbours. The Department of the Environment is responsible for the administration of fishing and recreational harbours.

Let us review for a moment the amounts received by the province out of the budget for small craft harbours since 1973: $899,500 for fiscal year 1973-74 or 4 per cent of the national budget. In 1974-75, $4,361,800 or 14 per cent of the national budget. In 1975-76, $10,205,600 or 35 per cent of the national budget. In 1976-77, $5,754,000 or 20 per cent of the budget; 1977-78, $4,800,000 or 6 per cent of the national budget for small craft harbours. Mr. Speaker, it is after a long battle with the former minister of fisheries and environment, the Hon. Jack Davis, which battle was led jointly by hon. members from Gaspé, Bonaventure and the Magdalen Islands—

Mr. LeBlanc (Westmorland-Kent): —also from New Brunswick.

Mr. Cyr: —Yes, from New Brunswick also, as the minister just mentioned. I was saying that we fought this battle to obtain a special fund of $10 million to meet the commitments made in 1968 by the federal government and the Quebec government under the eastern Quebec economic development agreement to provide the Gaspé Peninsula and the Magdalen Islands with adequate fishing harbours and wharves.

The Hon. Jack Davis, like many department officials, did not know much about the needs of the province of Quebec.

This is why I said that the battle was difficult, and I would like to thank all hon. members from eastern Quebec and the caucus who helped us throughout these years to support the rights of all Canadians, whether they live in Quebec or British Columbia.

Is not the reason for us being here, Mr. Speaker, that we may defend the rights of our constituents? We have a responsibility, as any member of the legislative assembly in Ontario, in Quebec or in New Brunswick. Every member who received a mandate from his constituents has a responsibility to defend their interests both here in Ottawa and in Quebec and this is why we, as members from Quebec, have been doing so here over the years, with the co-operation of ministers from Quebec who represent us here in Ottawa.

Mr. Speaker, the fishing centre development program provided for in the 1968 agreement has been a great success. Considering the delay experienced from 1968 to 1974 in the voting of funds, a 6-year delay, projects require more funds, the designs of various structures have to be reduced to comply with estimates, other projects were undertaken through stages and are not yet completed. As an illustration, we have the unloading harbour in Cloridorme. Mr. Speaker, my concern and that of my Quebec colleagues on the fisheries and forest committee are that the province of Quebec might not get its due share of estimates in the coming years for the improvement of small craft harbours. If the criteria for distributing national budgets for small craft harbours are maintained, I can see that Quebec will get just about 5 or 6 per cent of budgetary funding. As I said, the criteria were established around 1973 by the Hon. Jack Davis. Since the catch or the value of landings in Quebec is now smaller than in other provinces, our share of the budgets are much smaller than our needs. With such criteria, Mr. Speaker, havenot areas and provinces will always remain poor, and provinces where the value of landings is greater will progress at the expense of other Canadian areas. How can our fishing fleet in the Gaspé Peninsula increase, how can it have larger boats to get to the Atlantic coast when fishing harbours or industrial centres are not provided with good wharves?

Mr. Speaker, I would remind this House of a statement made by the Minister of Fisheries and Environment (Mr. LeBlanc) on January 31, 1978. Let it be said in passing that the minister, an Acadian like myself, has taken to heart the development of fisheries in eastern Quebec as much as in the Pacific. Thanks to successful negotiations with various countries at the Law of the Sea conferences in New York, Caracas and—Geneva and I see here my friend the hon. member for Prince Edward Island, we were in Geneva together, and although he is sitting on the other side of the House he has nothing but commendation for our minister from New Brunswick for the way he defended Canada's interests at the Law of the Sea conference in Geneva. Certainly the minister must be commended for all he did for eastern Quebec, for the protection and encouragement of fishermen to remain in their trade, because things were not easy some years ago when fish was declining and plants were operating a few months only every year.

Mr. Speaker, I thank the minister for all he has done for fisheries in eastern Canada, particularly in Quebec. I refer to the statement he made in this House last January 31, and I quote:

> It must be remembered that in 1973 the department inherited over 2,000 harbours and wharves, very large numbers of which were in dire need of repairs as a result of neglect in the past. Because of this, our programs have focused on making good this backlog of repairs and providing for only the most urgent of harbour expansions. It is only now that we are in a position to change the main thrust of our programs from repairs to that of improving, expanding and up-dating our harbours, and providing the better services needed by fishermen such as lighting, haulouts and proper work areas.
>
> In 1973 we initiated a series of major studies to evaluate the existing fishing and recreational harbours owned by the federal government and to suggest a rationale for their development in the future. These studies were completed in 1975 and provide the basis for our ongoing plans—

Further on the minister said:

> For example, expenditures in Quebec peaked during 1975-1976 and 1976-77 due to the special St. Lawrence fishing harbour development program, and have now been reduced to more modest levels.

Mr. Speaker, it is the expression "more modest" that I would like to comment on in the next few minutes. The province of Quebec has the longest shoreline in Canada. So we ask that for the coming years the government continue to set aside 15 per cent of the regular department budget to allow the province to build more recreational and fishing harbours along the St. Lawrence and in the Gulf of St. Lawrence. In 1974, the province of Quebec got 14 per cent of the national budget for small craft harbours. This distribution seems perfectly logical. However the minister expects a reduction of expenses to a more modest level compared to 1975, 1976 and 1977, but we do not accept these cuts. They should not be lower than 15 per cent as it was for fiscal year 1974-75. We shall not accept that our percentage of the budget be reduced to 6 per cent only.

Mr. Speaker, as I said on several occasions, several structures show an urgent need for repairs and I am thinking of those located in the communities of L'Anse-à-Valleau, St-Joachim de Tourelles, Ste-Anne-des-Monts, Ste-Thérèse-de-Gaspé and L'Anse-à-Brillant and so on. The works undertaken in the fishing centres and unloading harbours of Cloridorme, Newport, Grande-Rivière and Rivière-aux-Renards should also be completed. I remain very optimistic about the future of fishing activities in the Gaspé Peninsula on account of the newly adopted 200-mile limit as well as the fishing regulations imposed for certain species a few years ago by the minister. But since we have a very high rate of unemployment in the Gaspé Peninsula and that many young people would like to take over the job of their fathers and ancestors as fishermen, we want to give the Gaspé Peninsula and eastern Quebec adequate and fully equipped facilities to accommodate these new fishermen.

I know that the minister is quite aware of the needs of the Gaspé Peninsula and I trust his goodwill and co-operation in that respect so that the province of Quebec may get its fair share of the estimates adopted for the forthcoming years.

When I say "fair share" I mean about 15 per cent. I would like to close my remarks by asking my colleagues in this House to vote in favour of Bill C-2 so that we way give the minister and his officials working tools for the administration and the good management of our fishing and recreational harbours.

● (1532)

[*English*]

Mr. David MacDonald (Egmont): Mr. Speaker, it is not my intention to detain the House to any great degree on third reading of this bill. I think the position of our party has already been clearly stated by the hon. member for South Shore (Mr. Crouse) with regard to this particular initiative. However, I should like to add a word with respect to the Prince Edward Island fisheries situation because I know the minister has had considerable contact with the fisheries people there, not only with the provincial minister of fisheries but with fisheries organizations in that province.

Although he has not been minister of that department since 1969, the minister is well aware of the fact that since that time the organization and planning of fisheries in P.E.I. has generally been included under the umbrella of the P.E.I. comprehensive development plan. I think it is worth while for all hon. members to reflect on what has happened during that time, a period of some eight years. I say it is important because I think we should learn some lessons from what has happened as a result of the 1969 plan.

Hon. members may recall that the attempt, through the joint plan signed by the Government of Canada and the government of P.E.I., provided an over-all comprehensive planning framework for the various economic sectors in the province. These included sectors such as agriculture, fisheries, tourism, light manufacturing, service, etc. With respect to the fishing sector, and I am here quoting from the plan itself, "the essential strategy must therefore be to assist those fishermen who wish to move to other occupations". That was a kind of fisheries abandonment program. Unfortunately, far too much time and attention have been devoted to this kind of rationalization or, perhaps more accurately, this kind of winding down of the fisheries sector in P.E.I.

I suppose that, from the standpoint of some kind of objective logic, one could accept the initiatives that were being taken at the federal and provincial levels. They looked at the number of fishermen involved in the fisheries industry, they looked at the gross intake of either fish products or income, and they divided one into the other and said it was not possible for a fisherman to sustain himself or his family at that income level. The obvious answer, on a kind of mathematical basis, was to reduce the number of people involved in the fishing industry, assuming the fish stock remained constant.

● (1542)

Perhaps that makes mathematical sense, but that kind of logic could not be applied for a number of very important reasons. One reason is the very nature of the fishing occupation in Prince Edward Island. It is not a trade situation in which people are regarded as another element in the production factor. Fisheries has been a way of life. As such, that industry was not isolated as if it had no relationship to other forms of activity.

The Minister of Fisheries and the Environment (Mr. LeBlanc) and I share a similar fishing district, district No. 8. Thus I do not have to say the following to him. The situation for many years was one where individual fishermen could fish only for certain periods of the year. That was by reason of the regulation itself. Traditionally our most productive industry had been lobster fishing. Therefore, fishermen had to discover other forms of endeavour or employment. This meant that many fishermen looked upon fishing as a primary way of life and looked upon other forms of activity to support that way of life.

The kinds of activities engaged in by fishermen are too numerous to mention. One could talk about the people who fished and farmed, a stereotype example. On the eastern end of the island, relatives of mine have very naturally combined these two occupations for generations. There was a nice ordering of the seasons, in terms of the preparing of traps, planting, fishing and harvesting. It all fitted into a pattern which made a lot of sense in Prince Edward Island.

Recently fishermen who were not involved in farming turned to other forms of second employment activity. Some turned to the service sector; some were individual entrepreneurs. The list is quite long and extensive. As the approach to the regulation of the fishing industry has become more precision like, if a fisherman did not fall into the precise definition of that category, then he was no longer considered a valid or bona fide fisherman. Quite frankly, the approach taken by the officials in the federal Department of Fisheries and the Environment has concerned me. I see the Minister of Fisheries and the Environment is shaking his head as he reflects on this. I realize he has had similar experiences. I hope I am shoring up the minister's own basic instinct to identify with the way of life in New Brunswick and Prince Edward Island, rather than that which perhaps is more directly related to commercial operations on factory ships, or in a situation where it is possible to have year round employment and income from a direct involvement in that industry. However, that has not been the case for a very long period of time in Prince Edward Island and New Brunswick.

In attempting to maintain an adequate lobster industry in order to supply sufficient income for those engaged in it, we have been required to point out that there is a limited supply of lobster and a limited return from that industry. Also we have indicated, if we are to make the return sufficient for the capital investment and for the employment activity of the fishermen, that we will have to reduce their numbers.

During the last year there was a specific program entered into with the province of Prince Edward Island, as well as others. It was a buy back program which would reduce the number of people engaged in the lobster industry. I was impressed by the fact that few people seriously objected to implementation of this program, because it has restricted

greatly the flexibility which has been part and parcel of the lives of Prince Edward Island fishermen, as well as others. This is not to say that particular individuals have not been affected seriously. I have raised various cases with the minister. Because of the rules, regulations, and the agreement entered into, it has been difficult for some fishermen to fall within the ambit of this particular definition or regime.

Implicit in the legislation before the House today is the suggestion that increasingly there will be determinations concerning the regulation of fisheries; determinations in terms of the tax or imposition of fees which will be imposed upon fishermen using harbours; determinations as to who these harbours will be leased to; and determinations as to the use and abandonment of harbours by the federal government, which will have major implications in terms of their upkeep and serviceability. I am extremely wary, which perhaps is a mild description.

At the time the development plan was signed in 1969, it called for a reduction of fishing ports in Prince Edward Island from 80 to 14 or 20. I have never been able to understand the consultation or the recognition of the fabric of Prince Edward Island society, community life, or the lives of fishermen, which occurred prior to this announcement. Under that development plan, there would have been a reduction of the fishing harbours and communities by approximately 70 per cent to 80 per cent. It is impossible to understand the type of thinking which arrived at that particular decision.

I see the Minister of Veterans Affairs (Mr. MacDonald) is present in the chamber this afternoon. He was a member of the provincial administration when the development plan was signed. I do not want to draw him into the debate, but it would be interesting to know his point of view as one who sat in the provincial government at that time. It would be interesting to know the earthly justification for a reduction in the number of fishing communities in Prince Edward Island. That was called for in the first phase of the plan. The Minister of Veterans Affairs, as well as the Minister of Fisheries and the Environment, are aware of the fact that subsequently it was abandoned partially. The intent of that reduction is still in existence to this present day.

There have been expenditures made on specific harbours without consultation or agreement with fishermen's associations, processors, or any community structures existent in Prince Edward Island. Those expenditures were based on expert opinions. I use the word "expert" deliberately. I agree it was not the opinion of the Minister of Fisheries and the Environment. He has too much sense for that, quite frankly. It is to be hoped we have entered into a more realistic age where we can get beyond that type of game playing and manipulation of communities and local people who are part and parcel of society. Prince Edward Island has very deep roots and very strong traditions. Manipulation can only do harm and jeopardize the entire province. I realize the minister is attempting to reverse that situation, but also I know how easy it is for officials to enact regulations and create situations which are almost diametrically opposed to the intent of the minister.

I realize the minister is attempting to soften the intent of this legislation. Surely he is not seeing himself as a fisheries czar who will enact fishing policies on the banks of the Rideau Canal which will be appropriate for Antigonish, Albert, Surrey, Summerside—

Mr. MacDonald (Cardigan): And North Lake.

Mr. MacDonald (Egmont): North Lake or wherever. The minister well knows, as a fellow maritimer, how we have been affected by that kind of action on the part of well-informed and well-intentioned "experts" in Ottawa. The minister sits within breathing distance of the Minister of Transport (Mr. Lang), who emphasized as recently as a day or two ago what a wonderful policy user-pay is and what an advantage it is for this country to have a minister of transport like the one who is presently the incumbent.

• (1552)

Mr. MacDonald (Cardigan): Hear, hear!

Mr. MacDonald (Egmont): I am surprised to hear the Minister of Veterans Affairs applaud. If he supports the user-pay concept, I hope he will come to Prince Edward Island and announce that publicly because he has given it a very wide berth over a considerable period of time.

Mr. MacDonald (Cardigan): Mr. Speaker, I rise on a question of privilege. With reference to the remarks of the hon. member for Egmont (Mr. MacDonald) I would like to say that I support the Minister of Transport (Mr. Lang).

Mr. MacDonald (Egmont): I am glad the Minister of Veterans Affairs has clarified his position. I did not think he wanted to applaud the user-pay policy of the Minister of Transport because the Minister of Veterans Affairs is much too aware of the political repercussions of coming even within breathing distance of the user-pay syndrome which has afflicted the Minister of Transport and which is threatening to afflict the whole government.

I, as one individual member, am exceedingly aware of this legislation. The Minister of Fisheries has not fixed a fee, and he has indicated that there is no immediate plan, because of the nature of the fisheries on the east coast, to bring in such a policy. However, the fact is that we are giving the minister a blank cheque in this legislation. The minister is shaking his head, but unless he can tell me that there is any prohibition against him, tomorrow or next week—or what is more likely in this government, because ministers change once every three weeks, next month—deciding that there is a good reason from his point of view, or from the point of view of his officials, to bring in a user-pay fee on fishing ports on the east coast, it appears that he could do so. Provision is in the legislation for that. A full mandate is there. In effect, we are opening the door to a certain kind of taxation, and there are no parliamentary inhibitions that I can see in this legislative item.

Perhaps as the minister winds up the third reading debate on Bill C-2 he will indicate what safeguards there are. I realize

that at this point all we could get would be a verbal commitment, but that might be more than he has already given to us. Will there be safeguards through references to an appropriate standing committee if the minister or his successor imposes this kind of tax?

I looked at a recent report in the business section of the *Globe and Mail* on business prospects for Prince Edward Island in 1978, and I looked at the value of fish landings projected for this year compared with last year. The fish landings in 1976 were valued at $12.396 million, and in 1977 they were valued at $12.162 million. In actual terms and without allowing for what has happened with respect to inflation there has been an absolute decrease in the income from fisheries received by fishermen. That is not a comforting situation to look at, but it is less comforting to see that through this legislation we are giving the minister the opportunity to impose further taxation. Whether it will be, as some of my colleagues have suggested, $50 or $100 a month for fishermen as an additional fee, I do not know. However, I do know that the representative group for P.E.I., the Prince Edward Island Fishermen's Association, has already publicly protested the implementation of this aspect of this bill.

I would like to think that this item, as well as the whole question of changes in port policy which might occur in Prince Edward Island and elsewhere, would be the subject of adequate consultation not only with provincial government agencies but also with the people directly involved in the industry. It is my understanding that even the provincial governments concerned were not asked for any specific input with respect to this legislation. The minister is shaking his head. This is an interesting situation, because I was told they were not. The consultation which took place must have taken place in a corridor. Someone must have said, "By the way, did you know?" The measure of consultation was not enough to make impact on officials in the fisheries department of P.E.I. They were not even aware of it. If consultation did not extend that far, one can only assume that it dit not extend to the P.E.I. Fishermen's Association or to the various county fishing groups. What kind of consultation took place? The answer has to be that there was none.

Therefore, I hope that, with the mandate contained in this bill, the minister will take a renewed interest in the consultative process with respect to the implementation of this legislation and the passage of regulations, and that he will make a definite commitment with respect at least to parliamentary ratification in a standing committee or elsewhere concerning any imposition of port fees which might have a detrimental effect on or do a disservice to the people employed in the fisheries, whom I know best, those who are fishermen in eastern Canada.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

[Mr. MacDonald (Egmont).]

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the motion (Mr. LeBlanc), which was agreed to on the following division:

● (1602)

(*Division No. 22*)

YEAS

Messrs.

Abbott
Allard
Allmand
Anderson
Andres (Lincoln)
Appolloni (Mrs.)
Basford
Beaudoin
Béchard
Bégin (Miss)
Blais
Blouin
Boulanger
Breau
Buchanan
Bussières
Campbell (Miss) (South Western Nova)
Caouette (Villeneuve)
Caron
Chrétien
Clermont
Collenette
Condon
Corbin
Corriveau
Côté
Cullen
Cyr
Dawson
De Bané
Demers
Dionne (Kamouraska)
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupras
Duquet
Ethier
Faulkner
Fleming
Flynn
Foster
Francis
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Gray
Guay (Lévis)
Guilbault
Harquail
Herbert
Holt (Mrs.)
Hopkins
Isabelle
Jamieson
Jones
Kaplan
Lachance
Lajoie
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Laprise
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lee
Lefebvre
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacEachen
MacFarlane
MacGuigan
Marchand
Martin
Matte
McIsaac
McRae
Milne
Munro (Hamilton East)
Ouellet
Parent
Pearsall
Penner
Pinard
Portelance
Poulin
Prud'homme
Railton
Raines
Reid
Roberts
Robinson
Roy (Timmins)
Roy (Laval)
Sauvé (Mrs.)
Sharp
Smith (Saint-Jean)
Stewart (Cochrane)
Stollery
Trudeau
Trudel
Turner
Watson
Wood
Yanakis
Young—112.

NAYS

Messrs.

Alexander
Andre (Calgary Centre)
Baker (Grenville-Carleton)
Balfour
Bawden
Beatty
Benjamin
Broadbent
Cadieu
Coates
Cossitt
Crosbie
Crouse
Darling
Dick
Diefenbaker
Dinsdale
Douglas (Nanaimo-Cowichan-The Islands)
Firth
Forrestall
Fraser
Friesen
Gilbert
Gillies
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hnatyshyn
Holmes
Howie
Huntington
Hurlburt
Jarvis
Jelinek
Kempling
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Edmonton West)
La Salle
Lawrence
Leggatt
MacDonald (Egmont)
MacDonald (Miss) (Kingston and the Islands)
Marshall
Mazankowski
McCain
McGrath
McKenzie
McKinnon
Mitges
Muir
Munro (Esquimalt-Saanich)
Murta
Neil
Nielsen
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Patterson
Peters
Ritchie
Rynard
Schumacher
Scott
Stevens
Symes
Towers
Whiteway
Whittaker
Woolliams—72.

● (1632)

And the Clerk proceeding to announce the result of the vote:

Mr. Speaker: Before announcing the result I should tell the House that when Mr. Anderson voted he was identified incorrectly as Mr. Robinson; when Mr. Robinson was standing he was identified correctly as Mr. Robinson. The voting list has been revised to show that Mr. Anderson was, indeed, Mr. Anderson.

And the result of the vote having been announced:

Mr. Speaker: I declare the motion carried.

Bill read the third time and passed.

* * *

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

Hon. Otto E. Lang (Minister of Transport) moved that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, it gives me great pleasure to speak today on the second reading of Bill C-17, an act to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes.

To some this bill may appear to be an insignificant housekeeping item; it is a brief bill and deals with rather mundane matters concerning one of our Crown corporations. In reality, however, it is rather more important. This bill creates a capital structure for Canada's largest Crown corporation which is appropriate to a mature corporation; it will establish a sensible relationship between the debt and equity; it will consolidate the investment of the Government of Canada in the CNR and will remove the need for regular votes of money to assist the CNR.

Current legislative and other arrangements governing the financing of CNR which have remained largely unchanged for the last 25 years provide that each year the government purchase CNR preferred non-cumulative shares in an amount equal to 3 per cent of the gross revenues of the national system. In 1978 this would have required the inclusion in the government's main estimates of an amount of some $80 million; however, my proposal would eliminate this requirement and, indeed, the main estimate for 1978-79 are being prepared without this provision. This is a very important feature, given the pressures on government to keep public expenditures down and its determination to do so.

Existing arrangements also oblige the government to appropriate funds to meet company deficits. Indeed, an amount of $22 million was included in last fall's supplementary estimates for this purpose. However, agreement has been reached among all concerned that as part of this recapitalization proposal authority would be obtained to restrict the already authorized purchase of preferred stock in the current fiscal year by an equivalent amount. This, in effect, would save $22 million in cash flow from the treasury, and is also an important consideration given the current difficulties being experienced in overall cash management. The provisions of this bill will enable the company to attain an adequate profit level in the future and thus eliminate the need to appropriate funds to meet deficits.

Financing arrangements in place also provide that the CNR would obtain its other capital requirements either from loans from the Minister of Finance or from the private sector. In recent years the company has been encouraged not to look to the Minister of Finance for these needs. It has been co-operative in this regard and has been successful in the capital markets. However, the result of this long-standing obligation for the company to rely on loans for the bulk of its capital requirements has been a debt ratio of about 62 per cent, compared with the rail industry average in North America of approximately 35 per cent, and about 35 per cent for the CPR in particular.

The proposed conversion of about $800 million of debt into equity would result in a debt ratio of 42 per cent, and thus would provide a more realistic basis for the government and the public to assess the economic efficiency of the company and the performance of its officers in relation to that of its competitors. It would also provide an important morale boost to the CNR management who, I am sure you will agree, are dedicated individuals making considerable progress in improving the efficiency and profitability of their operation. It should

provide a similar boost to those who work throughout the CN railway system, men and women who have also helped in recent years to improve the productivity and efficiency of the over-all operation.

The interest which will be forgone on converted debt would be more than offset by the elimination of the requirement for the government to purchase CNR preferred shares. Indeed, it is estimated that over the next five years the net gain to the federal treasury will be in the order of $145 million.

Another important feature of the proposal from the government's point of view is that CNR will be required to pay annually to the federal treasury a dividend equal to 20 per cent of its profits or such higher amount as the governor in council may direct. For the first time in over 20 years the Canadian people will be receiving a monetary return on their equity in the company.

A further feature of the proposal would see the consolidation of the remaining CNR debt held by the government, and its repayment rescheduled in a manner that would facilitate cash management for the government's account by the Department of Finance.

Finally, there is the proposed merging into common shares of the present preferred shares and the government's investment in the Canadian government railways. There will also be a reduction of equity in recognition of depreciation attributable to years prior to the adoption of depreciation accounting. This "cleaning-up" action, coupled with the more realistic debt/equity relation and the enhanced ability of the CNR to register and retain profits in the future, will place the company on a more readily understood financial basis and reduce the possibility of having to come to the government for funds.

● (1642)

[*Translation*]

As the long term advantages of this project of reallocation of capital, the CN will be able to meet its financial and operational needs without the assistance of the government of Canada. On the short term, that is for this financial year and the next, as the right hon. Prime Minister (Mr. Trudeau) told the House on December 19, 1977, we will avoid outlays of about $100 million and by that very fact we will be able to cut down $80 million from next year's main estimates. On the medium term basis, that is over the next five years, it will no longer be necessary to allocate in the main budget an amount of $470 million for the purchase of preferred shares; the interest lost by writing off the debt will amount to $320 million but the federal treasury will record a net saving of $145 million. In addition, all dividends collected by the government will represent additional revenue. These are important advantages from the viewpoint of the government of Canada.

[*English*]

During the past two years the financial structure of the Crown corporations reporting to the Minister of Transport has been examined and restructured where necessary, for example, the St. Lawrence Seaway, Air Canada, and the Northern Transportation Company Ltd. Passage of this bill will bring the financial structure of the CN closer to that enjoyed by other Crown corporations. It will provide a framework which will reduce the government's financial requirements in the future and clearly impose on the CN the responsibility and accountability to manage a financially viable, self-supporting institution.

Hon. members will have seen the effect in the last year or two of the new policy of the government in relation to its major Crown corporations, particularly CNR and Air Canada. Both of them in preliminary statements or estimates of their financial position indicate that in the current year they will be turning past deficits into profits. The profits, it is true, are still relatively small, but the policy is to emphasize increasingly that the government, on behalf of the people of Canada, expects these major Crown corporations to operate as efficiently and effectively as possible. In our view, we should not cloud their performance by imposing obligations upon them to carry out even good public services unless we are prepared to quantify the cost of that public service and to pay the price for it directly.

In the past, far too often the morale of management and their ability to handle their affairs effectively has been adversely affected by these obligations imposed on them, without consequence to cost and over-all profitability and efficiency. That is not our intention, nor is it our intention to be involved as shareholders in what might be called the day to day management of the corporation. That is best left in the hands of the best possible management of the best possible board of directors in the usual commercial way, not subjected to day to day variations of the whim of the minister or in response to immediate demands of a particular member.

I think it is important that we continue to allow these corporations to provide the best possible service in this way. Both of them this year are not only turning past deficits into profits but are doing so with a measurably increased performance in terms of the load of work they are accomplishing. Both CNR and Air Canada are doing so with a smaller use of over-all manpower, demonstrating the greater efficiency they have achieved in comparison with a year or so ago.

It is important that we now put CNR on a basis more in keeping with the debt equity ratios of other corporations performing similar functions. But the challenge is that hereafter it should so manage its affairs as to be efficient in the provision of service, and therefore efficient in the use of the investment which the people of Canada have in it, and that it make a progressive return on that investment which is more appropriate to the size of that investment. We in turn should restrain ourselves from demanding of it things which may serve other purposes, unless we are prepared to pay the price. We have stated that such is our policy. We should see the result of this policy over the years in the continuing good performance of the men and women who work in these two great corporations, from the lower levels to the very top management. This is our hope as we move second reading of the bill at this time.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I agree with the Minister of Transport (Mr. Lang) when he says this is not an insignificant piece of legislation. Any bill that writes off $808 million worth of debt is certainly not insignificant but rather a major piece of legislation. Any legislative measure that restructures the capital organization of a corporation of the magnitude of the CNR is certainly a major piece of legislation. I think it is fair to say that the impact of this bill will serve to place a heavy onus on management in terms of its financial operations in carrying out its mandate to operate an efficient and effective railway, both from the financial and from the service point of view.

I must begin by saying that I am somewhat surprised that it was not the Prime Minister (Mr. Trudeau) who introduced this bill because he was chafing at the bit back in December, challenging the opposition to bring forward such a bill because it would in effect save the taxpayers $100 million. That statement has not been forgotten and, as near as we can figure it out, it is as phony as the hollow proclamations he has been making on the economy. I am sure that it is this kind of bluffing and flippancy that causes Canadians to fail to build the necessary faith and confidence in the administration which is at the helm at present. One must seriously question the credibility of a leader of a government who mouths off such flippant and bluffing statements.

Writing off a debt of $808 million is one thing, but losing $65 million worth of interest as a result of that write off is another. While the government, under the provisions of this bill, will no longer have to purchase the 4 per cent CN preferred stock, which at this time would amount to $100 million, this does not translate into a saving of $100 million to the taxpayers. The $100 million at this time is the combination of that which is left owing for the current fiscal year plus the total for the next fiscal year.

In addition to the bill writing off $808 million worth of debt and converting it to equity, it cancels the purchase of the 4 per cent preferred stock by the government which is based on 3 per cent of the gross earnings of the CN system. As I said earlier, the bill also essentially reorganizes the capital structure by converting $1.5 billion worth of preferred shares now held by the government into common shares. It also provides for the payment of an annual dividend by CN of 20 per cent of the net income after interest, depreciation and taxes are met. Also, it provides for the CN to borrow money to meet its deficits. No longer will parliament be called upon to cover the deficits through parliamentary appropriation.

The $808 million arises from changes in accounting procedures with respect to the depreciation which was introduced back in 1940, 1954, and 1956 in a phasing in process. This is covered at page 21 of the 1976 CN annual report in a footnote to the consolidated financial statement. I should like to quote it because this is primarily the issue which surrounds the $808 million debt. I quote from page 21 of the 1976 annual report of Canadian National Railways as follows:

● (1652)

> For Canadian properties, depreciation accounting was introduced for equipment in 1940, for hotel properties in 1954, and for track and road structures and all other physical properties except land in 1956. For United States properties, depreciation accounting was introduced for ties, rails, other track material and ballast in 1976.

Because there were no profits to speak of, depreciation was not taken during these periods. If depreciation had been taken, as it probably should have been, the deficits would have been higher or the profits would have been lower, as the case may be. As all members are aware, profits have been recorded for only a few years. Now the theory is that the deficits would have been higher and parliament would have been called upon to provide the shortfall. In that event, Canadian National Railways would have had additional money for capital expansion. Because this did not take place, the railway now believes it is justified in coming before parliament at this time to ask for this adjustment and a cancellation of the $808 million which has arisen as a result of accumulation of depreciation that was not taken into account in prior years. This argument is based upon the assumption that in its wisdom parliament would have seen fit to provide these funds over the past years, and that this allocation would have been reflected in the amount of deficit recorded by CN.

This fact was clearly explained by the current president of the CNR, Mr. Robert Bandeen, when he appeared before the Standing Committee on Transport and Communications on March 29, 1977. Mr. Bandeen said:

> We contend that because proper depreciation was not charged over the years—and it was proper at the time, and I should not use that term, I do not mean that it was against accounting principles, but it was on a different theory—that the deficits would have been higher or the profits lower over the years and, indeed, we would have had that money to finance capital expansion. Because we did not have this, we had to go out in the market and borrow money or borrow money from the government. So, we are saying that should be recognized and we should have a chance to make that change.

In effect, CN is indicating that depreciation on its own represents a cash flow to the company. I believe that is a rather strange application because such is not necessarily the case with regard to the private sector. It is fair to assume that in the private sector depreciation charges must be earned, and these funds must be available in order to take advantage of that depreciation. It seems this is being overlooked by CN completely.

Now it is suggested that the deficits covered by cash payments from the treasury were understated, as a result of the failure to take into consideration depreciation which could have been charged over the years. On this basis, from 1923 to 1955—and I use the year 1955 because 1956 is the year when the depreciation formula was changed for road, track and physical properties—this would have meant an additional deficit of more than $24 million on an average basis per year over those 33 years. Thus, one would have to question seriously whether parliament would have willingly provided the funding in face of the commitments and what transpired during the recapitalization in 1937, and particularly, the recapitalization in 1952 which placed CN in as good a position or perhaps an even better position than its competitors.

Also it is interesting to note the commitment which was undertaken by the then president of the CNR when the 1952 recapitalization bill was passed. After the passage of the Capital Revision Act of 1952, the late Donald Gordon said the following:

> Capital revision has taken away the curse of the past, but let us be frank enough to recognize that it has also taken away an alibi and convenient excuse. This is its real meaning for the future. We are now in a position where we have nothing to hide behind, and nothing to block the road to success. We have a fighting chance of paying our way in the world, and counting the bad years with the good we ought to be able on the average to pay all our operating expenses, our fixed interest charges and income taxes, and still have something left to return to our owners as a dividend on preferred stock.

That was a very lofty proclamation, but it did not come to pass. Given the obvious break which was acknowledged by the then president, and given the clear obligation which was placed upon the shoulders of CN management, it is very questionable whether parliament would have granted these extra funds on an annual basis for what is really tantamount to a bookkeeping entry. Also it is very difficult to arrive at an accurate evaluation of the assets acquired by CN prior to the turn of the century. Thus, the $808 million figure is not based on anything concrete and is not a firm evaluation. It is subject to some questioning.

I take issue with the fact that the 1976 CN annual report makes the assumption, for all intents and purposes, that this bill would be passed, since it is noted that CN actually capitalized the $808 million accumulated depreciation and charged it against assets. Obviously this action was sanctioned by CN's auditor and the government. Mr. Speaker, may I call it five o'clock?

* * *

BUSINESS OF THE HOUSE

Mr. Paproski: Mr. Speaker, I rise on a point of order. During the last week we have waited patiently to receive some advice from the Deputy Prime Minister and President of the Privy Council (Mr. MacEachen) as to what will happen as far as private members' business and public bills are concerned. We have not received anything from the minister since last Wednesday. We do not know what bills are coming up. If we had not checked with the Table at 4.45 p.m. or 4.50 p.m. today, we would not have known what bill was going to be before the House this evening. I think the Deputy Prime Minister and President of Privy Council, or his parliamentary secretary, owes that courtesy to the opposition.

● (1702)

Mr. MacFarlane: Mr. Speaker, I certainly have been aware, as others have been, of what was going to occur. I am surprised that the hon. member was not.

Mr. Paproski: Mr. Speaker, as a courtesy the President of Privy Council sends a list over to the opposition so that we know what is going to happen for the next week with regard to private members' bills, but that courtesy was not extended to us this time.

The Acting Speaker (Mr. Ethier): I suggest that the hon. member raise his point of order at a later date when the government House leader is in the House.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for St. John's West—Industry—Fluorspar mine at St. Lawrence, Newfoundland—Proposed pressure on Alcan to operate; the hon. member for Simcoe North—Health and welfare—Care of the elderly—Financial aid for those in institutions; the hon. member for Nickel Belt—Labour conditions—Proposed lay-offs at certain mines—Government action to avoid.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Ethier): It being five o'clock, the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills, and notices of motions.

Order No. 2; the hon. member for Matane (Mr. De Bané). Shall the order stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 4; the hon. member for Egmont (Mr. MacDonald). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 8; the hon. member for Assiniboia (Mr. Goodale). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Ethier): Order No. 9; the hon. member for Hull (Mr. Isabelle). Stand by unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

CANADIAN LANGUAGE LAW AMENDMENT ACT

AMENDMENTS TO CORRECT CERTAIN ANOMALIES

Mr. Jean-Robert Gauthier (Ottawa-Vanier) moved that Bill C-210, to correct certain anomalies and inconsistencies in the Revised Statutes of Canada 1970 pertaining to the protection of Canadian language rights, be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker—

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. I do not intend to discuss the merits of the bill in the course of debate on this point of order except for the purposes of arguing with respect to procedure. This bill is entitled "An Act to correct certain anomalies and inconsistencies in the Revised Statutes of Canada 1970 pertaining to the protection of Canadian language rights". It may not be proper for a private member to advance this bill in this House.

I have looked over the bill to see whether there is present in it a royal recommendation involving an expenditure of money. Bills calling for the expenditure of money, as we know, cannot be dealt with without the presence of a royal recommendation, and certainly cannot be advanced by private members. I would like to have just a few moments to deal with that procedural matter so that we can decide today whether the matter should go forward.

I want to deal first of all with part I of the bill concerning legal proceedings and the Official Languages Act. The explanatory note to clause 2 says the following:

> The purpose of this amendment is to allow the transfer of a case to a judicial district other than the district in which the accused had to make his original appearance, in order to allow him to be tried in his own official language.

That applies not to a provincial court, the Supreme Court of Ontario, the supreme courts of any of the provinces or to a county court; it applies to a federal court and, according to the explanatory note, it imposes a duty on federal courts to provide simultaneous translation.

If this bill were being advanced by a minister of the Crown, if there were an accompanying royal recommendation, and if the bill were adopted, it would impose a duty on the taxpayers of Canada to provide funds for the operation of a federal court. That is the situation as it appears to me. I raise this as an objection from the point of view of the procedure involved. The section which clause 2 is intended to amend says the following:

> Every court of record established by or pursuant to an act of the Parliament of Canada has, in any proceedings conducted before it within the national capital region or a federal bilingual district established under the act, the duty to ensure that, at the request of any party to the proceedings, facilities are made available for the simultaneous translation of the proceedings—

The bill extends this duty beyond the national capital region. In a geographical sense that is an extension but, if this bill is passed, it will impose upon the government the necessity to provide funds to pay for the function set forth in the bill.

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, I rise on a point of order—

Mr. Paproski: We have one point of order.

Mr. Gauthier (Ottawa-Vanier): Then I rise on a question of privilege. I find it very unusual for the House leader of the Conservative party to discuss a bill on the basis of monetary implications. The hon. member has not heard the remarks I will be making at second reading of this bill. In addition, and more important, there are already provisions—for example, section 11 of the Official Languages Act—which allow courts to offer translation services—

[*Translation*]

The Acting Speaker (Mr. Ethier): Order. With all due respect to all hon. members, and particularly the hon. member for Ottawa-Vanier, I must tell him that this is rather an argument he is trying to put to the hon. member for Grenville-Carleton (Mr. Baker), and I will hear him after the hon. member for Grenville-Carleton.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, I apologize to the hon. member for taking his time. I sincerely do, but I think it is important that, whether a bill is a private bill or a public bill advanced by the government, the rules should apply, if indeed these be the rules. I suppose all of us have a duty to observe the rules—at least to attempt to observe the rules. There is a question in my mind, and I would like the opportunity to discuss it.

Clause 3 of this bill seeks to amend the Criminal Code. It seeks to extend requirements which are already set forth in the statute. At the moment, according to section 555 of the Criminal Code, in the province of Quebec only and not in all judicial districts, there is a requirement on the choice of jurors involving public expense. The whole system demands public expense. The purpose of this bill is to extend that beyond the limitation of the moment and therefore involve the expenditure of money. As it involves the expenditure of public money, it could not be advanced by a private member and would require a royal recommendation.

● (1712)

Clause 6 deals with the Railway Act and requires changing railway signs, timetables, bills of lading and notices throughout the country so that they are printed in both languages. However laudable that motive may be, it involves the expenditure of public moneys, and I therefore ask the Chair to consider the propriety of this being done in a private member's bill without a royal recommendation.

Those are the provisions which struck me as I reviewed the bill, Mr. Speaker, unfortunately with the short notice that was given us as explained by the hon. member for Edmonton Centre (Mr. Paproski). It may be that an explanation can be advanced by the hon. member for Ottawa-Vanier (Mr. Gauthier), but there does seem to be some question about the propriety of this bill. The strongest part of my argument

concerns the provision with respect to the Federal Court of Canada which would entail a tremendous increase of expenditure for its operation if that right or privilege were to be extended across the country.

I wonder if Your Honour would be prepared to deal with that point in a preliminary way?

[*Translation*]

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, I would like to comment on the point of order raised by the member for Grenville-Carleton (Mr. Baker). I have heard quite a few arguments in this House in attempts to slow down the discussion and sometimes even the passage of certain pieces of legislation but this is undoubtedly the weakest argument, if one at all, I have heard in the ten years I have been in this House. This seems to me to be merely a tactic to delay the discussion of this bill which is quite worthwhile.

Mr. Speaker, at the beginning of every session of Parliament when private members' bills are published or announced, the Speaker of the House of Commons rules on the receivability of the bills from the standpoint of the financial implications they might have for the Crown and when this occurs he usually rejects those bills as a whole. I would like to know if Mr. Speaker did indeed examine the bill we are now discussing this afternoon under Standing Order 94. You may be prepared, Mr. Speaker, to rule immediately on the argument of the hon. member for Grenville-Carleton but I do not see how that argument could hold.

The hon. member for Ottawa-Vanier (Mr. Gauthier) whose argument we have not yet heard, as the hon. member implied earlier, does not add any new provisions to the Official Languages Act but only seeks to amend its application. The financial implications for the Crown that could be contained therein are already in the Official Languages Act. So it seems to me that the hon. member for Grenville-Carleton, who is a lawyer, should understand those things.

[*English*]

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, the first comment I should like to make with respect to this point of order is that I think I have to correct something just said by the hon. member for Madawaska-Victoria (Mr. Corbin). I believe it is a fact that when Mr. Speaker grants first reading to all bills brought in at the beginning of a session, he does enter a caveat as to the procedural propriety of each individual bill, to be dealt with later. The suggestion of the hon. member for Grenville-Carleton (Mr. Baker), therefore, that this bill should now be looked at is certainly in order.

The second thing I want to say is that on the face of it the hon. member for Grenville-Carleton seems to have a point in that it looks as though more money would have to be spent if this amended bill were passed than would be spent if it were not passed. I say on the face of it he seems to have a point, but I have not had the opportunity to look at the act on the statute books. There may be financial provisions in the act that cover this.

[Mr. Baker (Grenville-Carleton).]

I do not want to spend time now in a procedural argument. I think all of us in this House, in all parties, like to see private members have the opportunity to present their ideas and I would not like the hon. member for Ottawa-Vanier (Mr. Gauthier) to be denied the right to proceed with discussion of this matter this afternoon. I hope we could have the discussion on the merits of the legislation rather than on the procedural point.

I also point out that there have been times when the Chair has had doubts and has allowed discussion to proceed. I would hope the Chair might take that position today.

The other thing I should like to say—and I have checked this and know I am not revealing a secret—is that I understand a member on the government side at some point is going to move that the bill be not now read a second time but that the subject matter be referred to an appropriate standing committee. That would certainly not violate any procedural rule about spending money because sending the subject matter to a committee does not involve spending money. I would therefore hope, Mr. Speaker, that you would be willing and that the hon. member for Grenville-Carleton would be willing that you reserve decision on this point, not ruling it in order or out of order, but, letting us proceed on the understanding that we are simply having a discussion, particularly in the knowledge that there will be a motion to refer the subject matter to committee and thus the discussion be allowed to go ahead.

I think I express the view of all members of the House when I say we have enough trouble around here, and one trouble we do not like is having private members denied the right to present their ideas and have them debated.

Mr. Jones: Mr. Speaker, albeit that the hon. member may have a good bill, I happen to be in the position that I presented a bill to the Speaker's legal department which it is alleged—and I disagree—would entail the expenditure of money. There is a disagreement between myself and that department on the point. I am quite surprised that a bill of this nature would come before the House and proceed this far.

● (1722)

I take great exception to this member's bill being presented as a private member's bill and my bill not being presented, apparently because I am an independent. It is outright discrimination and I do not think it is proper at all. It was explained to me by legal counsel who came to my office that the particular bill I wish to present would not be valid, and would not be proper for the exact reasons—

The Acting Speaker (Mr. Ethier): Order, please. I would like to advise the hon. member that he was recognized on a point of order, namely, the objection to the presentation of this bill. I see no connection between this bill and the one the hon. member had refused to him. I would certainly hear argument as to why this one should not be proceeded with on the point of order which was raised by the hon. member for Grenville-Carleton (Mr. Baker).

Mr. Jones: If I might be permitted to continue, this bill obviously is going to entail expenditure of additional moneys than those budgeted for. There is nothing in the bill to indicate otherwise. When you change signs, when you provide simultaneous translation, you just do not call for expenditure of thousands of dollars, you call for expenditure of thousands and thousands of dollars. You do not have to be any mathematical accountant to come to the conclusion that this is in fact a money bill. If it entails the expenditure of money it should not be here at all.

Mr. Knowles (Winnipeg North Centre): Maybe there is money in the original act.

Mr. Jones: If there is money in the original act, then it should not have been there.

The Acting Speaker (Mr. Ethier): Order, please.

Mr. Young: Mr. Speaker, I would like to confirm what the hon. member for Winnipeg North Centre (Mr. Knowles) has said. I would be prepared to move a motion that the bill be withdrawn but the subject matter be referred to committee. If it will assist in resolving the procedural wrangle that we seem to be caught in, I would be prepared to do so now and put to rest that problem. Perhaps we could use the balance of the house to discuss the subject matter. If my understanding is correct and my amendment is accepted by the House, then the subject matter would be referred to a committee. If that will solve your problem, Mr. Speaker, I would be glad to make that motion now.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I would like to thank the parliamentary secretary. I think it is an excellent suggestion and one with which I am in accord.

I said at the outset, as my hon. friend will note, that I made my argument on the procedural problem extremely short for the very purposes about which he is concerned. I would think it would be appropriate if the hon. gentleman wanted to move the motion now, that we deal with the matter and then perhaps that can be the end of it.

Mr. Young: Mr. Speaker, I have only one question. I would like to allow my colleague from Ottawa-Vanier who has proposed a motion to be able to speak on it. If I propose the amendment now, am I going to be required to speak to the amendment right away with the possibility that he will lose his turn?

Mr. Knowles (Winnipeg North Centre): You cannot move an amendment until the motion is put.

The Acting Speaker (Mr. Ethier): Order, please. If you are seeking guidance you cannot move the amendment now.

Mr. Gauthier (Ottawa-Vanier): Are we on the bill now?

The Acting Speaker (Mr. Ethier): Order, please. Perhaps we should seek the consent of the House. Is it agreed, if there is a forthcoming amendment, to refer the subject matter to the committee and that the point of order will be withdrawn?

Some hon. Members: Agreed.

[*Translation*]

Mr. Gauthier (Ottawa-Vanier): Mr. Speaker, we are therefore discussing the subject of Bill C-210 rather than the bill itself, but I am somewhat confused and perplexed by the comments made on the point of order because, as indicated by the hon. member for Winnipeg North Centre (Mr. Knowles), although there are monetary provisions in the current Revised Statutes of Canada, Bill C-210 does not address itself to them but rather to the intent of statutes, and the Official Languages Act in particular which, in my view, should be paramount as regards language rights in Canada.

Bill C-210 would correct some anomalies and inconsistencies in the Revised Statutes of Canada 1970 pertaining to language rights in Canada. Moreover, it would delete references to billingual districts which were never implemented, and finally it would give the accused the right to be heard and dealt with in his official language. The bill is the result of extensive study and is based in particular on the conviction that Canadians in 1978 are ready and willing to recognize equal legal status to this country's both official languages. I would like to pay tribute and extend my sincere thanks to counsel, and especially his assistant Mr. R. M. Beaupré, for the advice and expertise they so generously extended in the preparation of this legislation.

Since tonight's debate is on the bill at second reading stage, or the principle of the bill, I would like to briefly review the situation as it now exists and then discuss in general terms the amendments proposed in Bill C-210. The issue of language rights has been widely publicized and is closely linked to that of national unity. If the official status of the English and French languages is accepted, their equal status must also be recognized in the courts of justice as well as before all government institutions, and both official languages must also be accepted in the day to day cultural, educational, social and economic life. Bill C-210 brings a contribution to language equality, and that concept of natural justice that will give every Canadian a feeling of belonging and true equality.

[*English*]

Historically, Mr. Speaker, it was only in the province of Quebec that Canadians had a right to a trial in the language of their choice. In the last decade, major changes were brought about in a few other provinces, allowing the accused the right to use the language of his choice. It has been argued convincingly that amendments to the Criminal Code were required before language rights could be given to all Canadians. Hon. members will remember that as recently as last summer the attorney general for Ontario, the Honourable Roy McMurtry, had indicated that his province was proceeding with its provincial program to provide court services in French in designated areas and that amendments to the Criminal Code were required to permit French trials in Ontario. This the federal

government promised to do; in the Speech from the Throne in October last, this statement was made:

After consultation with the provinces, the government will amend the Criminal Code to guarantee the right of accused persons to be tried in the official language of their choice.

Although we know that ongoing consultations with the provinces are continuing at this time, we are all waiting impatiently for the government to table the amending legislation. I began working on Bill C-210 in the spring of 1977 and tabled the bill in October, 1977. Since I am not party to the consultations, hon. members will understand that Bill C-210 could vary considerably with the addition of the proposed amendments whenever they are tabled by the justice minister.

Bill C-210 is divided into two parts. Part I deals with legal proceedings and, more specifically, with amendments to the Official Languages Act and to the Criminal Code. It deals specifically with the duty of federal courts to provide simultaneous translation. Members will recall that section 11(2) of the Official Languages Act restricted the simultaneous translation facilities to proceedings conducted within the national capital region or in a bilingual district to be established under the same act. Since the government announced that it did not intend at this time to establish these bilingual districts, and since I sincerely believe that all persons appearing before federal courts should have facilities for simultaneous translation of the proceedings, I propose to amend the Official Languages Act to eliminate this restrictive clause and make it mandatory that, at the request of any party to the proceedings before a federal court, facilities be made available for simultaneous translation of the proceedings.

● (1732)

Further, Section 11 of the Official Languages Act needs to be amended to allow a change of venue in cases where the courts do not speak the official language of the accused. This would allow an accused who is arraigned before a court of criminal jurisdiction, as defined in section 2 of the Criminal Code, and who speaks an official language other than that in which the proceedings of the court are conducted, to request the court that his trial be conducted in a judicial district in Canada where such language is used.

[*Translation*]

When we read the Revised Statutes of 1970, it is obvious that substantial amendments to the Criminal Code are required, especially as concerns sections 555 and 556. These two sections concern the selection of the jury and the right of the accused to demand a mixed jury. It is probably because of historical reasons that there are mixed juries in Quebec and Manitoba. In 1864, the legislature instituted by the Act of Union of 1840 passed legislation introducing a system of mixed juries which applied only to the province of Lower Canada which later was to become the province of Quebec. In 1867, section 129 of the British North America Act maintained the laws that had already been passed in 1903, including those passed in the province of Lower Canada. Section 555 of the Criminal Code of Canada simply reflects this situation, and has done so since passage of an amendment to the Criminal Code in June 1869. As concerns Manitoba, the province was formed within the Northwest Territories. The section of the act of parliament which created the province of Manitoba instituted bilingualism in this province and consequently a system of mixed juries.

[Mr. Gauthier (Ottawa-Vanier).]

About twenty years later, the Manitoba legislature adopted a policy of English unilingualism, but since criminal trials did not come under its jurisdiction, it could not repeal the legislation. The Canadian Parliament having decided not to rescind its own legislation, the system of mixed juries has been maintained until now in Manitoba. In this province as in Quebec, the present Criminal Code is only reflecting a historical situation. At the present time, under section II of the Official Languages Act, anyone called before a court in Canada is entitled, subject to the provisions of section 5 of the act, to do so in French or English. Of course, the courts must therefore provide translation services to the court, the jury, the legal officers and the audience. But this does not provide the right to a mixed jury. Moreover, there is a discretionary element and nothing can force the courts to allow the person charged to be tried in his language, whether English or French.

Yet, Mr. Speaker, neither the British North America Act, the Official Languages Act, the Canadian Bill of Rights or any other act passed by the Canadian parliament provides for the constitution of mixed juries in any province other than Quebec and Manitoba. The amendment contained in Bill C-210 would extend this right to the whole Canadian population in all provinces. Moreover, it would coincide with the spirit of the Official Languages Act and would confirm the equality before the law of all Canadians, whatever official language they may use.

Taking into account the recent decision of the Quebec Superior Court concerning the constitutionality of Bill 101, and in particular of the sections dealing with the language of legislation and the courts, bearing in mind also the Forest case in Manitoba which in fact challenges the constitutionality of the Manitoba Act of 1899, I feel, Mr. Speaker, that the House will recognize the urgency and prime necessity of passing the necessary amendments suggested by Bill C-210.

The interest and support of the Canadian public opinion, the many editorials, the recent comments in support of bilingualizing our judicial services can only strengthen the legislators who are interested in and concerned about national unity. The recent statements of the Ontario premier also give serious suppport to linguistic equality. If I understand Mr. Davis well, he says: No more symbolic gestures—we will prove our support and understanding of the great principles of bilingualism.

Mr. Speaker, the Francophones of Ontario still hope to see the historical moment when the province will quit making beautiful promises and start acting concretely. It is awaiting impatiently the legislative interventions that will confer equal status upon it. We are willing to exchange the historic symbols of which Mr. Davis speaks for serious steps indicative of serious support for our just claims.

[*English*]

Part II of Bill C-210 addresses itself to four statutes which upon review require amendment so that they will conform to the spirit of the Official Languages Act adopted by parliament. Section 7 of the Official Languages Act deals with the printing of notices and advertisements. The present provision says that where, by virtue of the authority of parliament, the Government of Canada, any judicial, quasi-judicial or administrative body or Crown corporation established by or pursuant to an act of the parliament of Canada, any notice or advertisement for information to the public in the national capital region or a federal bilingual district established under the Official Languages Act is printed, it shall be printed in both official languages. Here again, Mr. Speaker, we find a restrictive clause, that of establishing bilingual districts not in keeping with present government intentions. Bill C-210 would amend section 7 so as to extend to any corporation having national status the language requirements of the Official Languages Act concerning public notices and announcements. It would in fact be a step toward establishing the supremacy of the Official Languages Act over all statutes with regard to language requirements of all corporations established or continuing to exist by or pursuant to an act of the parliament of Canada.

At the present time, Mr. Speaker, the Bank Act, the Railway Act and the Winding-Up Act restrict to the province of Quebec public notices and announcements in both official languages. It is particularly inconsistent at this time that the Railway Act should state that English and French are to be used in the province of Quebec and English only in the other provinces. It could happen, Mr. Speaker, that somebody may contest the right of our national railways to advertise in French outside Quebec, thereby putting to the test the legality of CNR using both official languages outside the province of Quebec.

[*Translation*]

In summary, Mr. Speaker, Bill C-210 introduces some important amendments. In short, these amendments allow the provinces, which bear responsibility for the administration of justice in Canada, to amend certain acts which limit language rights, thereby confirming the right to language equality before the courts. The amendments to other statutes largely eliminate what I would term the "Quebec restrictions" as regards public notices in both official languages. The amendment to the act would allow banks and other public institutions, whenever possible, to publish in newspapers of general circulation in their area, either in French or in English. To conclude my remarks, I would say that, in my opinion, until we have adopted international signs, railway crossing signs will have to be bilingual. Government institutions must reflect the spirit of the Official Languages Act and full bilingualism.

Mr. Speaker, even if it can be maintained that there are financial implications, I am also convinced that the present legislation provides for expenditures for services which are mentioned in Bill C-210. I think, Mr. Speaker, that we should not think in terms of privileges. In this bill we should think in terms of rights. What we want to obtain are not privileges. All Canadians are equal and full citizens. I think it is also a matter of natural right which should be recognized to each and every Canadian citizen. The federal government and the provinces should demonstrate their co-operation by introducing amendments which will enable all Canadians to be heard in the courts and to see the English and French facts reflected in our government institutions all over Canada.

[*English*]

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I will try to make my comments very brief and then move my motion at the end.

I commend the hon. member for giving us the opportunity to debate this subject matter this afternoon. These proposals are a step in the right direction. Some time ago the government announced its intention of finding a means to recognize the right of a person whose language is one of the official languages of Canada to be heard before a judge or a judge and jury who speaks that language. Furthermore, provisions may well be required dealing with joint trials of accused when one speaks French and the other speaks English, with trials where a large number of witnesses testify in both languages, or where a large number of documents in both languages are filed. The solution, in appropriate cases, may be the use of bilingual judges or jurors.

● (1742)

Then again, provision for change of venue may be required in order to permit the transfer of a case from one district in a province to another district in the same province. It is desirable that resident francophones or anglophones of a province should be entitled to trial before a judge, or before a judge and jury, capable of understanding and speaking the appropriate language. In most provinces, including Quebec, it may not be possible to constitute an English or a French jury in all judicial districts. For this reason, mixed juries, as proposed, might not achieve the goal of providing adequate rights to accused persons. Mixed juries have been seldom used in Quebec and Manitoba; problems have arisen with regard to their operational efficacy. In cases where knowledge of the two official languages is required, bilingual juries should be used.

It is important to recognize that provisions for the hearing of trials by judges and jurors who speak French and/or English are not of the kind which can be implemented overnight. Adequate provision should be made to allow for proclamation province by province, thus allowing sufficient lead time in which the provinces can implement the legislation.

To sum up, let me say the bill is a suggestion in the right direction. It purports to recognize a principle which the government fully supports. However, it fails to deal with some of the practical problems which regularly confront the courts. It seeks to establish mixed juries throughout Canada though it would seem preferable to follow the concept of French, English or bilingual juries. Moreover, the bill does not ensure that residents of a province would be tried in that province by judges or jurors who speak their language.

I might add that in the near future the government proposes to introduce legislation in relation to language rights before courts of criminal jurisdiction. It proposes to offer solutions which will guarantee language rights before such courts without adversely affecting the efficiency of the administration of justice.

It should be borne in mind that the provinces have an important role to play in the implementation of any proposed legislation. The views of the provinces have been solicited and the minister has been in consultation with his provincial colleagues in relation to what should be done. Legislation is now being considered with a view to drafting. We would like to commend the provinces for the co-operation they have shown.

Since we are dealing with a subject covering a wide field—there are a number of ramifications—I should like to move an amendment in the hope that, while we can continue to deal with these issues in the few minutes remaining to us, the subject matter of the bill itself will be referred to the committee, at which stage all members will have an opportunity to make their views known and to amplify their remarks.

Mr. Knowles (Winnipeg North Centre): I second that proposal.

Mr. Young: I therefore move:

That Bill C-210, to correct certain anomalies and inconsistencies in the Revised Statutes of Canada, 1970, pertaining to the protection of Canadian language rights be not now read the second time but that the order be discharged, the bill withdrawn and the subject matter thereof referred to the Standing Committee on Justice and Legal Affairs.

Mr. Walter Baker (Grenville-Carleton): The Speaker, I wish to say, first of all, that I appreciate the attitude taken by the Parliamentary Secretary to the Minister of Justice (Mr. Young) with respect to this difficult and vexing question, one which has troubled Canadians for years. I was also pleased to hear him say—and I am sure he was speaking for the Government of Canada—that his department has had the co-operation of all provinces with respect to this matter.

Discussions have obviously taken place between the Minister of Justice (Mr. Basford) and the attorney general of Ontario, for instance. The parliamentary secretary nods his head in agreement. There have been negotiations, I am sure, with the attorney general of British Columbia and with attorneys general of other provinces. With respect to these discussions the parliamentary secretary has commended those concerned for the positive and helpful approach they have adopted.

I note that the bill itself provides for the immediate introduction of the services to which it refers. This does concern me in the light of the questions raised by the parliamentary secretary. The hon. gentleman called attention to possible adverse effects upon the administration of justice in a particular case even though we might be dealing, as we are in this bill, with the Federal Court of Canada. This is something we cannot ignore.

I have been concerned, also, by a line of questioning which has gone on in this House involving the hon. member for Ottawa-Vanier (Mr. Gauthier) and the hon. member for Madawaska with respect to the position of the government of Ontario.

[*Translation*]

The Acting Speaker (Mr. Ethier): The hon. member for Madawaska-Victoria (Mr. Corbin) on a point of order.

Mr. Corbin: Mr. Speaker, I rise on a point of order. I simply want to remind the hon. member for Grenville-Carleton (Mr. Baker) that my riding is called Madawaska-Victoria.

[*English*]

Mr. Baker (Grenville-Carleton): I am sorry. I did not want to misname the hon. member's constituency. As I was saying, in light of the statement made just now by a representative of the government, the Parliamentary Secretary to the Minister of Justice, with respect to co-operation, I am very much concerned about the maintenance of the goodwill which must exist between the government of Canada and the government of Ontario in the course of the discussions on this subject.

It is unfortunate that the questions which have been put forward by the hon. member for Ottawa-Vanier and by the hon. member for Madawaska-Victoria (Mr. Corbin) have been somewhat provocative with respect to the position taken by the premier of Ontario, who has the political responsibility for the administration of justice and, indeed, for the administration of the government of Ontario. I just want to say to the hon. member for Ottawa-Vanier (Mr. Gauthier) that while the premier of Ontario has indicated that perhaps there is a better way of moving than by codification, and that symbols are not nearly as important as substance, with respect to questions involving second language, whether it be in education, in the administration of justice or in the provision of schools for education in the second language of Ontario, I think the record of the government of Ontario is impressive, given the situation. I believe it is important that nothing happen on the political level which would harden attitudes and perhaps blind people to certain realities.

• (1752)

Yesterday or the day before the premier of Ontario, in speaking to the Canadian Club in Toronto, expressed his concern for those in the second language group in Ontario, French-speaking Ontarians, by saying that he did not want to repeat the errors on the provincial side, in his jurisdiction, that have been made by the Government of Canada.

Mr. Gauthier (Ottawa-Vanier): What errors?

Mr. Corbin: He could have followed the example of New Brunswick.

Mr. Baker (Grenville-Carleton): I am very glad that hon. members are listening to my argument because I intend to deal with the question of New Brunswick. New Brunswick, under the jurisdiction of the premier there and having regard to the situation in that province, decided to enact an official languages act in that province. As the hon. member for Madawaska-Victoria (Mr. Corbin) will confirm, there is a tremen-

dous difference, in terms of the development of the province and its history, between the province of New Brunswick and the province of Ontario. One of the things that concerns me about the whole matter of language is that when we move headlong into language matters we can destroy the soil of good will. All of us must be very careful not to criticize efforts that might seem small to some but which in certain areas, having regard to the development and history of certain provinces, are really major steps.

Keith Spicer has said to the federal government and to the people of Canada that the federal government's language approach, the codification of the law, the overdesignation of bilingual positions, and all the tremendous emphasis on bilingualsim, has generated an attitude in Canada which the premier of Ontario does not want to have generated in Ontario. That is what he said. If members of the House are really interested in advancing the cause, they should not use this forum carelessly. The Secretary of State (Mr. Roberts) should not have answered the questions of the hon. member for Ottawa-Vanier the other day in the way in which he answered them if we are to maintain an attitude of good will.

I have been across this country too and I have seen attitudes in Canada that are not helping with respect to second language training. What has happened in Canada is that suddenly, and I suppose finally, people are beginning to recognize that the place to begin with second language training, wherever one resides, is in the schools. It is to be hoped that it is an evolutionary process. If it ever becomes anything other than evolutionary, resentments will develop. Somehow we must balance that situation with other resentments that develop because the process has not moved swiftly enough.

An hon. Member: How do you balance rights?

Mr. Baker (Grenville-Carleton): The hon. member puts a good question. I guess it is a delicate act of statecraft. If there is anything indicative of the first ten years, anything that falls out of the federal Official Languages Act, it is that it is not, and has not been in terms of its implementation, an act of statecraft.

We hope that the approach involving the provinces will be proclamation seriatim, as the Parliamentary Secretary to the Minister of Justice (Mr. Young) said, as the situation develops, and that the federal government will admit there are differences in Canada. That is a very healthy thing. We in the House can damage good will and can undermine progress if we use the House irresponsibly. The danger that I see in the attitudes expressed in the questions the other day was precisely that. That is something we must avoid.

The Acting Speaker (Mr. Ethier): Order, please. The hour appointed for the consideration of private members' business has now expired. Therefore, I do now leave the Chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House resumed consideration of the motion of Mr. Lang that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. Don Mazankowski (Vegreville): Mr. Speaker, prior to the adjournment hour I mentioned I was very disturbed by the fact that the latest annual report of CN for 1976 made the assumption that this bill would be passed. It noted that the CN had actually capitalized the $808 million accumulated depreciation and charged it against its assets. This was obviously sanctioned by CN auditors and by the government, and I consider it to be another affront to the parliamentary process and a clear example of this government's taking parliament for granted and of administration by decree.

I suppose in some respects we might consider ourselves fortunate because we have in the past had the dissolution of debts merely by a stroke of the pen through the estimates. It seems to me these are very important issues that should be debated in the House of Commons, and it is my hope that in future CN or any other government Crown corporation will not take it upon itself to assume that because it proposes something which would constitute the cancellation of a very massive debt parliament will simply rubber stamp it or give it that support.

This is not the first time CN has had a capital revision. As a matter of fact, this particular bill is the third such piece of legislation. Also it is interesting to note that this is the fourth time since its formation in 1922 that the CNR has been relieved of debt and interest costs. In addition to the $808 million which is being cancelled under this bill, the total relief provided over that period is in excess of $6.7 billion.

• (2012)

The first relief was provided for in the provisions of the Canadian National-Canadian Pacific Act of 1933. It provided for the government to contribute outright, commencing with the year 1932, all future deficits of the company. Prior to this the government had met the annual deficits of CNR by advances in the form of interest-bearing loans. From 1932 to 1976 the government contributed $1,230 million to cover the

deficits of the CNR. This amount is net of the surpluses, which total $37 million, earned by the CNR in the years 1952, 1953, 1955 and 1956 and paid to the government. Thus, there is quite a history of deficits, the CNR recording a profit only in those four years.

The Canadian National Railways Capital Revision Act of 1937 relieved Canadian National of liabilities totalling approximately $1,167 million. In addition, it converted other liabilities amounting to $658 million into proprietors' equity of the dominion government. By eliminating the government loans for deficits prior to 1932 and the interest accruals thereon, and by writing out the Grand Trunk stock and writing down Canadian Northern stock to a nominal $18 million, it effectively wiped out what Canadian National management has referred to frequently as the legacy of the past. That was followed by the 1952 recapitalization act, and the one we are dealing with now in 1978. I understand there was one proposed in 1962. However, it did not materialize.

The relief under the Canadian National-Canadian Pacific Act of 1933 totalled approximately $1,230 million. The Revision Act of 1937 relieved Canadian National of the debt of $1,167 million and $658 million respectively. The Canadian National Revision Act of 1952 relieved the debt of the Canadian National by $2,845 million. At the present time $808 million is being cancelled under this bill. Therefore, the total debt reduction provided by the public treasury was $6,708 million. That is a whopping amount of money.

We have received many reasons why this measure is necessary. The Prime Minister (Mr. Trudeau) indicated that it was necessary because it constituted a saving to the public treasury. The Minister of Transport (Mr. Lang) outlined today some reasons why this particular measure is necessary. Canadian National Railways officials have outlined their reasoning for this particular piece of legislation.

The arguments in favour of this bill are essentially the same as they were back in 1952 when the recapitalization bill was advanced. It has been said that the passage of this bill will provide Canadian National with a capital structure comparable to other companies in the North American railway system, with a debt ratio of approximately 38 per cent to 40 per cent compared to the current debt ratio of the CNR which ranges in the vicinity of 60 per cent. Also it is suggested that this piece of legislation will improve international investor confidence, now that the CNR is going outside government circles for its capital. I suppose the $168 million loss which was incurred in 1975, for example, would not be over appealing to the international investor.

We should not overlook the fact that the CNR is wholly owned by the government of Canada. Even though the credibility of the government is not that great at the present time, the CNR has the credibility and the backing of the government and indeed the country. Nevertheless, when the CNR goes outside government circles for money, it does so with the backing of the Government of Canada, and certainly that has an impact on investors' confidence.

[Mr. Mazankowski.]

Also it has been suggested that this bill will impose a much stronger discipline upon management to operate effectively and efficiently. In looking at the bill, I really do not see the mechanisms which will provide for that. When the parliamentary secretary or hon. members opposite speak on this bill, I hope they will give us the advantage of placing their interpretations on some of the clauses which would have the effect of imposing that stronger discipline upon management to operate in an effective and efficient manner. As a minimum, effective disciplinary guidelines ought to be inserted in the legislation, as well as proper and effective accountability features. I do not see those provisions in the bill at the present time.

From the government's point of view, the cancellation of this debt has the effect of relieving the government of an encumbrance. Under this piece of legislation, the debt will reflect the financial position of the CNR rather than being a burden to the government. In the eyes of the Auditor General and in the eyes of the Canadian public, I suppose it is fair to say the debt position of the federal government is improved by the fact that this debt has been cancelled and transferred to the equity of the CNR.

Because of the cancellation of the $808 million debt, this bill will relieve the CNR from paying interest on that amount, which works out to approximately $65 million on an annual basis. For that reason, it will tend to improve the economic performance of the CNR, at least on paper.

Then there is the phony argument which suggests the passage of this bill will represent no cost to the government but will be merely a book transaction. The Prime Minister suggested the other day that the passage of this bill will constitute a saving. I find that to be highly questionable and it will have to be explored in detail at committee stage.

The effect of the 1937 Capital Revision Act reduced the fixed charges of the CNR by something more than $35 million a year. The second Capital Revision Act more or less completed the job of removing the debt which has been termed a legacy of the past. After the 1937 recapitalization act and by the time 1952 rolled around, the capital liabilities of the CNR had increased from approximately $1.2 billion to approximately $2.2 billion, which is more than it was prior to its first recapitalization.

● (2022)

The revision of 1952 converted $736 million of debt into 4 per cent non-cumulative preferred stock of the same value. This had the effect of reducing CN's fixed charges by about $23 million, from $47 million to $24 million. As I said earlier, this was heralded with great anticipation and expectation. The late Donald Gordon, the former president of the CNR who was in command at that time, addressing CN's interdepartmental education association, had this to say in Toronto, and I quote:

> This will clean the windows of our financial house. Once the legacy of excessive debt has been lifted from our shoulders, we will be judged entirely on our merits, and it will be a challenge to everyone in the organization to show what we can do.

Then in the transportation committee he said the following:

If we should get this bill through, then all the hocus pocus, if I may use the term, in respect of bookkeeping entries, will be wound up, and from then on the Canadian National System will have a chance to be judged on its record, and on a basis which will be appropriate and reasonable in respect to what might be expected of it.

The Montreal *Star* attributed the following quotation to the late Mr. Gordon:

I would like to record, even now, my complete confidence that our proposal deals with the last possibility of any further revision of this nature and that it is aimed at a final clearance of the effects of what has been called the legacy of the past. I am confident that, given this final clearance, the Canadian National will be able to demonstrate that it is an efficient and well run organization.

There are many similarities between those glowing words, those we heard at the presentation of this bill and the remarks which have been made by officers of the CNR. If there is any apprehension or suspicion that this may recur, it is certainly in the minds of hon. members on this side of the House.

The 1952 revision act went beyond the debt aspect of CN's financial structure by providing the railway with a new source of funds. It provided that CN would increase its equity annually to the tune of 3 per cent of the gross annual revenues of the national system. It also provided for an interest waiver on some $100 million for a period of ten years.

As for the $736 million equity fund provided for in the act, in no single year has the full 4 per cent dividend been paid to the government. As a matter of fact, in only three years during that period did the government receive a dividend, and the highest amount which was received was something in the order of 3.1 per cent. It should also be noted that as a result of the 1952 recapitalization act CN had the advantage of enjoying the use of cost-free capital which amounted to $1.504 billion by 1976.

Having said all that, it is very difficult for us to draw any other conclusion than that the result of the first and second recapitalization acts has been to unleash to CN the opportunity to go on a capital spending binge of enormous proportions. It is quite interesting to note that CN's capital expenditure policies have been extravagant, to say the least. From 1952 to the end of 1976 CN spent $4.8 billion, equal to 80 per cent of its total property investment at the end of 1976, on improvements, additions and replacements of its properties. About $2.8 billion of this was provided by depreciation and salvage, and $768 million came from government purchases of preferred stock, leaving over $1 billion to be financed by borrowing.

Of the increase by this amount in CN's long-term debt we are now proposing here under this bill to cancel some $808 million, or roughly two-thirds. This can be interpreted only as an admission that the capital expenditures represented by that amount are unable to pay their way and were therefore not justifiable economically. What is more important is that this has very serious implications for every privately owned firm which competes with the transportation undertaking or any other undertaking of CNR, because CN is once again able to enjoy the benefits of spending money without bearing the burden of its cost. One more time CN's competitors are finding the terms of competition radically altered, to their disadvantage, as a result of CN's having expanded and having improved its operations through capital spending on which no return need ever be earned.

So one can only conclude that, given this record of performance and given the realities of what we are seeing, CN has been grossly mismanaged. When I say that I do not cast a reflection upon the current management. I think the current management is very eagerly and desperately trying to turn things around; but the management and the record of performance of CN from a financial management point of view over the years is less than satisfactory. I must say that CN is not unlike many other Crown corporations which have been subjected to parliamentary scrutiny, when parliament has been given the chance to scrutinize.

It should be noted, with respect to debt-equity, that in 1952 when the recapitalization bill was passed CN had a debt-equity ratio of about 32 per cent or 33 per cent, compared with CP, which had a debt-equity ratio in the same vicinity. One must seriously question how CP could show a profit every year, pay a dividend and take advantage of its rightful depreciation while CN went merrily along accumulating more and more debt. I say that even though I understand that CP pays rather extraordinary salaries to its senior officials, which is a subject of some controversy and a matter of highly guarded secrecy. I am not sure whether CP pays its chief executive officer, Mr. Sinclair, for his services by the pound or by the amount of brains he has, but he is probably getting more than he is worth regardless of what formula is used. I say that particularly in view of some of his preposterous reasons for failing to disclose the salaries of CP officials to the securities exchange commission. It seems to me only logical that we should propose the same legislation which is in existence in the United States. Under U.S. law all companies which do business or arrange financing must reveal their executives' or directors' salaries when those salaries are above $40,000.

I want to reiterate that we are concerned that there are not sufficient safeguards and guidelines in this legislation to prevent a repeat performance of that which has gone before us. Since in no one year did CN meet its obligation to pay a 4 per cent dividend to the government on its non-cumulative preferred shares, what is so different about this particular legislation under which CN is obliged to provide the payment of 20 per cent of its net earnings to the government under clause 10? Unless there are clearly defined objectives and responsibilities for management to meet clearly spelled out in the legislation, unless the consequences of failing to carry out those responsibilities are clearly defined, unpleasant as they might be, and unless appropriate safeguards are inserted for meeting that purpose and ensuring that there is absolute accountability to this House, I submit that we can conclude that there is nothing to prevent a repetition of CN's past performance.

● (2032)

Clearly this legislation must have some teeth to guarantee that parliament will not be called upon to continue the pattern

of covering future deficits without taking management to task. We must call upon management to produce and to be answerable for their actions. In other words, they must produce or face the consequences. There should be no further excuses. We are now in a situation where we must assess the cost of providing transportation. Under this policy, the government is prepared to pay for the provision of transportation services which may not be economic but which are in the best public interest. We are in the process of looking at the Crowsnest pass freight rates and I think there is general agreement that the railways will have to be given a compensatory rate. Whether that will come out of the public treasury or out of the pockets of the farmers, or both, we know the railways will obtain redress in that area so there is no reason why subsidization should be required. Any cross-subsidization will be minimized by the policies of the government.

The CNR clearly has the type of economic environment which should provide service effectively, efficiently and at a profit. The corporation must be held accountable too and must be answerable to parliament through the House and the committee. To these ends we will be advancing the necessary amendments in committee.

We will allow the bill to go to committee with the understanding that witnesses will be called and in the anticipation of the government being receptive to logical, well reasoned amendments. We will be particularly interested in knowing how the current management will demonstrate that this measure will impose stronger management disciplines and how it proposes to manage effectively, efficiently and responsibly. We will want a clear projection of the future plans for the corporation in terms of growth in order to meet the important challenges in the field of transportation in the 1980s.

We will want, as well, a realistic five-year projection based on the current structure vis-à-vis the modified structure under this bill in order to prove that there are advantages to the government and the corporation. The committee should be able to see clearly the total implications of the bill.

Finally, Mr. Speaker, we will demand answers from CN management and from the minister in charge on how CN will fulfil its mandate efficiently, effectively and profitably in the interests of all Canadians, particularly those Canadians it serves.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I listened carefully to the little the minister had to say on this bill and to what my good friend the hon. member for Vegreville (Mr. Mazankowski) had to say. I must disagree with some of his conclusions arrived at from what I consider to be incorrect premises.

Canadian National Railways started off with the deck stacked against it. For the benefit of my colleague from Vegreville, if no one else in this House, I do not think it will hurt to go over a little bit of history. The hon. member and the minister as well as others over the years have talked about the unprofitability of CN. They conveniently forgot to mention that in most years, particularly those since World War II, the

[Mr. Mazankowski.]

CN has shown an operating profit. When it came to paying interest on the debt, however, it consumed all the operating profit, plus $5 million or $6 million in any good year that parliament had to vote.

When any company, whether privately or publicly owned, starts out with a debt that it can never pay off, even if it lasts for a thousand years, which debt was not acquired as a result of operating the company, then it is doomed to failure. A private company would declare bankruptcy and fold up, but in the case of a public company like the CN parliament and the people of Canada pick up the tab. Of course, parliament and the people of Canada have done that with some private companies as well—for instance, the CPR and some others.

Given that sound economic and private enterprise business premise, I am surprised that any fair-minded private enterpriser would condemn a corporation, public or private, that is required to pay off debts which have nothing to do with its operation or how efficiently it is managed but which accrued as a result of bailing out bankrupt private companies.

The minister is not here this evening, Mr. Speaker, and one is almost tempted to call a vote in order to adjourn the debate until a time when he can be around. On a bill as important as this one would think the minister could schedule his activities so that he could be present in the House. In order to educate his parliamentary secretary and the hon. member for Vegreville, I would remind the House that this all started in 1850. The Intercolonial Railway was not built as a commercial proposition, but to serve the political and economic needs of the country. Its construction was one of the conditions of confederation.

Then there was the National Transcontinental Railway. The government of the day claimed that all of the most important reasons for building it as a government railway and retaining control were that it could be used as a common outlet for both eastern and western railways. The National Transcontinental Railway was financed by government funds and the Grand Trunk Railway approved the specifications. That railroad, built with the taxpayers' money, was operated by the Grand Trunk Pacific Railway. It was a private enterprise operation without rental for a period of seven years and paid 3 per cent on the cost for the next 43 years. The cost of construction exceeded by a considerable amount the original estimates. We have been through that in this country before. The Grand Trunk found itself in financial difficulties and, in 1913, the National Transcontinental Railway was placed under the management of the Intercolonial Railway.

The Grand Trunk Railway itself was incorporated by an act of parliament in 1852. The expression "Grand Trunk", used in the 1850s, signified a line running from east to west in Canada, which in those days comprised the provinces of Quebec and Ontario, connecting the Atlantic ports of Montreal in the summer and Portland, Maine, in the winter with midwestern United States railways. In 1923 the Grand Trunk was amalgamated with the Canadian National. By that time the Grand Trunk had been merged into the 125 companies which originally had separate corporate identities.

● (2042)

The financial success of the privately owned Grand Trunk Pacific Railway depended upon rapid development of the west. It was inhibited by some business recessions in 1912 and again during the first world war. The Grand Trunk Pacific found itself in financial difficulties and had to turn to the government for further aid. These are private companies, Mr. Speaker. The Canadian government refused to provide any further financial assistance; they had already provided them with quite a bit, and in order to maintain operation of that company the government took it over as receiver in 1919.

The Canadian Northern Railway began with a few small enterprises in western Canada and grew into the third largest railway in the nation. At the time it was taken over by the Canadian government it had a complete system from Montreal to Vancouver with numerous branch lines. In 1918 financial difficulties again forced the Canadian government to take over the operations of a formerly prosperous private railway company.

In 1914 both the Grand Trunk Pacific and the Canadian Northern were in financial difficulties. They were granted loans by the dominion government which enabled them to carry on the necessary work on their line and continue in operation.

In 1916 further loans were requested. It became apparent to the government of the day that it was necessary to take stock of the situation and define policies for the future. They were faced with alternatives: to withhold further aid and let them go belly up; take them over and operate them as government properties; or continue with temporary assistance. They opted for continuing with temporary assistance.

By 1923 the government of that day took over all of those railroads and amalgamated them into the Canadan National Railways. All but one were privately owned. When Canadian National was set up they took over all the bonded indebtedness of those railroads. The taxpayers of Canada have been paying and paying ever since. On the successive refinancing occasions to which the hon. member for Vegreville (Mr. Mazankowski) referred, we paid off some more. I thought it was a tenet and a truism for private enterprise that if you invest in something, you take your chance. If it makes a buck, you make a buck; if it loses and goes broke, you lose. But in this instance all the private enterprise investors, the ones who were going to operate in the marketplace, have been paid. I do not hear my friend the hon. member for Vegreville or anyone else complaining about the poor management and inefficiency of these railroad companies that the Government of Canada had no choice in 1923 but to take over.

It is useless having a private enterprise government trying to run a Crown corporation. In the first place, they do not believe in it. Secondly, they do it as a last resort, a last desperate, frantic effort to bail out their private enterprise friends who got themselves into trouble.

In a country such as Canada with a large land mass, a cold climate and a thinly scattered population, there is not a single transportation system in our entire history that has ever made a profit without substantial public assistance from the taxpayers. My hon. friend from Vegreville mentioned the profitability of the CPR. I wish he would return to his office and turn up the financial reports for the CPR for the period 1960 to 1969. He will find in every year except two that had it not been for the subsidies received from the taxpayers of Canada, Canadian Pacific Railway would have been in a deficit position. I get sick and tired of the Canadian Pacific being held up as some kind of god of private enterprise, profitability and efficient operations, because without financial input from the public of Canada the CPR would have shown a loss eight out of ten during the 1960s.

We in the New Democratic Party agree with the principle of refinancing the Canadian National Railways system, but we highly suspect the motives behind it. If it is such a good idea now, why was it not an excellent idea 10, 20, 30 or 40 years ago? The refinancing that was done in previous years, the last being 1952-53, was not only an exercise in futility, it was just trimming off the edges of some of the tougher parts of the CNR's indebtedness.

In a situation like this you cannot be half pregnant. There is no such thing. You either own everything or else you get out of the operation. If we had been straightforward in the past and were straightforward now, the people of Canada would own all of Canadian National. The people of Canada are the sole and total shareholders of Canadian National.

An amount of $808 million debt is being transferred. This is because of depreciation not taken in previous years. Why I will never know, because all private enterprise firms are allowed to claim depreciation. Of course, they get tax benefits. Another $1,500 million is being taken out of 4 per cent preferred stock and transferred to no par value common stock. So we are looking at $2.3 billion of CN indebtedness transferred into the common equity of the people of Canada.

I agree with that, but we are only doing half the job. I ask this question, and I certainly will ask it in committee: "Why do we not do the whole job?" There is $271 million of long term debt in Government of Canada loans which falls due between now and I believe 1983; I am subject to correction on that date. There is another $991 million in loans under the 1955 refunding act that is due this year. Why is not that amount of money being transferred into common no par value stock held by the people of Canada through their national government so we can relieve Canadian National and put them into a net equity ratio, even better than Canadian Pacific or any other private company? After all it is our company. It belongs to the people of Canada. They have paid for it and repaid for it time and time again all the way back to 1850. The mythology of private enterprise and transportation in this country, which is still perpetuated and promulgated by my colleagues in the free enterprise parties, has been disproven time and time again, not only in Canada but in every other industrialized nation in the world.

When are we in Canada, with our kind of climate, going to face the reality that there is no such thing as a transportation

company in any mode, be it trucks, buses, rail or air, that can operate on its own, provide its own infrastructure and facilities, provide service to the public in the area it serves, and still make a profit? It has never happened and it never will happen. In countries with a much smaller land mass than ours but much greater population, transportation companies are subsidized by the public. However, they are publicly owned and controlled. Not so in Canada and the United States.

● (2052)

While we support the principle of the refinancing of Canadian National's debt, we are terrified about the motive behind that refinancing. In January of last year the Minister of Transport (Mr. Lang) sent a letter, which was nothing more than a letter of instruction, to the chairman of the board of directors of Canadian National. He said such things as:

Although it has generally been conceded that the railways should operate on a commercial basis—

I do not know where he got that general consensus.

—in fact the impression has persisted that Canadian National should be used as an instrument of public policy even if at the expense of its commercial performance—

That is perfectly true. The minister is admitting that since Canadian National was set up, every year it has operated the government of Canada has been misleading the people. The minister says it is just an impression that has persisted. I assure him that when I was a child it was not an impression on the prairies. We believed that both the public and private railway systems were there to provide a service and that their objective was not a commercial operation. Their objective was to provide a public utility, something we can all use. In the minister's letter the truth comes out. He went on to say:

—it is the view of the government that Canadian National should make every attempt to conduct its affairs with a commercial attitude and in a commercial manner.

In plain language, that means a reduction in service, a reduction of thousands of employees. And how many bucks are in it for CN? In that letter the minister encouraged the board of directors to make Canadian National profitable and therefore more attractive to the private sector.

We in the New Democratic Party are in something of a catch 22 situation. We agree with the principle of refinancing and the recapitalizing of the CN debt. In fact, it is my opinion that this bill does not go nearly far enough. At least another $2 billion should be transferred into equity and shares owned by the people of Canada. If that were accepted and passed by parliament, it would make Canadian National very attractive to the private investor.

Canadian National have already established six or seven profit centres, such as CN Marine, CN Hotels, CN Express and CN Rail. They have regionalized each operation. They are supposed to be semi-autonomous. In doing that, they made commercial viability and profitability the priority. As a result, there has been reduced service and thousands of layoffs. Those who do not live in the large profitable metropolitan areas must either sink or swim.

[Mr. Benjamin.]

Most Canadians, regardless of their political belief, believe that this is the kind of enterprise in which competition and profitability have no place. Many areas of enterprise should remain in the hands of the private entrepreneur. However, in the case of transportation, it is only logical, sensible and civilized that it be publicly owned and controlled.

When operating a transportation company in Canada, there are areas which are very profitable because of the density of population and the volume of traffic moved, with or without competition. The only way to provide reasonable service to the other parts of the country is to take the profit from those areas and cross-subsidize services in those parts of the country that are not profitable.

This nineteenth century free enterprise mythology which is still perpetuated by the Minister of Transport (Mr. Lang) and echoed by the hon. member for Vegreville (Mr. Mazankowski) has been proven a disaster so many times that I question their intelligence as so-called free enterprisers and sound businessmen. If they were operating their own businesses in that manner, they would be appealing to parliament to bail them out the same way we bailed out the shareholders of the railroads from 1850 to 1923.

Why do we just play around, going only half way? The long term debt of Canadian National should be transferred into equity, common shares in the name of the people of Canada I agree with the hon. member for Vegreville that Canadian National should be fully accountable. It should be part of the statute that their annual report must not only be tabled in the House of Commons, but that CN officials must appear before the appropriate standing committee of parliament. That should apply to every Crown corporation.

Private corporations in the public service sector should be accountable to parliament. You can bet your bottom dollar the shareholders of Canadian Pacific are not given a full accounting at their annual meeting. They operate as a law unto themselves. That enterprise is of a public service nature. They withhold much of the detail of their operations and management from their shareholders.

Having spent a few years in that operation, I still think of the horror of some of their activities. The shareholders never knew about them. Therefore, Canadian Pacific should also be accountable. The same is true of any other privately owned enterprise that provides a public service. That includes utilities as well as transportation.

These bookkeeping entries of $808 million for depreciation and $1.5 billion for the transfer of stock from 4 per cent preferred to no par value common is all on paper. No money will change hands. The essential motive behind this bill is to make Canadian National more attractive for private investment. The minister, the president of the company and some of its officers have stated that in this way it can move to the private sector. This means two things will happen. The profitable areas in the dense high traffic regions will be sold to private enterprise. Those fellows will make a sound business investment and get a good return on it. What about the rest of the country where it is not profitable to service the public by

rail or any other method? They will have to make their own way or be left in the lurch.

The hon. member for Vegreville talked about subsidization. You increase the amount of direct public subsidy every time you move a larger part of your transportation system into private enterprise. No matter which or how many of us are sitting here in years to come, the public will demand, and this parliament will have to provide, hundreds of millions of dollars in direct subsidies for transportation. That is an economic reality, whether those systems are publicly or privately owned.

● (2102)

To suggest, now, that we could cut off six or seven profit sectors in Canadian National and sell them off means that a few private investors will rake in the profits while the taxpayers get stuck with all the operations that fail to make money. Surely it is a civilized thing, as well as good business practice, to use money from the profitable sectors to pay for the sectors which lose money. Sometimes this cross-subsidization will be insufficient. Periodically there will be a need for additional public subsidies. That is the reality in Canada. That is part of the price of national unity. That is why confederation was agreed upon in the first place—to attain some measure of equity in transportation costs.

Both the privately-owned Canadian Pacific and the publicly-owned Canadian National have been deserting Canadians by the thousand—on the prairies, in the far north, in the eastern provinces, on the coast of British Columbia, in northern British Columbia. Why? Because they cannot make a buck there. Tough cookie, Mr. Speaker. Surely this proves that private enterprise has no damned business in transportation. This is what got us into trouble in the first place. Take the western European countries which have private enterprise governments. They think we are nuts having private enterprise transport systems. Theirs are publicly-owned and are subsidized as required.

The Minister of Transport (Mr. Lang) is worried about the Canadian people knowing how much the railways are costing us. Hells bells, every year when we got the estimates and the company reports we knew how much it was costing us. The minister suggested that in the case of the statutory grain rates maybe the farmer should receive the benefit of those rates in some other way. He "conned" the Atlantic premiers into forgetting about the Maritime Freight Rates Compensation Act. The premiers did not realize when dealing with the Minister of Transport that they should keep their backs to the wall and their guns loose in their holsters. They were "had". Transportation is a field in which we all share the costs through fares, rates and subsidies. If the hon. member for Vegreville (Mr. Mazankowski) really wants to do something about national unity, he will refuse to agree to this sell-off which is contemplated, the so-called privatization of Canadian National. His party will refuse to agree to it.

If the government really wanted to do something for national unity, if it really wished to end the feeling of alienation in various parts of the country, it would change its mind. Transportation is one of the key elements in national unity. Let ministers opposite say to the people of Canada just once, without equivocation, that, for example, in the case of the statutory grain rates, the amount paid by the grain producers is a sufficient amount and that the cost of putting grain into export position should be borne by the nation as a whole, so that we can compete with Argentina, the United States and Australia whose grain is much closer to the seaports. That is the basic reason for the statutory grain rates.

I trust I did not hear the hon. member for Vegreville suggest tonight that he and his colleagues would agree to the total cost of grain transport being borne by the grain producers and then, somehow or other, a little subsidy cheque would be sent out to each farmer. Mr. Speaker, that would be taking us back to the old days of Jimmy Gardiner when he could send every farmer a cheque around election time. I hope I did not misunderstand the hon. member for Vegreville, the spokesman for the Progressive Conservative party.

Mr. Lambert (Edmonton West): You would have difficulty understanding him.

Mr. Benjamin: Any deficit the railways incur through moving grain should be paid to them directly by the people of Canada through parliament. Canadian grain producers can then remain in competition with the other countries of the world which produce grain. The same applies to the Atlantic provinces. If they are to get their manufactured or primary products into central Canada where the market is to be found, then transportation cost ought surely to be a neutral factor in the business process. If you privatize Canadian National you will not be able to fault management for closing down services in small cities and towns, let alone in small cities and hamlets. You cannot blame the company if the only equipment they buy is the kind that serves big customers and makes the bucks.

I would point out that in most years Canadian National showed an operating profit. The reality is that, whether the railways were privately or publicly owned, when they were built is immaterial. They could not have been built by private investment alone and they would not have been built in the absence of public investment by way of cash, loans at low interest or interest-free, land grant, mineral rights and so on. Once started they got into trouble almost immediately trying to run a private enterprise operation in a geographic and economic situation completely unacceptable to any sensible businessman.

It is no different from trying to run a power line or telephone line into a rural area containing only scattered farm houses and hamlets. You would lose your shirt. Public investment is a necessity because you are dealing with a public utility which everyone in the country uses.

I would be just as happy voting against this bill as voting for it. I do not want to reject the principle of refinancing Canadian National, but the reason for bringing in the bill at the present time is to privatize the company in the same way as Air Canada and other agencies. It is convenient for private enterprises to forget that when the railway companies could

not make a buck, when they would not move in and do the job, the people of Canada did it. Now that parts of the operation have become profitable, the minister is saying: It is time to privatize the CN.

As for the private enterprisers who tried to get into the railway business, we bought them off. We made sure they did not go bankrupt. We made sure they got a return on their investment. It has taken us since 1850, and particularly since 1923, to do so. Now, I'll be damned if the Minister of Transport with the support of the hon. member for Vegreville does not want to go through the whole process again. Much of the indebtedness on the CN books is still carried over, financed and refinanced, from the original indebtedness of those private enterprise railroads. And now that we have paid and paid and paid again, we own the system. I wish we had more control over it. Now the minister wants to sell it off. Mr. Speaker, after all these years of paying and struggling and arguing, now is not the time to instruct the board of directors of the CN to make the operations of the CN purely commercial.

• (2112)

In my province of Saskatchewan, CN and CP have deserted hundreds of towns and villages so far as the provision of rail or truck services is concerned, regardless of their public responsibility and the commitments they made in the past. First they promised us better service if we would let them take off the trains and close the stations. They were going to give us better service with trucks. Then they moved all their truck agencies to only two or three locations in the province. Now they want to take away their trucks too.

We have gone through the business of making them profitable and commercial, and this has harmed Canadians. It had discriminated against Canadians because of where they happen to live. It has discriminated against small and big businessmen just because of the location of their processing plants. You cannot run a transportation system in a country like Canada on a private enterprise basis. It is the dumbest thing you can do. Ask any of your private enterprise friends and they will agree. Talk, for instance, to people in West Germany. The head of the biggest private enterprise you can find in that country would say it would be stupid. It would make even less sense to try it here.

The paper work we are doing in juggling the books for the recapitalization of CN is only on paper. We should add another $1.5 billion.

Mr. Mazankowski: What's a billion?

Mr. Benjamin: The bill does not go far enough. The total ownership is in the hands of the people of Canada and no place else. The mandate of CNR is to provide the best, most efficient and frequent service they can provide in every part of Canada.

Some hon. Members: Hear, hear!

Mr. Benjamin: If it becomes private, it will not be able to do that. No private company can do that and survive. If you keep it publicly owned, as it is now, with an instruction from the Minister of Transport (Mr. Lang) and a government policy which says it must be commercially viable and profitable, then you will be preventing a publicly owned enterprise from providing a decent service to people in every part of Canada. I say that you can equate efficiency and good management with good service—and I have not heard the word "service" mentioned here tonight. Surely when an enterprise fulfils the role of a public utility, service has to be the number one priority. There will be times when the operation will lose money, but if it is providing an equitable, decent and fair service to every part of the country, then the money is well spent.

This is called co-operative federalism; it is called aiding national unity. All the people in Canada share the cost; we all treat one another the same. Surely that is the raison d'être of a publicly owned rail transportation system. At that point it has nothing to do with whether it is a private enterprise or a Crown corporation. Its purpose is to provide a rail transportation service to all parts of Canada. The bill before us lessens that equity across the country and, I submit, it does great harm to national unity.

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise to join the debate with some surprise that there was no contribution from our friends a little farther down to the left. However, notwithstanding that, I feel obliged this evening to pick up the threads of the debate opened up by my colleague, the hon. member for Vegreville (Mr. Mazankowski), as well as comment on one or two points made by the previous speaker, the distinguished railroader from Saskatchewan. A little later I will deal with something a little more parochial than the national unity issue, namely CN's attitude to the freight rate structure. Then, in winding up my few remarks, I will put a very serious question to whomever on the government side will be taking part in the debate next, and it will have to do with the quid pro quo that the government has been able to get from Dr. Bandeen and CNR with respect to the largesse with which we are dealing now.

The observations and comments of the hon. member for Vegreville had to do with our skepticism about the position taken by CNR with respect to this bill. It is quite easy to accept on the surface the argument of Dr. Bandeen and others in CN that if we give them one more chance, if we let them operate under more modern methods of applying depreciation and accounting procedures and practices, they will do better. As the hon. member for Vegreville has pointed out, and as others who follow me will point out, again and again I hope, the argument is somewhat shallow and is perhaps not quite what this parliament or the people of Canada deserve.

I suppose that the position of CNR should be debated here in a general way. It will be discussed in great depth in committee. In any event, for a more general purpose it might be well to reiterate some of the points made by the hon. member for Vegreville and to emphasize one or two others. Any review of the CN's financial history since 1940—that is a 35 to 40 year period—would quite readily lay a primary colour against which this application to parliament and to the people

of Canada for relief of $808 million can be clearly portrayed. In the years 1942 to 1951, for example, it can be reasonably estimated that if CNR had accrued depreciation on all its structures, which is part of the point made by my colleague, the hon. member for Vegreville, it would have had approximately $110 million to $115 million more available for capital expenditures. Consequently, it would not have had to borrow the $110 million for capital expansion. However, the Capital Revision Act of 1952 in fact eliminated all the interest charge. As indicated, it wiped out all of the interest charge in respect of the government's participation.

● (2122)

Of the total government debt held, some $857 million, $736 million was converted to preferred stock, $100 million was converted to interest-free debentures, leaving a balance of $21 million. This has already been pointed out but it must be repeated. It is a reasonable assumption that the government held the debt of the CN. If the government had held the debt at the much lower rate in 1951-52 because of the depreciation accrual on structures, the amount of preferred stock would have been smaller; but it is difficult to see how higher depreciation accruals prior to that particular Capital Revision Act of 1952 could have had any effect on the present level of interest charges of CN.

We continue to be concerned about this because during the four-year period from 1952 to the 1955-56 year the depreciation on structures in Canada would have made available approximately $42 million to the CN for capital expenditures or whatever other purpose it might have had in mind.

My colleague has pointed out that this seems to approximate the amount by which the funded debt of the CN is higher because of the depreciation practices it has followed in comparison with that followed by the CP. I think this is apparent if you take 8 per cent, which represents the additional interest charges over that particular period of time, on something under $4 million during the year. At the very best the argument regarding insufficient depreciation having caused this situation is unacceptable and has to be viewed with some skepticism. The amount this would account for to this point in time would only be minor in terms of writing off debt, nowhere near the $808 million we are confronted with in this particular bill.

One could go on with these examples, and probably there are a dozen arguments that might occur to us, but all of them lead us to the shallowness of CN management and the government in their attempt to indicate to the people of Canada that in fact this $800 million is simply a paper transfer which in any event does not mean anything. I almost used the word "spurious" to describe that attempt by management and the government. What it amounts to is CN management suggesting that we should get out from under these old unworkable accounting practices. There is no suggestion they were unethical, but simply old fashioned practices which do not keep the system in line with the situation in the late 1970s and 1980s. Management is suggesting we should get the debt equity ratio in line with that of the Canadian Pacific. I do not know what is so magical about CP, but they keep referring to it. All of this just does not hold much water as far as I am concerned when viewed in conjunction with past practice. We have had three capital revision debt relief measures in respect of the CNR, all of them occurring very nearly within my lifetime; none has worked.

The hon. member for Vegreville (Mr. Mazankowski) made a very valid point. He asked what there is in this measure that will give us some assurance that when we write off the $808 million—and that is not a mundane matter—this parliament or a parliament ten or 15 years down the road will not be back here doing exactly the same thing. It is that question to which this House tonight and the committee within the next few days must address themselves. Hon. members must address themselves to this question in a way which I hope will reflect the type of assurance desired by the Canadian people. I hope there is some assurance that we will not be coming back to this chamber literally month in and month out, year in and year out, looking for debt relief of this magnitude on structures within our social and economic system.

This government is proud of the fact it has written off Air Canada's debt, the debt associated with the St. Lawrence Seaway and now Canadian National's debt. Please do not tell me that the writing off of the St. Lawrence Seaway debt cost the people of Canada nothing. Let us consider what it did to the ports of Halifax and Saint John. Who paid for this debt? I suggest the people of Atlantic Canada did.

An hon. Member: Oh, come on!

Mr. Forrestall: It is true.

An hon. Member: What about the expansion?

Mr. Forrestall: What expansion is that? I will mention the 115 per cent increase in freight rates on containers out of the port of Halifax since 1969 with another 6 per cent coming up in two or three months. The Council of Maritime Premiers and a premier of the province of Nova Scotia thought they knew the answers to everything, but they howled and cried when the CN said it wanted an increase in rates. Management finally said that they had made a lot of noise and would only put in the 4 per cent increase on January 1, instead of the 9 per cent. Do you realize what they intend to do on June 1? They will not just put on the other 5 per cent increase but will pick up what they have calculated they lost between those dates by not having the additional 5 per cent. The people of Atlantic Canada will not be paying the 9 per cent increase in 1978; they will be paying in reality something much closer to 10.5 per cent in additional freight rate charges. Do not talk to me about expansion and the grandeur of everything the CN has done for us.

Let us talk a little bit about the port of Halifax.

An hon. Member: Why don't you just mention the benefits you got through DREE?

Mr. Forrestall: What benefits?

An hon. Member: The expansion to the ports.

Mr. Forrestall: You are talking about the benefits received from DREE which has an 80 per cent leakage. The CNR is bad enough, but DREE is far worse. You gave us $100 million and within 60 days $80 million was back in the provinces of Quebec and Ontario. Is that what you call expansion? You tell me why DREE is a failure.

We hear a lot of talk about Canadian unity and those things that constitute that unity. I wonder if the members on the other side are really aware of what is contained in this bill before us? I wonder how many of them have ever bothered to read the bill or consider any of its history?

I want to talk about the bill before us and point out some of the "great things" that have been done for Atlantic Canada by this do-nothing government, and I will do so in the context of the Canadian National so that I will be properly in order. We over here want to know what return the Canadian National is offering Canadians. It will have to be better than what the CNR has been offering in recent years.

This evening I do not want to become involved in a purely provincial or parochial debate on this matter of CN re-financing, but I must suggest that the attitude of the CN to Atlantic Canada typifies the shallowness of the argument put foward to justify this request for re-financing. Let us consider some of the facts. There is not much question about the fact that the metropolitan area of Halifax-Dartmouth is one of the most important industrial centres in Atlantic Canada. It has to be one of the key centres, and is probably one of the most influential and important. It is acknowledged that the port itself is the key to the importance of the industrial area. It plays a significant role and is the main economic element in the development of our Atlantic economy.

• (2132)

In connection with that port, our sole railway to the market of central Canada is Canadian National. In the past the CNR has played a very active and positive role toward development in Atlantic Canada. Not only did the railway live up to its responsibilities, but it was able to benefit from its monopolistic position. As a matter of fact, perhaps we would have been better off to continue the concepts and the policies under which Intercolonial operated. Then we would have had an industrial corridor stretching from the marketplace in the heartland of Ontario and Quebec all the way to Halifax. I see the hon. member for Madawaska-Victoria (Mr. Corbin) is shaking his head. He does not want our industrial processing and producing capacity to be in a position to compete in the Canadian marketplace. In fact, we cannot compete in our own economy because our marketplace is too small. We cannot compete in the central Canadian marketplace as a result of the policies of the government.

In the past the CNR has played a very important and effective role in the development of the maritime economy. However, lately there seems to have been a drastic change in its attitude toward the Halifax-Dartmouth port. It is not an overstatement to say that this change in attitude is causing enormous uncertainty in the minds of the traditional users of that port. I am sure the same thing could be said with respect to the port of Saint John, except for the influence of the Canadian Pacific Railway. The reason for this uncertainty is the steady and seemingly unending series of rate increases dating back to 1969. Since that year there has been an average of more than one rate increase per year. In percentage terms, it is something in the vicinity of a 115 per cent increase.

The psychological effect of this on shippers and the users of the port has been nothing short of intimidating. Indeed, business has been lost. Above and beyond that, any further rate increases may very well have a disastrous effect on the capacity of the port of Halifax-Dartmouth to continue to serve as an interface of intermodal transportation into central Canada. The point has been reached now where Halifax is only a hair's breadth away from losing its competitive advantage over the port of New York in terms of moving containers into Montreal, Toronto and points west, including the mid-west of the United States. The advantage which has been enjoyed is gone because of continued harassment of our users and customers by freight rate increases. The 20-foot container business is seriously threatened, and we are virtually out of the 40-foot container business. We still have a little toehold in the 20-foot container business, but it is in serious jeopardy.

With respect to this situation, brought about solely by our captive position to the CNR, I should like to point out to hon. members that if business is lost, it will not show up in any other Canadian port. It will be lost to the United States. It will be lost to the port of New York, the port of Boston, as well as other ports. That business will be lost to the ports of the United States and will not be rerouted to the central Canadian or river ports.

We are at the will of Canadian National. A few years ago I argued strongly against the CNR investing in cast steamships. It seemed unnatural to me for Canadian taxpayers to invest their money in shipping operations which were owned offshore. The president of the CNR, Dr. Bandeen, will indicate that it was a viable investment, that Canadian National received a good return on its money. If one examines the background of cast, one will find out that Canadian National was trying to tie up the entire container business, which would remove competition. The notion of a Crown corporation engaging in this type of practice is somewhat repugnant to me in light of the history of Canadian National and the role it has played in the development of the Atlantic economy.

The CNR has come forward requesting assistance. There is nothing in this bill to assure that the CNR will not return in 15, 20 or 25 years seeking further relief. On the other hand, the Minister of Transport (Mr. Lang) said that he accepted the position of Canadian National. I want to find out something about the quid pro quo. If the Minister of Transport is correct in believing that this bill will resolve the problems of Canadian National and will put it in a position where it can properly expand its plant, buildings and equipment, then I ask

the minister what he has received from Dr. Bandeen in exchange for that.

We would be interested in receiving answers to questions regarding the entire situation with respect to road beds and grades over which Canadian National runs its stock. What will be done to upgrade the roadbeds and grades? What will be done about the bottlenecks which cause congestion in the lower mainland of British Columbia? What will be done about electrification? Canadian National Railways will have all kinds of capital for investment. What undertaking has the Minister of Transport received from the CNR in these areas? What will be done about rail and ferry passenger service in Atlantic Canada? Essentially there are five systems. The Minister of Transport has indicated that four of those systems will be abandoned, and yet the CNR comes forward and requests $808 million in debt relief. What will be done about the ferry system of Atlantic Canada? The Minister of Transport is talking out of both sides of his mouth. The other day he told me in the House that his departmental officials had not gone to Europe to find new construction for a ferry to replace the one in use; they had gone to Europe attempting to find one to lease. Balderdash and hogwash! They are over there looking for someone to construct a ferry at a time when our Canadian shipyards are underutilized and when there is an excess capacity which should be used! Of course a ferry cannot be built in a year, but if they do not order it this year, they will not have it for four years. They will still be going offshore to look. They know what the requirements will be well into the 1980s, but they have not canvassed Canadian shipyards where there is a capacity and a willingness to build.

● (2142)

What is Canadian National going to do with all this capital? What is the government going to do about rate increase for containers out of Halifax to central Canada? People in Atlantic Canada are very bitter when they see thousands of millions being poured into the central economy. We are criticized because we have to transfer the natural wealth of the richer provinces to Atlantic Canada. The government says it believes in equalization but, as I mentioned earlier, within 30 or 60 days a large percentage of every $1 million sent to us is back in Quebec. That is by design. Hon. members can ask the drafters of the original DREE policy. They were instructed to write it that way. They play games. Will $808 million not cost anybody anything?

Whatever happened to the "at and east" rates? That government proposal would have cost thousands of jobs at the lakehead, on farm lands and in Atlantic Canada. Processors, millers and shippers would have been affected.

Mr. Benjamin: The Atlantic premiers agreed with it.

Mr. Forrestall: Well, they were sucked in by the Minister of Transport (Mr. Lang). We are concerned. We want solutions to these problems.

The hon. member for Vegreville (Mr. Mazankowski) says we are quite prepared to let this bill go to the committee. I do not think it should until every member on this side of the House has expressed his concern to the minister about the absence of any meaningful assurance that this new accounting system is going to work and an acknowledgement that, if in fact it does work, the funding available for capital expansion and improvement will be spent on road bed improvement, grade improvement, bottleneck problems in the lower mainland of B.C., the coal resources in the northern region of Alberta, and rail access to the port at Prince Rupert.

One is hard pressed to go more than 200 or 300 miles without finding a major requirement for capital expansion in the system and facilities of CN. There are signalling and switching requirements, control of box cars is needed and new rolling stock and reefer cars are needed. Cars are needed to move shakes, potatoes and fish. We need a new dock warehouse facility at the port of Saint John. What assurances did the Minister of Transport get out of Dr. Bandeen and Canadian National with respect to these requirements? Where are those assurances, and when are we going to hear about them? This is a form of contempt, disregard and arrogance on the part of a government which has been in power so long that it does not know the difference and does not care.

An hon. Member: Oh, oh!

Mr. Forrestall: That hon. member will be put on the bench shortly. Perhaps he will go to the Senate or somewhere else; either that or we will build a tunnel so that we can visit him.

I hope hon. members on all sides of the House will raise matters regarding the assurances of which I spoke. There is a need, and I hope hon. members will point out clearly alternative policies to be followed. I hope hon. members will extract from the government what CN will do with the capital which is going to be available. I hope we can get from the minister or some other hon. member opposite an assurance with respect to our shipyards. Unless these things are done, skepticism and cynicism will continue with respect to CN and its role in the development of the national economy. We believe that transportation is a tool of economic development. We believe it is a useful, meaningful and needed tool in the development of the economies of regions of disparity. Without that tool Atlantic Canada and the north will not survive.

A change of attitude on the part of Canadian National is needed, and I hope that this $808 million will go a long way toward improving the attitude of CN toward this chamber, the regions of this country which rely totally and completely on transportation and toward the people of this country whose economic well being depends so much upon the capacity of CN to service, in an efficient and economic way, not only the financial requirements of this country but also the hopes and aspirations of the people who live in it.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, it is a pleasure to have an opportunity to speak in this hallowed chamber on the subject of the CNR. It is a subject which is of great importance to the province from which I come. I am glad to see that the minister responsible for small business, or

responsible for the problems suffered by small business in this country, is here tonight. However, this bill is not about small business, and the minister might be able to learn something about debt forgiveness in the amount of $808 million.

The late C. D. Howe would be turning over in his grave if he knew that the Canadian government was writing off $808 million in the bill which is before us now. I believe he got into serious political difficulty one time when he said "What's a million?" We are dealing with $808 million tonight, a burden we are going to have to take off the shoulders of the CNR.

When I speak about transportation, I like to consult the experts. One of the experts is now the Minister of Industry, Trade and Commerce (Mr. Horner). He used to be the transportation critic for this side of the House, so when I was preparing for this debate I felt I could do no better than look into some of the views of a man who is now in a position to see that his views are confirmed.

In the fall of 1976 the present Minister of Industry, Trade and Commerce was still able to say what he thought, or he was still able to think. I do not know whether either applies today but I would like to quote from *Hansard* for November 6, 1976 at page 14,417. The Minister of Industry, Trade and Commerce, then a civilian, referring to the Minister of Transport (Mr. Lang), said:

● (2152)

He has bought the line handed down by, I suppose, the civil service which said that we must work on a 'user pay' concept. I have always felt that transportation could serve the people of Canada a great deal better if users had a little more say before they were asked to pay.

That is an excellent principle that the Minister of Industry, Trade and Commerce pronounced in 1976 and I am sure his view has not changed. He went on to say:

The only conclusion I can come to is that the minister seems bent on increasing freight rates, increasing the cost of air passenger travel, increasing the cost of rail passenger travel, and recently, increasing the cost of shipping.

What the minister said then is true still. The Minister of Transport is bent on increasing freight rates, increasing air passenger costs, rail passenger costs and the cost of shipping. Now our former critic is over there helping him carry out those objectives. Time changes all things and the man who was going to tar and feather the Minister of Transport has forgotten all about it.

The principles he enunciated are still correct, however. I am not against lifting this burden of $808 million off the back of the CNR if it is a burden. After all, it is only taxpayers' money and since the taxpayers do not know they loaned it in the first place they will not worry that they will never get it back.

Before I quote, Mr. Bandeen I want to say that I think he and the people running the CN are a capable group and I have no criticism of them. They had to operate within the conditions set by this government. The Department of Transport is extremely unlucky, Mr. Speaker. Most other departments have been lucky with this cabinet and had a change of minister every six or nine months, so no minister could do too much damage in his short tenure. But the unlucky Department of Transport has had the same minister since September, 1975. For 29 months the minister has headed the department and this is really taking its toll on the country's transportation system. Instead of the "whirling dervish" policy, the present policy is that the minister is so effective in punishing the people of Canada and squeezing every dollar of savings that can be squeezed out of the transportation system, that he should be left there at least until the next election when the constituency of Saskatoon-Humboldt will be liberated from the user-pay concept of the minister.

I will mention only part of what Mr. Bandeen predicted would be needed for a profitable CN. In an interview reported in the *Globe and Mail* on February 11, 1977, he said:

Canadian National Railways can be profitable if four main burdens are lifted—

He really meant five but he did not want to mention the Minister of Transport. The report gives the first principle:

The losses from the almost compulsory provision of rail passenger service, estimated by Mr. Bandeen at about $50 million a year.

Why have railway passenger services at all, Mr. Speaker? Without them we could save $50 million per year. In the Newfoundland scorched earth policy they eliminated the railway passenger service in 1965. I remember the sign a grateful Mr. Smallwood erected on behalf of the public which said: "We will finish the drive in '65, thanks to Mr. Pearson." The drive was the TransCanada highway of which the federal government agreed to pay 90 per cent of the cost if Newfoundland would not make a fuss about losing the rail passenger service. If Newfoundland has no rail passenger service, why should Canada have a rail passenger service? I say we should look at this Bandeen principle very seriously. It would eliminate losses of $50 million per year.

The report then gives the second and third principles:

The losses from grain transport at low Crowsnest rates, which he calculated could reach about $64 million in 1977.

The losses from rail operations in Newfoundland which are in the range of $22 million to $23 million a year.

Let us finish off the railway in Newfoundland. We only did a partial job in 1965 so let us do away with the rest of it—take away the rails and sell them! That would be user-pay effective and cost-effective. Mr. Speaker, if the Minister of Transport attempts that we will put the rails around his neck and drop him into the Cabot Strait. The Hydrology Institute has been moved to Saskatoon so the minister is now an expert on water.

To return to the *Globe and Mail* report, it continues with the fourth principle:

The $2 billion in long term debt, most of it to the federal government, which has been building since the Crown corporation's founding in 1923.

This bill is only the start, the first instalment, Mr. Speaker, because Mr. Bandeen's four great principles include $2 billion in debt.

I hope I am not speaking too loudly, Mr. Speaker, but I want to make my point. This $808 million is only the start. The Bandeen plan is to make the CNR profitable. The bill will only do one quarter of one-quarter of what Mr. Bandeen said

should be done if the CNR is to become profitable. Why has the Minister of Transport not included these things in the bill? Is he waiting until after the election to slip through the appendices of this bill—in other words, to eliminate rail service altogether in Newfoundland? That is part of the prescription: forgive another $1,200 million in debt and that will really help out the CN. Eliminate the Crowsnest pass rates. There are not going to be any Liberal members west of Toronto anyway after the next election, so they may as well eliminate the Crowsnest rates. Eliminate rail passenger service; let us have a railway without any rails, without any passengers. That is what we want, a profitable railway that has no passengers, no trains, no freight rates and no cargo! At last we will be able to point to CN and say that after 100 years we now have a railway that is profitable. It has no passengers, no freight, no cargo, but by golly it makes money! That is why I am so anxious to support this bill, Mr. Speaker.

I have not enough time to speak tonight and I am only warming up, but I did want to reveal the conspiracy that lies behind this bill. I also want to ask the minister some questions before he closes debate about five months hence—because the bill is not going through tonight or tomorrow or Friday. The bill is not going through until we get passenger service back in Newfoundland. Unless all the people on the mainland agree to have their passenger service taken away, we will not agree to this bill. We will agree to it only if ours is restored. We have a TransCanada highway that is falling apart. You can hardly drive a hundred yards without falling into the swamp.

Mr. Deputy Speaker: Order.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

INDUSTRY—FLUORSPAR MINE AT ST. LAWRENCE, NEWFOUNDLAND—PROPOSED PRESSURE ON ALCAN TO OPERATE

Mr. John C. Crosbie (St. John's West): Mr. Speaker, on December 6, 1977, I asked a question of the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) about unemployment. After that question I asked about a work project in Newfoundland concerning the lower Churchill water reservoir, a project which was suggested by the Newfoundland government and put forward to the Ottawa government in June, 1977. I asked whether the Gull Island project is to go ahead either this year, next year or in five years' time. The environmentalists have said that they have to clear cut the sides of the river which is to comprise the reservoir. They said this work can be done now, that it will take 400 loggers three years to clear this reservoir and it will cost about $4 million. The work they would do would be of permanent value and it must be done before this job goes ahead. It will re-employ 400 loggers laid off as a result of the closing of Labrador Linerboard Limited. The Deputy Prime Minister and President of Privy Council then said to me:

● (2202)

—I will take note of the hon. member's representations and ensure that whatever proposals have been made will be considered at the earliest possible date.

That was on December 6, 1977. I now come before you, Mr. Speaker, and it is February 7, two months later. Today during the question period, I asked the Prime Minister (Mr. Trudeau), the "living" Prime Minister, what had been done about this proposal for employment on the lower Churchill reservoir, Gull Island River. The Prime Minister said that it was discussed in cabinet last week. I presume it will be produced at the televised extravaganza on Monday, Tuesday or Wednesday as some great work project that the Prime Minister and his confreres have cooked up to pull out of their hats in front of the public. I am just reminding them now that it has been eight months since that project was put forward. And that has been eight months during which time 400 men were unemployed while the government up here dithered, neither accepting nor rejecting the project. The minister said on December 6 that he was going to consider these things at the earliest possible date, but two months have passed before they have been properly discussed.

Another question I asked on December 6, 1977 concerned the closing of the fluorspar mine at St. Lawrence, Newfoundland. The consultants paid for by the federal-provincial governments, B. L. Hodge and Partners of London, England, made a report to the two governments saying that it was feasible to operate this fluorspar mine and that it could be profitable if Alcan would operate it properly and make the necessary investments. But Alcan refused. They wanted to close the mine because they were able to import fluorspar more cheaply from Mexico than operate the mine itself. I asked if the government would put pressure on Alcan and tell Alcan that there would be no tax concessions, no tax relief, no help for Alcan in any way, shape or form if they did not continue to operate that fluorspar mine in St. Lawrence, Newfoundland and save the jobs of 300 men. And this silly, stupid answer that I had from the minister was that Alcan had informed him that the fluorspar from the mine at St. Lawrence was used mainly as a chemical in spray cans, and because of the drastic reduction in the use of spray cans in Canada it was no longer feasible to operate that mine. That is a piece of nonsense. A man that would believe that tripe from Alcan would believe anything. That is a "Hornerism" of the worst. It is a spoonerism disguised as a "Hornerism" but that is the answer I got. It shows the lack of concern for jobs in Newfoundland.

When Sun Life decided to move its head office from Montreal to Toronto there was a fuss and a furore. But when Alcan wants to close a mine for no good economic reason, move out of Newfoundland and cause the loss of 300 jobs, it does not

cause the government any bother at all. If firms move out of Quebec it is different, but out of Newfoundland anyone can move.

Then yesterday I came across a proud boast from the Export Development Corporation that that crowd of clowns are giving $30.6 million to Alcan to help them construct an alumina plant in Ireland. The government allow Alcan to do away with jobs in Newfoundland, Mr. Speaker, and create them with our money and our credit in Ireland. Jobs for the Irish through Alcan, but not in Newfoundland. What kind of sense does that make?

● (2207)

The Export Development Corporation has to be brought under control. They do not care what they do as long as they whack the money out. The more money they whack out, supposedly financing our exports, the better they like it. It is the "Export and be Damned the Canadian Workers Corporation". That is what the EDC is.

Alcan should not receive one cent from the government of Canada. Alcan has calmly shut a fluorspar mine down and put 300 men out of work in St. Lawrence, not because the mine was losing money but because Alcan can get fluorspar cheaper from Mexico. The Minister of Industry, Trade and Commerce (Mr. Horner) did nothing to stop this. The government would not put on a tariff or impose quotas for reasons they never properly explained.

The only alternative for that community is a fish plant. There is a fine harbour there. The only alternative for the men is to go back to fishing or work in a fish plant. They made a proposal to the federal government through Fisheries Products Limited and the Newfoundland government to put a plant there. They need two things. They need loans and grants from DREE and permission from the Minister of Fisheries and the Environment (Mr. LeBlanc) to allow several Portuguese vessels to land there. But the federal government is delaying making any decision. I call on the ministers to take some action on these problems, particularly with regard to St. Lawrence.

[*Translation*]

Mr. Gilbert Parent (Parliamentary Secretary to Minister of Veterans Affairs): Mr. Speaker, I do not always understand English very well. The hon. member has used the word "dithering". What does it mean in French? I did not quite understand everything, but the hon. member asked two questions to which I will now reply.

[*English*]

I would like to advise the hon. member for St. John's West (Mr. Crosbie), that the minister has a copy of the preliminary report on a study of the economic potential of the St. Lawrence fluorspar deposits in Newfoundland which was prepared for the government of Newfoundland and Labrador by B. L. Hodge and Partners, London, England. The report was sent to the minister by the Hon. T. Alex Hickman, minister of intergovernmental affairs of the government of Newfoundland and Labrador—I am sure the hon. member is familiar with this gentleman—on the understanding that it be kept strictly confidential. Accordingly, I suggest that the hon. member approach the Hon. A. Brian Peckford, minister of mines and energy of the government of Newfoundland and Labrador, with regard to the report, because we intend to uphold the confidentiality of the report that was given to the minister.

I understand that Mr. Peckford met with Alcan officials in Montreal when Alcan restated the company's decision to close down its fluorspar mining operations in St. Lawrence, Newfoundland because they are no longer economically viable. A press release of December 1, 1977 by Alcan indicates that there are differences of opinion between Alcan and its consultants and the Hodge report on many aspects of the possible continuation of production having regard to mining safety and economic viability under present conditions.

I also understand that Alcan has offered the Newfoundland government a five-year lease of the mining rights and equipment at St. Lawrence for a nominal sum of $1 per year as the company does not want to be a stumbling block between the Newfoundland government and any other company which may be found to operate the fluorspar mines at St. Lawrence.

HEALTH AND WELFARE—CARE OF THE ELDERLY—FINANCIAL AID FOR THOSE IN INSTITUTIONS

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, on January 26 I asked the minister whether home care help was available under the Canada assistance plan and, if so, how much. Her answer was that the plan extended into the home care field, that Ontario had already been given $1 billion under the block funding arrangements, and that money was available also for home care programs.

I wish to set my question in order and lay the basis for the question I am going to ask. In 1957, the federal government brought in the Hospital Diagnostic Services Act. Ten years later they brought in national medicare. Quality of service was stressed. There was to be 95 per cent coverage. This was in spite of the fact that Ontario had a health care plan brought in by the Robarts government which covered all social services.

● (2212)

The federal government forced the provinces to accept the universal health care scheme, and then the pressure went on. Of course, escalating costs due to inflation were an important factor. The situation necessitated cuts in the nursing staff and then there was pressure to get patients out of active treatment beds quickly because the cost of an active treatment bed is anywhere from $100 to over $200 a day. Patients were removed to chronic care beds costing between $40 to $100, quite a saving. As I say, the nursing staff was reduced and a nurse, no matter how capable, can only do so much. My contention is that these measures could lead inevitably to a reduction in the quality of patient care.

I go on a little further. From chronic care beds patients are transferred to nursing homes, in which case the government

pays a total of $14.10 a day per patient. I want to ask this question: How often has the minister or her officials been in consultation with provincial officials with regard to the effectiveness of these arrangements? I ask this question bearing in mind that this is an extended plan operating right across Canada. Is the quality of care in these homes guaranteed? What equipment is in place to treat patients with illnesses capable of being treated? Are oxygen cylinders in place for use as necessary? Is other necessary medical apparatus available for use if required? In short, is the quality of care promised by the federal government when it brought in this scheme up to standard and is it being maintained across Canada?

I turn now to the charitable institutions which are finding it very hard now to make ends meet. I have in mind the Catholic institutions, and the Protestant ones, too. Their revenues are falling far behind and each patient they receive is cared for at a financial loss. If nothing is done, these institutions will be obliged to close down.

I should like the parliamentary secretary to tell us how often officials of the department talk over the future of this plan and consider the direction we are taking in the field of health care. Can we continue to assure the people concerned that the quality of health care across Canada will be maintained? What I am pleading for tonight is that the minister ensure more frequent consultations between her officials and those of the provincial governments with emphasis on future needs so that the mess in which we find ourselves at the present time in the field of health care will not continue.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): First, Mr. Speaker, I should like to congratulate the hon. member for his usual clarity in presenting his concerns. They are also the concerns of the minister. I can assure him there is no intent whatever to cut the level of medical care that we have enjoyed in Canada for so long.

● (2217)

As the hon. member is aware, the provision of health and social services is a responsibility of the provinces, with the federal government helping them in meeting those responsibilities by providing financial assistance, collaborating in the development of standards, undertaking studies in important subject areas, and through other means. In the present instance the federal government is providing a $2.2 billion cash contribution in the current year to support the hospital and medical care services. In addition, for 1977-78, some $464 million is being transferred to assist provinces in providing extended health care services, which include nursing home, institutional and home care services, the very items the hon. member has referred to. This amount is considerably in excess of the contribution that the provinces would have received under the Canada assistance plan for these same services. Hence, in a very real way the Government of Canada is sharing with the provinces the costs of both institutional and home care services.

In addition, the government of Canada has recently proposed to the provinces that $575 million be transferred in 1978-79 through a block funding arrangement to assist them in providing a comprehensive range of social services, which includes the homemaker component of a home care program. While a final agreement has not yet been reached, it is hoped that this new financing arrangement can come into effect on April 1, 1978. In the meantime the Canada assistance plan is sharing with the provinces the cost of providing homemaker services to persons in need who are living in their own homes, and is also assisting with the basic income maintenance needs of adults residing in a residential care institution. The provinces have been advised that even with the introduction of block financing for social services Canada will continue to assist individuals with their basic income needs through the Canada assistance plan, whether such persons are living in their own homes or in institutions.

In conclusion, may I say that it is the purpose and intention of the department to continue the same level of medical care as has been provided in the past. Once again I want to thank the hon. member for bringing this matter to the attention of the minister and the department concerned.

LABOUR CONDITIONS—PROPOSED LAY-OFFS AT CERTAIN MINES—GOVERNMENT ACTION TO AVOID

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, on January 24 I asked the Minister of Energy, Mines and Resources (Mr. Gillespie) what specific steps he had discussed with Canada's provincial mines ministers to prevent the impending lay-off of 4,000 workers in the nickel industry in the Sudbury basin, Port Colborne and Thompson, Manitoba. In his response to me he did not list one single specific proposal. He talked about medium term prospects, he talked about restoring confidence in the mining industry, and he talked about separate jurisdictions, but he did not mention one specific step he would consider taking to save the jobs of 4,000 of Canada's miners.

The reason the minister could not talk about such steps is that he has no steps. He has totally abdicated his responsibility both to Canada's miners and to the communities of Port Colborne, Thompson and the Sudbury basin. His government is prepared to dump millions of dollars into the mining sector but it is not prepared to even attempt to see that the money is used constructively.

The government gave the International Nickel Company $318 million in deferred taxes but were not prepared to make such deferrals conditional on increasing employment. In fact, at the time the company announced the lay-offs the government was in the process of passing tax legislation that would give Inco $10 million. That comes to a grant of $3,333 for every miner they are laying off.

The government would not consider a temporary stockpile of the nickel to keep those men employed. Instead they would prefer to give the company more tax concessions and then pay the laid off miners unemployment insurance. The miners do

not want unemployment insurance; they want jobs, they want to be productive. This government has denied them the opportunity to work and be productive.

It is not as if a stockpile would have been a bad investment, because officials of the companies involved all say publicly that the nickel markets look healthy in the medium to long term. Even a recent study by G. A. Barry and G. E. Wood of the minister's department says the same thing. But the government will not act to stockpile nickel, an action it has undertaken profitably in the past with uranium.

The government also refuses to take steps to prevent such a crisis in the future. At a time when Canada and the Sudbury basin desperately needed money for investment in job producing secondary industry, Inco was exporting hundreds of millions of dollars made from profits in Canada to invest in new mines abroad. What did the government do about this? It gave the company another $77 million to help it on its way. This was $77 million of taxpayers' money paid in taxes by the workers who become unemployed next Monday.

● (2222)

The government would not even take steps to protect jobs in Canada. My party requested a temporary tariff on nickel carbonate coming into Canada destined for the Sherritt Gordon refinery at Fort Saskatchewan. It would not put that temporary tariff on raw nickel coming into Canada even though the Japanese have been protecting their nickel industries with temporary tariffs of 13 per cent for the last few years. The government would not even stop the import of that nickel into Canada, yet that nickel is processed in the Sherritt Gordon refinery. The irony of it all is that it is sold to our mint in Winnipeg to make our coinage, and this at a time when we have raw nickel stockpiled to our eyeballs in Port Colborne and Sudbury.

This is the same kind of brutal unconcern that permits this government to allow Alcan to close out a mine in St. Lawrence, Newfoundland because the mine is not making as much money as it would make if it were importing the fluorspar from Mexico. Yet this government has given Alcan $200 million in deferred taxes. We heard earlier tonight that this government through the EDC is lending Alcan $30 million to build a plant in Ireland. I wonder by what stretch of the imagination the government can now turn around and put Ireland in the same category as Guatemala and Indonesia. I suppose Ireland is a third world country and we are now helping third world Ireland with this low interest loan.

The government could have come up with specific proposals to save the jobs of our miners. It could have stockpiled nickel in the short-term and made a profit. It could have imposed a temporary tariff which would have saved some jobs in the nickel mining industry. Most important, over the years that this government has been in power it could have initiated economic planning that would have prevented companies from such criminal acts as deliberately stockpiling nickel to gamble on future markets and then using the stockpile as a weapon in wage negotiations with the workers. This government could have prevented the companies from making the workers pay for the companies' own economic mismanagement. The government could have used ownership or taxation of our resources to make sure there was an adequate pool of investment capital here in Canada to ensure jobs in manufacturing and to diversify the economies of one-industry towns such as Sudbury and Thompson.

Truly this government is tired; it has grown fat and sassy. It is like a ship struggling through the water, barnacles hanging from its bottom and impeding its progress. Members opposite have to be completely out of touch with the citizenry of Canada to be able to sit so insensitively on the government benches while Canadian workers are discarded like so many used pieces of tissue. This government in its repeated failure to act has surely earned and richly deserves the scorn of the Canadian people at the polls whenever an election should come.

Mr. Ken Robinson (Parliamentary Secretary to Minister of National Health and Welfare): At the outset, Mr. Speaker, I must say that the hon. member for Nickel Belt (Mr. Rodriguez) has been extremely eloquent, as he usually is, and has made his case extremely well. It is very tough to say anything when you are talking about 4,000 people out of work in a constituency. I assure the hon. member that I share his concern because I have Anaconda in my riding where there may be 875 laid off; I have Christie's Bread in my riding where there may be another 500 laid off; and I have Continental Can which is having some problems as well. I hope I do not have to continue.

I share the hon. member's concern; this matter is very, very important, indeed. I do know that the minister, his department and the government share the hon. member's concern as well. The question is, how do we remedy the situation? Time would probably not permit us to go into that in detail.

In response to the question of the hon. member for Nickel Belt, need I point out that the mining industry, one of this country's great exporting industries, is dependent upon customers outside Canada. Manpower shortages in periods of peak demand, or conversely, surpluses during depressed mineral markets, are characteristic of mining.

● (2227)

At the moment, as my hon. colleague has already been told, copper, nickel and zinc, as well as the people who mine them, are being especially hard hit. Yet this is not a reflection of the entire state of the mineral market. The year 1977 brought widely divergent fortunes to different sections of the mining industry. While excessive stocks are keeping prices down in the commodities I have just mentioned, the demand for molybdenum and tungsten is very firm while aluminum's recovery continues. In addition, it might be added that the price of gold has also risen.

Because of this, cutbacks in the labour force are related to soft markets. These lay-offs are not in line with government objectives, although from the corporate point of view they may

seem rational. The government is concerned with ameliorating the hardships to labour.

As the hon. member for Nickel Belt is well aware, a conference of mines ministers was held on January 20, 1978 to look at the medium-term prospects for the mining industry and how it would be possible for mines ministers to restore confidence in the mining industry. There was general agreement that over the next few years world market conditions will be a major influence on the mining industry of this country.

The ministers discussed several questions under the general topic of mineral sector management and co-ordination. Many subjects were discussed, including the point that it is important to ensure the industry and its employees are getting the maximum benefit from social programs already available. It was agreed that there was a need for a better understanding of social factors related to mining employment, particularly in the area of pensions and the desirability or not of portable pensions for industry employees. It was agreed that there is a need for continuing dialogue between ministers. The ministers looked at a number of questions in their separate jurisdictions which they may be able to address for the purpose of reporting to their first ministers' meeting in February.

In the long run a unified effort by both the federal and provincial governments to design measures on a commodity basis is needed to protect industry's viability and expand into new employment areas.

Mr. Deputy Speaker: I regret to interrupt the hon. member, but his allotted time has expired. The motion to adjourn the House is now deemed to have been adopted. Therefore this House stands adjourned until tomorrow at two o'clock.

Motion agreed to and the House adjourned at 10.28 p.m.

HOUSE OF COMMONS

Wednesday, February 8, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

PARLIAMENT HILL

USE OF FACILITIES FOR LIBERAL PARTY CONVENTION—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under the provisions of Standing Order 43 concerning the event scheduled to take place in the parliamentary buildings on Friday, February 24, allegedly involving the setting up of 26 bars and the participation of approximately 4,000 people as part of a convention being held by the Liberal Party of Canada. I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this constitutes abuse and blatant misuse of the privileges afforded to members of parliament, as well as degrading the dignity of the parliamentary buildings, that particularly at this time these buildings should be used for solving the problems of unemployment and inflation, rather than as a gigantic cocktail lounge for members of the Liberal party and, finally, ask that the Speaker review the matter in order that the parliamentary buildings will not be debased by a booze-bash and become known as "Trudeau's tavern".

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I have some difficulty about putting the motion. There are notices of questions of privilege to be raised about the same matter, and I am certain it will necessitate a long discussion later. It involves a decision that I made in terms of the initial permission for the use of the parliament buildings. However, the question involves legitimate discussion concerning the extent of the arrangements since the original permission was given; therefore, I will give the benefit of the doubt to the hon. member and ask if there is unanimous consent that the motion be put.

Some hon. Members: Agreed.

Some hon. Members: No.

PRIME MINISTER URGED TO CANCEL PLANS TO USE PARLIAMENT HILL FACILITIES—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a motion on the same subject, which I agree is extremely serious. The Prime Minister (Mr. Trudeau) said recently in British Columbia, "There are no free lunches". Considering that the Liberal Party of Canada plans to turn Parliament Hill into a colossal free lunch for their convention that is to take place later this month, using parliament's facilities, which are paid for by the taxpayers of Canada, to provide what one Liberal officer has described as "a mammoth bash", and considering that another Liberal planner is quoted as saying, "Who wants to drink and dance in some hotel basement room when you can use parliament?", I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the Prime Minister to practice what he preaches and take steps to ensure the Liberal party cancels its plans to use parliament's facilities to provide themselves with "a mammoth bash".

[*Editor's Note: The hon. member for Saint-Hyacinthe (Mr. Wagner) entered the chamber and received loud and prolonged applause.*]

Mr. Speaker: As on many occasions in the past, hon. members have shown their warmth of feeling and affection in welcoming back among us an hon. member of great distinction who has suffered a serious illness. We certainly welcome back to the House the hon. member for Saint-Hyacinthe (Mr. Wagner) and wish him good health in the future.

Some hon. Members: Hear, hear!

Mr. Speaker: This leaves us with the question of whether there is unanimous consent for the motion put forward by the hon. member for Oshawa-Whitby (Mr. Broadbent). Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: There does not seem to be unanimous consent.

* * *

POST OFFICE

REQUEST FOR HOUSE TO HOUSE MAIL DELIVERY SERVICE THROUGHOUT CANADA—MOTION UNDER S.O. 43

Mr. Leonard C. Jones (Moncton): Mr. Speaker, I, too, have a motion concerning a matter of urgent and pressing necessity. It is not with respect to any political bash, but it might concern some political problems. It is of national concern and comes under the provisions of Standing Order 43.

In view of the fact that many Canadian households which would ordinarily be receiving house to house mail delivery service have not been obtaining this service for some time, due to alleged restraint by the postal department, and in view of the fact that it is reported that house to house mail delivery

service has been implemented in at least one area of the country and the same rules have not been applied to all parts of the country, and in view of the fact that all Canadian householders pay the same postal rates and the same federal taxes and deserve and are entitled to equal service and treatment, I would move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the Postmaster General take steps forthwith to implement full house to house mail delivery service and provide all the adequate and necessary walks and postal carriers, without any further restraint, restrictions or discrimination, right across Canada—not just in a part of the Toronto area, as reported in one of the Toronto papers recently, but right across Canada.

Mr. Speaker: Order, please. Presentation of such a motion for discussion at this time, pursuant to Standing Order 43, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*Translation*]

CRIMINAL CODE

REQUEST FOR REINSTATEMENT OF CAPITAL PUNISHMENT FOR KILLING OF PRISON GUARDS OR POLICE OFFICERS—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an important and very urgent matter.

Considering that murders of police officers and prison guards are increasing alarmingly in Canada and in view of the murder of Archambault Institution Warden Michel Roy yesterday, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That this House urge the Solicitor General to introduce before parliament a bill to amend the Criminal Code and reinstate capital punishment for the murder of police officers and prison guards, or at least a very harsh sentence which would punish and act as a deterrent for those who have no respect whatsoever for the life of others.

Mr. Speaker: Order. Pursuant to the provisions of Standing Order 43, the presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Jones.]

[*English*]

PARLIAMENT HILL

USE OF FACILITIES FOR LIBERAL PARTY CONVENTION—CONDEMNATION OF GOVERNMENT—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the fact that the Liberal Party of Canada wishes to take over and utilize facilities in the Centre Block and the West Block for purposes of entertaining delegates and other misguided people attending the Liberal party conference in Ottawa during February, so that liquor can be dispensed and gaiety engendered among their gloomy ranks, and in view of the fact that Emperor Nero during the decline and fall of the Roman empire fiddled while Rome burned, while Prime Minister Trudeau now fiddles while our unemployed burn with indignation, I move, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

That this House deplores any suggestion that the parliamentary buildings should be used for Liberal bars, Liberal balls or other swinging Liberal pursuits and requests the government to withdraw its dipsomaniac proposals.

Mr. Speaker: The motion can be presented only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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LABOUR CONDITIONS

FIRST MINISTERS' CONFERENCE—GOVERNMENT PROPOSALS TO BOOST ECONOMY TO PROVIDE JOBS—MOTION UNDER S.O. 43

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, I rise under the terms of Standing Order 43 on a matter of urgent and pressing necessity. My motion relates to the current economic crisis which is highlighted by statistics showing one million unemployed Canadians, the highest number in Canadian history. Given the tragedy of this situation and the need expressed by members of the opposition and bodies such as the C. D. Howe Institute to take urgent and immediate measures to alleviate this crisis, and given that the eleven first ministers whose decisions can have a profound impact on the Canadian economy will be meeting in formal session next week, for the first time in 15 months, to deal with, in the words of the Prime Minister "a medium-term economic strategy for Canada," I move, seconded by the hon. member for York-Simcoe (Mr. Stevens):

That, as a first order of business, the agenda of the first ministers' conference deal with specific proposals aimed at giving an immediate boost to the economy in order to counteract this winter's heavy unemployment.

Mr. Speaker: Such a motion can be presented only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

EXTERNAL AFFAIRS

RIGHTS AND FREEDOMS OF SOVIET CITIZENS—REQUEST QUESTION BE RAISED AT INTERNATIONAL CONFERENCE—MOTION UNDER S.O. 43

Mr. Bob Kaplan (York Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity, pursuant to the provisions of Standing Order 43. I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

In light of the offer of the Government of Canada to grant immediate landed immigrant status to Anatoly Shcharansky, and recognizing that the Soviet Union has not yet positively responded to this initiative, this House wishes to express its deep disappointment as well as its concern respecting the treatment of Soviet citizens who have attempted to exercise their rights and freedoms as embodied in the Final Act of the Conference on Security and Co-operation in Europe and agreed to by participating states at Helsinki and, further, this House asks that parliament's concern on this vital issue be raised at the earliest opportunity at the Belgrade meeting of the Conference on Security and Co-operation in Europe now under way.

Some hon. Members: Hear, hear!

Mr. Speaker: Such a motion, pursuant to the provisions of Standing Order 43, can be presented to the House only if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Some hon. Members: Hear, hear!

● (1417)

ORAL QUESTION PERIOD

[*English*]

PENITENTIARIES

HOSTAGE-TAKING—INQUIRY INTO RECENT INCIDENTS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General, who shocked the House yesterday when he said, in response to a question by the hon. member for Surrey-White Rock, that he was not prepared to reconstitute the subcommittee of the Standing Committee on Justice and Legal Affairs which deals with penitentiary matters. In case this was another instance of the minister taking a position too hastily, I want to give him an opportunity to extricate himself.

In view of the fact that the subcommittee did its work with integrity and in a non-partisan way, and that it presented the House with a unanimous report, will the minister reconsider the attitude he took yesterday and accept recommendation No. 65 which asks that the subcommittee be reconstituted for this parliament? Specifically, will the hon. gentleman permit that subcommittee to participate in the inquiries which are taking place or which are about to take place into the two most recent hostage-taking incidents?

Hon. J.-J. Blais (Solicitor General): First, may I point out that I was replying to a question by the hon. member for Surrey-White Rock which referred specifically to the hostage-taking incident in British Columbia. I have stated, with respect to that incident, it was my intention to request the appointment of a formal inquiry. The precise form the inquiry will take will be decided upon in a day or two. I did not think it was necessary to reconstitute the subcommittee for that purpose. However, I am the first to agree the subcommittee has done excellent work, and I do not use those words loosely. It has done marvellous work in terms of the reference made to it. We are investigating its report and all the recommendations which were made, including recommendation No. 65. I shall have a statement to make on that recommendation on a subsequent occasion.

Mr. Jarvis: The Solicitor General and his predecessor have had eight or nine months in which to consider those unanimous recommendations. Does the hon. gentleman intend to continue the policy of his predecessor, that the recommendations forming the heart and soul of the report will not be implemented immediately, without further consideration, since ample time has now been given to the minister and his predecessor?

Mr. Blais: The hon. member underestimates the value and, indeed, the logical sequence of the recommendations which were made. If he recognized their importance and the seriousness with which they are being considered, he would recognize, also, that they require considerable analysis—

Mr. Jarvis: Eight or nine months?

Mr. Blais: —in order that they may be implemented. I might add that I am in contact with the chairman of the subcommittee in order to accelerate the process of implementation of the recommendations.

Mr. Jarvis: What the minister underestimates are the murders, hostage-taking incidents and injuries which are continually occurring in Canadian penitentiaries.

Some hon. Members: Hear, hear!

Mr. Jarvis: I ask him again: Will he, first of all, implement these unanimous recommendations with dispatch, and will he with equal dispatch reconstitute the subcommittee?

Mr. Blais: I think I have replied to both those questions quite honestly and quite openly.

Mr. McGrath: And quite negatively.

[*Translation*]

ARCHAMBAULT—DATE OF IMPLEMENTATION OF RECOMMENDATIONS ON CONDITIONS

Mr. Roch La Salle (Joliette): Mr. Speaker, I will direct my question to the Solicitor General as well. In light of the recommendations made in that report which was tabled nine months ago, it seems that at the time we recognized that the conditions, particularly in the Laval institution, were abominable. Could the Solicitor General tell us if the recommendations contained in that report will be implemented soon and also tell us what has been done about this in the past nine months, particularly with regard to conditions prevailing in the Laval institution?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the conditions will necessarily apply to the whole system. We must not begin singling out specific situations. I want to tell the hon. member that all the people in my department have worked very hard on this. I have received a preliminary report. Mr. Speaker, at the very beginning when I accepted this portfolio, I insisted that I should meet with the officials of the Canadian Penitentiary Service to assure myself that the recommendations of a subcommittee of a committee of the House be implemented as soon as possible. I am seeing to it that this is done and I want the hon. member to be sure of that.

Mr. La Salle: Mr. Speaker, I should like to put a supplementary question. The Solicitor General is referring to the standardization of living conditions in penitentiaries throughout Canada. In that report, meetings with various provincial justice ministers were also mentioned. Could the Solicitor General say whether his predecessor had met the Quebec minister to deal with Quebec institutions as far as standardization is involved?

Mr. Blais: Mr. Speaker, I thank the hon. member for giving me the opportunity to pinpoint one of the reasons why there may have seemed to be some delay in the implementation. I intend to meet personally my provincial counterparts in the near future, probably in the first week of March if I am not mistaken.

Mr. La Salle: A last supplementary question, Mr. Speaker. The Solicitor General says that he intends to meet the ministers in the near future. Could he explain why those meetings have not yet been held since the government was handed that report nine months ago?

Mr. Blais: Mr. Speaker, I did not say that there was no meeting. I merely stated that, personally, I will meet those ministers in the near future.

[Mr. McGrath.]

• (1422)

[*English*]

TRADE

DEFICIT IN AUTOMOTIVE TRADE WITH U.S.—INDUSTRY COMMITMENTS TO IMPROVE SITUATION

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. In an incredible paper released by his department last week, the deficit in automotive trade between Canada and the United States is forecast to reach the alarming figure of $2.5 billion annually by 1981. This represents a 250 per cent increase in the current annual deficit, and would mean the net loss—I put the figure conservatively—of at least 40,000 jobs which would be due to Canada under the Canada-U.S. automotive agreement. Can the minister tell us what commitments he has obtained from the industry to head off this deplorable situation?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, General Motors has agreed to build one additional parts plant in Windsor. We are urging the company, and working with it to negotiate a second plant. Ford has agreed to modernize a plant it is operating in Windsor, and we are working with that company and urging it to build additional plants. I would like to point out to the hon. member that our export of automotive parts increased last year by 22 per cent; our export of automobiles increased last year by 25 per cent. If we can continue to do that, I think we will narrow the gap, rather than increase it.

Mr. Broadbent: Mr. Speaker, the minister knows as well as I do that in terms of the essence of the argument, the figures he has just given us are meaningless. In spite of the increase the minister is talking about, we had a $1 billion deficit last year. Is the minister aware that the president of the Ford Motor Company said recently that the industry will be investing $58 billion in North America in the next eight years, largely because of new requirements regarding energy and pollution? Is he aware that the minimum entitlement to Canada, at that level of investment, would be at least $750 million a year, starting next year? If so, can he assure the House that we will get anywhere near that figure?

Mr. Horner: Mr. Speaker, I can assure the House that we are doing our utmost to get Ford to build additional plants in Canada. We are in severe competition with the southern and northern United States—a bidding match as to who can provide them with the most facilities at the lowest cost to them.

• (1427)

Mr. Broadbent: Mr. Speaker, let me remind the minister that the government of the United States does not have a treaty with the southern states; this is a treaty it has signed with Canada. Clause 1 of that treaty states that Canada and the United States are to share on a fair and equitable basis in the growth of the industry. I would, therefore, like to ask the

minister, if we do not have our share of growth, which we do not, why does not the government insist on the United States living up to that agreement, and particularly on getting letters of agreement from the industry to invest in the way it did in 1965 when it signed the agreement?

Mr. Horner: Mr. Speaker, we are working and asking the industry to do just that. I might say that if the hon. member were to look at the publication my department released on the automotive industry, he would see that we have steadily increased our production in both automobiles and parts. In fact, we have doubled parts manufacturing in Canada in the past ten years.

* * *

[*Translation*]

PENITENTIARIES

REQUEST FOR MEASURE TO PROTECT PRISON GUARDS

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I wish to direct a question to the Solicitor General.

Considering that over nine months ago the subcommittee of the Standing Committee on Justice and Legal Affairs tabled a very special report concerning steps the Solicitor General and his officials should take to improve our prison security system; considering that hardened inmates who want to boss the prisons have indicated quite clearly that it is the Solicitor General's department which, through mismanagement, is mostly responsible for this situation; and considering also that several acts of violence have been perpetrated in Canadian penitentiaries because of this, could the minister advise the House whether something will be done shortly to protect these guards and especially younger prisoners from older ones, assure law and order in these institutions, and guarantee the safety of all those whose duty it is to maintain law and order there?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am grateful to the hon. member for his question. This very serious question is somewhat similar to those which other members directed to me less than ten minutes ago. I want only to indicate to the hon. member that I am eager to implement most of the recommendations put forward by the subcommittee. I should like also to indicate that there is a new penitentiary commissioner who has been on the job for nearly two months now and who is striving to improve the administration in line with the subcommittee's recommendations.

* * *

ADMINISTRATION OF JUSTICE

RECOMMENDED REINSTATEMENT OF CAPITAL PUNISHMENT

Mr. Léonel Beaudoin (Richmond): I have a supplementary, Mr. Speaker.

In light of the recommendations of the subcommittee and considering what the Solicitor General can do to improve the situation if it continues to deteriorate as we have seen lately, does the Solicitor General intend to bring a bill before the House to reinstate capital punishment or at least to urge the Department of Justice to give harsher sentences to those who are responsible for the murders of prison guards or policemen on duty?

Hon. J.-J. Blais (Solicitor General): No, Mr. Speaker.

* * *

[*English*]

THE CANADIAN ECONOMY

ACCESS OF INFLATION MONITORING AGENCY TO INFORMATION PROVIDED UNDER ANTI-INFLATION ACT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance and the Prime Minister, I should like to put my first question to the Deputy Prime Minister and House leader. As a private bill entitled "The Inflation Monitoring Agency Act" has been circulated by the Minister of Finance to various provincial government departments, and as this bill sets out in one of its clauses, "Any information, including privileged information, obtained under the Anti-Inflation Act shall be made available to the Agency"—that is, the Inflation Monitoring Agency, will the Deputy Prime Minister indicate what the government has in mind in making this information available to the Inflation Monitoring Agency, bearing in mind that such information was given on the strict understanding it would remain confidential within the AIB and would in no event be turned over to any other body?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am not fully informed on the subject matter, except I think it is normal practice for the government to consult with the provinces on matters that are in the common interest of the federal government and the provincial governments. I hope the hon. member does not take serious objection to the practice of involving the provinces in such economic discussions and ultimate decisions.

● (1432)

AVAILABILITY OF STATISTICS CANADA DATA TO INFLATION MONITORING AGENCY

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, now that the Prime Minister has joined us, I should like to direct my supplementary question to him. A proposed companion bill to the Inflation Monitoring Agency Act is to be known as the Financial and Compensation Data Returns Act, which has been circulated to various provincial departments. Can the Prime Minister indicate why it is intended under this act to make Statistics Canada a data collection agency with a view to turning information over to the new monitoring agency, bearing in mind that until now the essence of Statistics Canada has been that it is a confidential agency of government?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think it is too early for the government or the House of Commons to draw conclusions about how the post-inflation period will be dealt with in terms of institutions. As the hon. House leader just indicated, we are examining different propositions, now, with the provinces and, indeed, in meetings we are having with business and labour groups. From the hon. member's point of view and from our own, it would be preferable to wait until, in effect, we make an announcement or introduce legislation.

Mr. Hnatyshyn: You do not want any input.

Mr. Stevens: Mr. Speaker, my final supplementary question is directed to the Prime Minister. Does he not feel it is also preferable at least to familiarize members of this House, through a white paper, with what the government is proposing to various provincial jurisdictions and labour unions in this country with respect to the so-called post-control period which the Prime Minister has in mind? We must bear in mind that one of the provisions of the proposed Inflation Monitoring Agency Act provides for the agency to have the power, with the approval of the minister, to communicate or allow to be communicated to any person any privileged information filed under the act.

Mr. Trudeau: Mr. Speaker, the hon. member is suggesting a white paper. Let me remind him that we published two such papers on the post-inflation period. One of them was entitled "The Way Ahead"—

Some hon. Members: Oh, oh!

Mr. Paproski: You are "away behind".

Mr. Trudeau: The other paper was entitled "Agenda for Co-operation". It is well known to the opposition, and has been for some time, that there would be a post-inflation period—a post-control period.

Some hon. Members: Oh, ho!

Mr. Trudeau: A post-Anti-Inflation Board period. Hon. members opposite have been arguing for the better part of a year that we should get out from under the Anti-Inflation Board and be in an anti-inflation period—a post-Anti-Inflation Board period.

Some hon. Members: Oh, oh!

Mr. Trudeau: The opposition has known this. We have made our intentions clear; we have sketched out the kinds of institutions we see in existence then. As I have said, we have been consulting with the provinces and other sectors of the economy. We are still waiting to receive any constructive proposition from the opposition.

Some hon. Members: Oh, oh!

[Mr. Stevens.]

C. D. HOWE RESEARCH INSTITUTE—IMPLEMENTATION OF RECOMMENDATIONS

Mr. James A. McGrath (St. John's East): Mr. Speaker, my question is directed to the right hon. Prime Minister. In view of the warning by the C. D. Howe Research Institute that lack of action on their recommendations, which call for generous tax reductions for retraining workers in declining industries, extended unemployment insurance benefits for the long-term unemployed, greater use of differential fiscal policies for regional development, and a significant reduction in sales tax, would mean unnecessary delay and would cause serious exacerbation and concern with respect to the growth of unemployment in the economy, will the Prime Minister indicate to the House what action he intends to take on the very serious recommendations of this respected research institute?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the government has already acted on some of the recommendations. As a matter of fact, the recommendations are echoing some of the policies the government has already announced and is following. I am sure that even the hon. member would not want to stand and say his party would advocate applying all those recommendations. With regard to recommendations by various institutes across the country, obviously you accept some and you do not accept others. I am sure this is the position of the hon. member's party.

REQUEST BUDGET BE INTRODUCED TO IMPROVE ECONOMY

Mr. James A. McGrath (St. John's East): Mr. Speaker, in view of the failure of the government, despite repeated demands from the opposition and others in the country, to bring in a budget right now which would provide for the necessary tax credits and incentives to encourage the private sector to expand, will the Prime Minister indicate to the House, if he cannot screw up his courage to call a general election, whether we can expect a new budget?

Mr. Basford: We want to build a pipeline before we have an election.

Right Hon. P. E. (Prime Minister): Mr. Speaker, the hon. member is now calling for tax cuts. Let met remind him that when we proposed tax cuts in past months the opposition took some 20 days to make up its mind on whether they would vote for them or not.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Dick: It took you 11 months to bring in the bill.

Mr. Trudeau: I warn you, Mr. Speaker, that it is going to become fashionable for opposition members to stand up, beat their chests and say, "We want an election".

Mr. Hnatyshyn: Guess why?

Mr. Trudeau: It was not fashionable to say that a few months ago, but it is becoming fashionable now. I am sure Your Honour will hear more about it. I think they should tell us if they want to have an election before we deal with the pipeline bill, or after. If they want to have an election before, let them say so.

Some hon. Members: Hear, hear!

Some hon. Members: Right now.

Mr. McGrath: Mr. Speaker, in view of the fact that the opposition has demonstrated already its attitude and its desire to co-operate in dealing with matters affecting the economy, as exemplified by our allowing passage of the employment tax credit bill in one day, the Prime Minister must accept responsibility for the six months' delay in bringing in that bill.

Some hon. Members: Hear, hear!

Mr. McGrath: I should like to ask the Prime Minister, on behalf of the over one million unemployed Canadians, if he does not have the guts to bring in a budget, does he have the guts to call an election?

Some hon. Members: Hear, hear!

Mr. Stevens: Let's get on with it now, Pierre.

Mr. McGrath: The sooner, the better.

Mr. Paproski: Why wait for spring: do it now!

Mr. Trudeau: Mr. Speaker, I think the events of the past weeks have shown that the opposition can learn something from the feelings of the people, after having opposed the tax cuts before the House for some 20 days.

Some hon. Members: Oh, oh!

Mr. Paproski: Great stuff.

Mr. Trudeau: Then they got the message and they screwed up the courage to vote for another good government bill in one day. I hope they continue using that good example.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: That is pretty weak.

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PENITENTIARIES

REQUEST FOR LEGISLATION TO PROTECT PRISON GUARDS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I have a question for the Solicitor General. In light of the procrastination and vacillation with reference to the reconstitution of the subcommittee of the committee on justice and legal affairs which deals with penitentiaries, and because there is now an emergency situation respecting penitentiaries across Canada, I should like to ask this very serious question: What investigation is being carried out now to meet this emergency and to make certain there will be no further tragic incidents such as the execution of a warden? What emergency legislation is there to protect correctional institution officers across this nation and preserve their morale?

[*Translation*]

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first of all the hon. member brought to the attention of the House a very tragic event which happened yesterday in Montreal. As regards the tragic death of Archambault Institution Warden Michel Roy, I should simply like to offer his family my sympathy and the sympathy of the House, and to assure all employees of the Canadian penitentiary system that we are doing everything we can to help provincial authorities—and, we hope, municipal and police authorities in Montreal—to continue the inquiry and prosecute those who are responsible for this absolutely inexcusable and in fact very wild and very barbarous act.

• (1442)

[*English*]

Mr. Woolliams: I am sure every member of parliament wishes to express sympathy to the family, but condolences will not bring a public servant back to life. I will ask my question again. What emergency steps are being taken right now to protect correctional institution officers, not only in the penitentiary mentioned but in others, so that such tragic occurrences such as murder and the taking of hostages will not continue? There is a state of emergency in the whole penitentiary service. If the minister cannot see that, he cannot see anything.

Mr. Blais: Mr. Speaker, I should like to point out to the hon. member that his question did not make clear the fact that this tragic event took place, not close to the penitentiary but close to Mr. Roy's home. Under the circumstances, I would want to have more time in order to ascertain the circumstances exactly, not only the actual slaying but the circumstances and whatever evidence might be brought forward, prior to making any further comment on the matter.

Mr. Woolliams: I have one further supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member for Assiniboia.

Some hon. Members: Oh, oh!

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EXTERNAL AFFAIRS

POPLAR RIVER POWER PROJECT—FURNISHING OF INFORMATION TO INTERNATIONAL JOINT COMMISSION

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. It is with respect to the Poplar River power project near the south Saskatchewan border with Montana. Can the minister

say whether the government of the province of Saskatchewan has yet provided all the information requested by the IJC on that project, lack of which prompted the commission to ask for work on the project to be halted? If the IJC now has that information at hand, do we yet have any indication from the commission as to whether or not they regard it as being sufficient for their purposes?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, as is always the case with IJC reports, of course, the government took seriously the comments of the commission with regard to the failure, or the reluctance at least, of the Saskatchewan Power Corporation to provide all the material that was necessary at that time. I have since been advised that more information has been provided to the commission. Obviously, this will be examined by the IJC and we will then determine what representations we will make to the United States in light of the new recommendations that come from the IJC.

GARRISON DIVERSION

Mr. Jack Murta (Lisgar): Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs and it has to do with a related matter, it being the Garrison Diversion project. Is it the government's position that the Canadian government is still—

Mr. Speaker: Order, please. May I point out, with respect, that that is not a supplementary question.

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LABOUR CONDITIONS

GOVERNMENT ACTION TO PREVENT LAY-OFF OF STEELWORKERS—STOCKPILING OF NICKEL

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question was for the Minister of Labour, but I assume he is away tackling Harold Ballard in order to save the Hamilton Tiger-Cats. Therefore, I will put my question to the Prime Minister. In view of the fact that on December 18 the United Steelworkers of America presented the Minister of Labour with a proposal for temporary stockpiling of nickel, which brief the minister was supposed to communicate to the cabinet for a decision to be made, and in view of the fact that the lay-off of thousands of people in the nickel industry will happen in five days, on this coming Monday, and I understand that the minister has not even responded to the steelworkers with respect to their proposal, can the Prime Minister tell the House, since his cabinet has chosen not to respond to the request of the United Steelworkers, whether or not he is going to act on these proposals?

[*Translation*]

Mr. Jacques Olivier (Parliamentary Secretary to Minister of Labour): Mr. Speaker, first of all I should like to say that the Minister of Labour is in Vancouver, not to try to save the Tiger Cats but to try to help Canadian workers. To answer the hon. member's question, I should say that there is still a discussion going on and that no decision has been made up to now.

[*English*]

INQUIRY WHETHER MINISTER OF MINES HAS UNDERTAKEN COST-BENEFIT STUDY ON STOCKPILING

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, it gets curiouser and curiouser. My next question is directed to the Minister of Energy, Mines and Resources. In view of the fact that when I last spoke to the president of Falconbridge Nickel Mines I was informed that the only contact he has had on the question of nickel stockpiling was one brief phone call asking very few questions, and in view of the fact that although it would cost money to undertake a temporary stockpiling program, much of this money would be saved in areas such as UIC, manpower mobility and retraining and expenses under the Canada Assistance Plan covering the social costs of unemployment, can the minister tell this House if the government undertook a detailed cost-benefit analysis on the question of stockpiling nickel and, if such a study was done, will the minister table it in the House?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, as I have said before, the department and I have met with senior officers of both the corporations, Inco and Falconbridge, to examine the question of whether or not a stockpiling system would, indeed, assist that industry. Quite clearly, the conclusion of those discussions and that study is that it would increase the problems of the industry, that there is a significant overhang of nickel inventories in this country and elsewhere in the world, and by adding to that overhang we would be delaying the period of adjustment and therefore keeping more people out of work longer than would otherwise be necessary.

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INDUSTRY

SUGGESTION PROPOSED AUTOMOTIVE PARTS PLANTS BE LOCATED IN SUDBURY BASIN

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, in view of the fact that I knew it was absolutely useless to ask the minister that question, I will now direct a question to the Minister of Industry, Trade and Commerce. In view of the fact that 2,800 workers will be laid off next Monday in the Sudbury basin and this will do massive damage to the community, and in view of the fact that the minister told the House on February 2, and repeated it today, that he is negotiating with the three automotive companies for the location of three parts plants in Canada, can the minister tell the House if he has made any suggestions to the manufacturers in question to locate one of the plants in the Sudbury basin? If he has not, will he undertake to do so, making them aware of the DREE program or other available incentives?

Mr. Speaker: Order, please. That is, quite clearly, a representation—a forceful one, but a representation nevertheless.

Mr. Rodriguez: Mr. Speaker, this is a serious problem to which the minister should respond.

Mr. Speaker: Order, please.

STEPS TAKEN BY GOVERNMENT TO ASSIST MANUFACTURING INDUSTRY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. His department's study, entitled "Manufacturing Performance", released on Monday, states:

> Manufacturing output remains no higher than it did in 1974 and the country has lost 80,000 manufacturing jobs.

In view of this, would the minister take the first opportunity on motions to outline to the House what he and his department are doing to pull the Canadian manufacturing industry out of its present nose-dive, and in that way start to overcome this country's $11.5 billion trade deficit in manufactured products, the ones that produce jobs?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): We are working on many fronts in an attempt to assist the growth of manufacturing in Canada. I should like to inform the hon. member and the House that last year our export of goods went up from $38 billion to $44 billion—a tremendous growth—and 65 per cent of that was the export of manufactured goods.

Some hon. Members: Hear, hear!

Mr. Horner: So we are both manufacturing and selling.

Mr. Hees: Is the minister not aware of the fact that our international trade deficit in manufactured goods increased from $10.2 billion a year ago to $11.5 billion a year later? If that is his idea of progress, I do not know what he thinks progress is. Does his answer not indicate the government is doing nothing, and is this not another good indication that the country is in a hell of a mess so far as trade in manufactured products is concerned?

Mr. Horner: In reply to that long-winded speech, Mr. Speaker, may I say that our exports have increased. We did have a surplus in total trade of nearly $3 billion, which is a near record. With respect to manufactured goods, the hon. member keeps referring to $11 billion. That is an end-product figure, and there is a difference between our exports and our imports. Our exports have increased, although not as fast as our imports.

Some hon. Members: Oh, oh!

● (1452)

Mr. Horner: In no way do I believe we should limit the ability of Canadians to buy goods made in other countries.

Some hon. Members: Boo!

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THE CANADIAN ECONOMY

PROPOSALS GOVERNMENT PLACING BEFORE FIRST MINISTERS' CONFERENCE TO IMPROVE ECONOMIC SITUATION

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is directed to the Prime Minister. While he may prefer to procrastinate about an election or a budget, there are some things of immediate interest, namely, the first ministers' conference which is to take place next week.

In view of the fact that when the Prime Minister wrote to the first ministers on December 9, he said the objective would be to determine a medium-term economic strategy for Canada, in view of the fact that since then the economic situation has deteriorated considerably, and given that there are representations from members of the opposition and from the C. D. Howe Research Institute that the government take immediate action to cope with the unemployment situation, can the Prime Minister tell the House if he has any specific proposals to put before the first ministers as the first order of business, aimed at giving an immediate boost to the economy in order to deal with this winter's heavy unemployment?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the detailed agenda will be made public as soon as the premiers have agreed to it. I have been in contact with them about it. The hon. lady will see that one of the items deals with the economic situation as of now, and another is in the medium term.

As far as the hon. lady's repeated suggestion that we act on the C.D. Howe Research Institute's very recent recommendation is concerned, I repeat what I said earlier, that we have already done what the C.D. Howe Institute recommends we should do. If the hon. lady had been attentive, she would have seen that two of the important recommendations have been implemented. The first was that the provinces cut their sales tax. Let me remind the hon. lady that the Minister of Finance proposed to the provinces last October that they should cut their sales tax as recommended by the C.D. Howe Research Institute. In addition, the Minister of Finance made the offer to the provinces that we would pay half of that cut. Therefore, this recommendation is not new to us; it is something we have already attempted to do.

Mr. Basford: We invented it.

Mr. Trudeau: As the Minister of Justice says, we invented this idea and, as usual, the opposition is trying to climb on the band wagon.

On the second matter, that of regional incentives, if the opposition look at the March budget and at the November statement of the Minister of Finance, they will see that those two statements contain incentives for regional development and particular incentives for the areas where there is high unemployment—so thank you very much for your support.

Miss MacDonald: A supplementary question, Mr. Speaker. After that recital, that litany of the Prime Minister's statement as to what his action has produced—namely, one million unemployed Canadians—I must say that is not the kind of band wagon that we choose to be on.

Some hon. Members: Hear, hear!

Miss MacDonald: I thought the Prime Minister was discussing the agenda with the first ministers two months ago, but he does not seem to have arrived at an agenda—so he says—in all that time. I should like to ask whether he will now consider canvassing them this weekend with specific proposals to deal with the unemployment situation, or is he really telling us that the one million unemployed Canadians will be the forgotten group at the first ministers' conference?

Mr. Trudeau: Mr. Speaker, the hon. lady cannot have it both ways—recommend that we adopt certain initiatives recommended by the C.D. Howe Research Institute and then, when informed we have already taken them, claim that they are not right. Either she thinks they are right, or she thinks they are not. If she thinks they are right, she should congratulate the government for having taken the action.

As far as the agenda is concerned, Mr. Speaker, we are proceeding in the normal way, through consultation with the provinces. I realize the opposition would be much more heavy-handed and would decide unilaterally what the agenda should be, but that is not our way. We have proposed an agenda to the provinces. There has been not only an exchange of correspondence, in which they have suggested modifications to the agenda, but there have been at least two full-scale meetings of provincial officials with federal officials. It is as a result of this that I am today proposing to the provinces the final agenda, taking into account their various suggestions.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a supplementary question. In all that wriggling and evasion, the Prime Minister failed to answer the specific question asked by my colleague, the hon. member for Kingston and the Islands. Is the Prime Minister, and the government of Canada, making specific proposals to the first ministers' conference next week for immediate action to help the unemployed of Canada?

Mr. Trudeau: Mr. Speaker, there is no evasion in indicating that over a period of months we have been proposing various initiatives, some of which have been belatedly espoused by the opposition. Next week the opposition will again have the occasion to evade its responsibility by not supporting more of the government's suggestions.

[Mr. Trudeau.]

Mr. Clark: Mr. Speaker, for the fourth time I put the simple question. Will the Prime Minister be making specific proposals to the first ministers' conference regarding action that can be taken immediately to create jobs for Canadians? This is the fourth time the question has been asked today.

Will the Prime Minister continue to evade the question, or will he tell this House whether the government is accepting its responsibility and will propose specific policies to the first ministers' conference to provide jobs, now, for Canadians?

Mr. Trudeau: Mr. Speaker, by asking the question four times, the Leader of the Opposition indicates that he does not have a very good grasp of the subject.

Mr. Clark: Mr. Speaker, this charade cannot go on—

Some hon. Members: Hear, hear!

Mr. Clark: —with one million Canadians out of work, and the Prime Minister of Canada laughing and playing word games with parliament.

Some hon. Members: Hear, hear!

Mr. Clark: We have asked whether he is going to propose immediate action that can help Canadians who are out of work to find jobs. We have asked that simple question four times, and four times he has evaded it. I now ask a fifth time: Will the Prime Minister face up to his responsibility and say whether he is going to make that kind of proposal next week to the first ministers' conference?

Mr. Trudeau: Mr. Speaker, this is, indeed, beginning to look like a charade. This question has been asked repeatedly by the opposition, and from this side of the House we have repeatedly given answers. I will repeat some of them. I repeat, Mr. Speaker, that I am not sure the opposition really wants the answers, nor, having received them, whether they understand them. I will repeat a few of them given by the Minister of Finance and other ministers on this side.

In the course of a 12-month period we have cut personal taxes and ensured that consumers benefit from these tax measures to the tune of $2 billion. We have also cut corporation taxes to the tune of $900 million. We have, also, budgeted and begun spending for direct job creation to the extent of $1 billion. The opposition says today—and I understand the Leader of the Opposition had occasion to say it yesterday in Toronto—that we should be cutting $2 billion from spending. Our answer is that we have already done that.

An hon. Member: That is not true.

Mr. Trudeau: Thank you very much for supporting the government.

Mr. Speaker: Order, please. I can see that we may get into a rather protracted debate on this subject, and I think the matter should conclude now, it being three o'clock. The hon. member for Edmonton West on a question of privilege.

Mr. Lambert (Edmonton West): Mr. Speaker, I had a question, but if Your Honour is now calling it three o'clock, I shall proceed to my question of privilege.

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PRIVILEGE

MR. LAMBERT (EDMONTON WEST)—PARLIAMENT HILL—USE OF FACILITIES FOR LIBERAL PARTY CONVENTION

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in compliance with Standing Order 17(2) I sent to your ofice the terms of the question of privilege I am going to raise today, along with the nature of the motion I would put in the event you agreed that I had a prima facie question of privilege. The subject matter I wish to refer to affects all the members of this House and of the other place because, in my view, it is a very serious misuse of parliamentary facilities.

● (1502)

It was my privilege some years ago to occupy the chair that you now occupy. I have a full sense of responsibility for the proper administration of this building and its facilities as well as their use for parliamentary purposes. To that and I can do nothing better than quote what you, Mr. Speaker, stated on June 27, 1977. At that time a question was raised by my colleague, the hon. member for Cumberland-Colchester-North (Mr. Coates) concerning the use of parliamentary facilities by commercial or other bodies for their purposes. It was reported at pages 7103 and 7104 of *Hansard*. You said, among other things:

> I have attempted to develop a policy that whenever these premises are used by hon. members to receive Canadian people who are taxpayers or visitors, there ought to be some parliamentary connection. We have attempted to do some things which would on the one hand encourage that activity to take place, because it is at the very root of our domocratic system. However, on the other hand we must see to it that this does not become a commercial establishment and that events are not held here when they ought to be held in commercial premises. Therefore, what I am attempting to do is to exert some influence over the content of what takes place on these premises and to bear in mind that when the buildings of parliament are being used the activities should have a parliamentary flavour and a parliamentary purpose.

Mr. Speaker: Order, please. The Chair cannot hear the hon. member.

Mr. Lambert (Edmonton West): Thank you, Mr. Speaker.

> Even if that were the motivation, which I feel all hon. members endorse, it would not be expected that I would want to inquire on every occasion into the full details of the agenda and of the arrangements, but I think it ought to be expected that since the parliament buildings are being used, I, on behalf of all members of parliament, ought to attempt to encourage the highest possible use and the appearance of the highest possible use, to the best interests and motivations of the premises.

I apologize, Mr. Speaker, in some degree for the length of that citation, but I think at that time you had addressed yourself to the nub of the question.

On this occasion we have a proposed use of the premises on Parliament Hill which, I suggest to you, is not of a parliamentary purpose and not of a parliamentary activity.

Of course, it may be said all the party caucuses hold parties on the Hill. They hold a Christmas party and they occasionally hold another gathering of caucus members in the restricted area of the West Block where there are eating facilities and other entertainment facilities. There is a limited guest list. But I am of the opinion, having read what has appeared in the press as given by representatives of the Liberal party—in that connection I do not think it is the Chair that forms part of and has intimate knowledge of what goes on in the Liberal party—that it determines what is going to be done here, in this building, the use of the Hall of Honour, the Confederation Room in the West Block and the West Block cafeteria, and possibly of some of the other areas as well. There has been no consultation with other party representatives on what will be done with those premises.

We have the news reports, and I believe they will stand being put on the record. In Ottawa *Today*, Monday's edition reported the following:

> To keep them entertained, Liberal party organizers are planning 26 bars—dispensing booze at a mere 75 cents a shot—and three bands to fill the West Block cafeteria, a ball room, a parliamentary meeting room and the stately Hall of Honour that separates the Commons and Senate Chambers.

And then in quotes it states:

> "Who wants to drink and dance in some hotel basement room when you can use Parliament?" one planner quipped.

In the Ottawa *Citizen* of last night, February 7, the following appeared:

> Organizers of the February 24-26 Liberal pre-election convention intend to use a West Block cafeteria, a ball room, a committee room and the Hall of Honour, which separates the House of Commons and the Senate in the Centre Block, to welcome—

And here is the point that is the big difference:

> —3,000-4,000 "party"-goers.

And in quotes it states:

> "Who wants to drink and dance in some hotel basement room when you can use parliament?" said a Liberal organizer.
>
> Entertainment for the event will be furnished by three bands and drinks will be available at any one of 26 bars.

These premises are subject to security control at all times. In the past we have had party functions where there were limited numbers and there have been security problems. There is no parliamentary function with a parliamentary purpose that will admit, in this building and in the West Block, some 3,000 to 4,000 persons, without the creation of very distinctive security problems.

What about the use of these buildings by other members who have a right to be in the West Block?

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): There is no time stated but 3,000 to 4,000 people will be invited to attend. The party organizers are not going to screen visitors, they want to have as many as possible. That goes well beyond the proper use of these buildings.

There is a further question—the policy convention is not going to take place here in this building. The Liberal party is not going to use committee rooms for actual policy convention doings. No, this is going to be the social adjunct, the hotel, the ballroom, the bars—everything. As my friend from Central Nova says, this could be the casino for the convention. Any party could hold a policy convention, and that is perfectly all right, in one of the hotels or one of the other centres designed for that purpose in this city, commercial premises for which they pay. But here they may pay for security service and they will pay for dining room facilities, all at a very nice rate, of course, but there is nothing that will be charged to them for the premises, nothing whatsoever.

It is a buckshee bonus for the gathering of the Liberal party that they should use these facilities for an adjunct, the social side of a policy convention. If they had made arrangements and there had been agreement that they would use committee rooms for some of their policy discussions, there might be some difficulty, but it would be much more acceptable than using Room 209 as a bar and Room 371 in the West Block as another bar.

• (1512)

Once or twice a year Mr. Speaker puts on a very gracious, dignified reception for members of parliament, Senators, and representatives of other countries, in the Hall of Honour. This is as it should be. However, you, sir, are the host for parliament and the function is under your patronage. In this case, not one of these functions is going to be under Your Honour's patronage, or they should not be.

Some hon. Members: Oh, oh!

Mr. Lambert (Edmonton West): I have before me the letter Your Honour wrote to the hon. member for Grenville-Carleton (Mr. Baker) in his capacity as House leader of the official opposition with regard to these matters. I will only refer to the letter. It was rather strange that it was written the morning the article appeared in Ottawa *Today*, before there had been any representations by the hon. member for Grenville-Carleton who wrote to you on February 7.

The last point I want to make is this. There is a very fine dividing line with regard to the catering facilities, including the provision of drink, on Parliament Hill, used by an indiscriminate group and whether this is in competition with the restaurateurs and hotelkeepers of the city of Ottawa. This is always a very sore point. Having been on the members' services committee and so forth, we know that sometimes there is a question with regard to the cafeteria facilities being used by members of parliament for visitors. It creates a division.

We have major hotels with ample facilities for all sorts of social functions, but they are being completely disregarded. One Liberal organizer, and I suppose he reflects the thinking among those who organize this sort of thing, seems to think that Parliament Hill belongs to their party, so why use the hotel facilities or drinking rooms of a hotel? In other words, they equate Parliament Hill facilities to cocktail lounges and dance areas in hotels. I suggest this is a grave affront to the privileges of members of this House.

In the due administration of the facilities of this place, they can and should be used for activities with a parliamentary flavour. A party convention is not that. Certainly the social side of a party policy convention has nothing to do with parliamentary facilities. To that extent, the use of these premises as proposed should be denied by Mr. Speaker.

My colleagues have suggested that I draw to Your Honour's attention, if it is worth anything in the argument, that the last policy convention held by this party was held in Quebec city in entirely commercial premises. We certainly paid for them. That is as it should be. Under no circumstances should any political party use these premises for the social side of a convention which is held on other grounds.

Some hon. Members: Hear, hear!

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, in the interest of shortening the discussion on this subject and in the interest of getting on with the legislative program, I wish to make a very few comments with regard to the question of privilege that has been raised by the hon. member for Edmonton West (Mr. Lambert).

It is to be understood and accepted that the hon. member's material has been derived substantially from anonymous sources in newspapers, which have been clothed in anonymous expressions like "Liberal organizers", and "a Liberal organizer said that". This is the first time I have heard the hon. member for Edmonton West attach such importance to anything a Liberal said, let alone an anonymous Liberal organizer.

Mr. Lambert (Edmonton West): Are you denying that?

Mr. MacEachen: I am saying he has information, for example, that is being put forward which is quite incorrect. He admitted himself in his statement, and I attempted to take his words down, that "We have had party functions in this building." Those are the words of the hon. member for Edmonton West.

Mr. Lambert (Edmonton West): We had a Christmas party, our caucus party.

Mr. MacEachen: It would require a hypocrite of dimensions that has not yet entered the House of Commons to attempt to cast the notion that activities of the kind described have not ever taken place in these buildings. We have all been invited to the press gallery dinner which takes place in this building. It is late at night.

Mr. Baker (Grenville-Carleton): The Governor General goes to that. Is he going to the Liberal convention?

Mr. MacEachen: I would hesitate to divulge all the confidences we respect when we attend that marvellous annual occasion, with many hundreds of people coming into the

building. It is a selected group of people. The facilities are available and used in many original ways, as I have learned.

I remember not so many months ago when I was coming into the building, I had to fight my way in the main door. I was coming in at a time when the lawyers of Canada were leaving the building after having what might be called a mammoth reception. We would not call it a bash. It was just a reception. However, there were many people, probably including some members who are here, who participated in that reception for the legal profession. Is it argued now that the ordinary poeple of Canada should not have access to the building?

Some hon. Members: Oh, oh!

Mr. MacEachen: Is it to be argued that it is possible for members of the professions, such as lawyers, to come into the building, but the foot soldiers, as they were so eloquently described by the hon. member for Brome-Missisquoi (Mr. Grafftey), should not be permitted? I do not think anyone would agree to that. However, I just want to mention these things so that this can be put into perspective. Those on the other side who do not recollect these events must have had a better time than I expected.

● (1522)

On this present particular issue, it is true that availability for functions has been explored with Mr. Speaker by officials of the National Liberal Federation and members of parliament. No final decision has been made, but I want to make this perfectly clear, Mr. Speaker: you have laid down guidelines; you are the protector of the dignity of parliament.

Mr. Paproski: Lock the doors!

Mr. MacEachen: We are ready to accept whatever decision you may make. We shall support it 100 per cent, and we on this side will observe any guidelines which you propose to ensure that horrendous security problems will be looked after, and to ensure that members of parliament who are going to work in the West Block on Friday night at eleven o'clock will have privacy and quiet.

Furthermore, in the interest of amity and in the interest of the requirements of the Canadian political system I am prepared, as House leader for the government, to consult with the Speaker, to consult with the hon. member for Grenville-Carleton (Mr. Baker), to consult with the hon. member for Winnipeg North Centre (Mr. Knowles) and with my colleague in the Social Credit party on this subject if that would help. We quite realize that the Liberal party will flourish even if it does not hold a reception in these buildings.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I should like to join briefly in this discussion. The Deputy Prime Minister and President of Privy Council (Mr. MacEachen) said that the argumentation in connection with this motion earlier in the day was derived from quotations attributed to certain anonymous Liberal organizers—he implied that this was not a very reliable source. I want the hon. gentleman to know that any Liberal organizer in the country today, if he is an organizer, sure as hell wants to remain anonymous!

Some hon. Members: Oh, oh!

Mr. Broadbent: I want to get to the substance of the issue. The Deputy Prime Minister has tried to dismiss this question as one which has been raised in connection with a function which is entirely analogous to other functions which take place in the House of Commons. I submit that the argument he put forward rests on such an assumption. I further submit that the argument is completely fallacious.

In my experience there are only two other functions of comparable magnitude which take place in parliament, gatherings which are large in scale and festive in nature. They are Your Honour's annual function and the press gallery annual dinner. I would point out that there are unique features attached to those functions. First, they are non-partisan, in the sense that they are not associated with any of the political parties—in one case they are associated with Your Honour, and in the other we have a get-together of representatives of the press and old associates, along with members of parliament, for an annual bash—

Mr. MacEachen: It is the size that is important.

Mr. Broadbent: I submit that an annual, frivolous, good-natured function of that kind is in order precisely because it is not restricted to any one party and because it is very limited in terms of the frequency of its occurrence. I am talking about two functions, Your Honour's and the press gallery dinner. I think it is important that the social aspect of parliament be restricted so that we do not find ourselves in a pattern of associating the House of Commons with frivolous, good-natured parties which are, to a considerable extent, subsidized by the people of Canada. Particularly, I submit, this should not be the case when functions are organized on a partisan basis. In my view, neither my own party nor the Liberal party nor the Conservative party should, in the first place, submit a proposal to hold such a bash here. Having been submitted, on the basis of bad judgment, it should not be accepted.

It is appropriate for any of the parties to use the facilities here on a limited basis for a conference or for a serious meeting, but to use these facilities as an extension of a national convention is a serious mistake and would put in jeopardy the esteem, to the extent it still exists, which the people of Canada have for parliament and its members. If we get into the habit of using this building for regular bashes organized by each of our political parties at the expense, in good measure, of Canadians generally—

An hon. Member: Ah!

Mr. Broadbent: Some members opposite say "Ah!". I hope they will reconsider this proposal.

An hon. Member: Quack, quack!

Mr. Paproski: Donald Duck again!

Mr. Broadbent: A quacking backbencher in the Liberal party interrupts me. The reference is to conventions of political parties. I want him to know we pay for our conventions, not the people of Canada.

Some hon. Members: Hear, hear!

Mr. Broadbent: The Deputy Prime Minister would have put his finger more directly on the issue if he had given it more thought. We must not get into the habit of turning parliament, for which the people pay, into an extension of a convention.

Mr. MacFarlane: Let us not waste time!

Mr. Walter Baker (Grenville-Carleton): The Liberal whip has interjected. He said we ought not to waste our time upon what I believe, quite frankly, to be a dreadful case of the Liberal party assuming it has a right to wallow in the public trough all the time.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): I think the Deputy Prime Mininster and President of Privy Council (Mr. MacEachen) ought to be reminded that today is Ash Wednesday. Perhaps it would not hurt if he were to cover his head with just a few ashes.

I do not think it will be lost on members of parliament that the offer of consultation with opposition parties comes, for the first time, only after the matter has been raised.

I would be the last to argue that there are not appropriate parliamentary functions, functions coming within Your Honour's dictum, which can be held here. Of course there are. Nobody is arguing about that al all. The question is whether it is proper in the circumstances for members of a political party to use the facilities to the extent and for the purpose that they are reported to be wanting to use them. That is the first thing. I have not learned from the government House leader what the extent and purpose are. I have not learned from the hon. member for Chicoutimi (Mr. Langlois) what the purpose is and how far this has gone.

● (1532)

I have been told that Your Honour consulted the hon. member for Chicoutimi with respect to this matter as a result of some statements which were made and which Your Honour heard on CBC radio earlier this week. The letter Your Honour wrote to me—I think properly; I do not fault Your Honour for that—obviously crossed the path of my letter expressing concern to Your Honour. Under these circumstances I think the House of Commons is entitled to the facts.

As Your Honour said in your letter, Your Honour sought and received assurances that there is no intention to permit attendance at this event by other than registered convention delegates and convention workers. I think past experiences confirm the numbers which will be here to use the facilities. There are 200 parliamentarians in the Liberal party, more or less, counting members of parliament and Senators who, under the rules, are entitled to use the facilities. If each of those parliamentarians invited ten people—and under the rules that would be quite proper—there would be 2,000 registered delegates.

I suppose the information Your Honour received from the hon. member for Chicoutimi, or whoever provided the information, did not refer to the number of registered guests, observers, spouses and others who are legitimate attenders at political conventions and who, I am sure, are now included in a blanket invitation. The number could reach nearly 4,000 people using the House of Commons on that day. From the information your Honour transmitted to me I am satisfied that Your Honour has no way of knowing the number, and I think that is serious from the point of view of security. If the government House leader wants to make light of security problems, that is fine, but I do not make light of them.

It is true that members of parliament use this building for entertaining members of the public. Your Honour uses it for entertaining heads of state, representatives of state, members of parliament, visitors from other parliaments and segments of the community. The Governor General sometimes uses it, and on any occasion when it is appropriate that Your Honour be present, whether it is a Christmas party or anything else, this building is used properly. That is not a bad guideline for Your Honour to use; any event which is parliamentary in nature is appropriate in this building.

Aside from hotel operators, restaurateurs, and other commercial considerations which are great indeed and are a constant source of irritation between the city and the Hill, I think the importance of using these buildings for events of a parliamentary nature is being overlooked. I respectfully suggest that this particular use is unprecedented in our political history. I agree that we have used this building for political purposes. We have used the restaurant facilities, but never have there been 4,000 people here in connection with a political convention.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): Hon. members opposite laugh. I am sorry this strikes them as strange. I will not be sat down because the Minister of Transport (Mr. Lang) is exercising a sense of ethics which is similar to the ethics he used when he flew a nanny here from Great Britain.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): There are two bites at this apple. I assume that the delegates to this convention are quite properly using the Election Expenses Act to benefit under the taxation system because of their rather high registration fees. They are similar to those in the Progressive Conservative party, $175, but the difference is that they will be using a public facility for nothing.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): Hon. members say that is not so. If they establish that what I am saying is not true, I will withdraw that statement.

I am happy to note that the arrangements have not been finalized and that they are still subject to cancellation. That being the case, I think it might be presumptuous if, in the promotion of this thing, members of the Liberal party have been told that they are going to use the parliament buildings. There has been no consultation as yet on this matter, and I am happy to know that the arrangements have not yet been finalized.

For Your Honour to have agreed to this use of our facilities, I cannot help but feel that someone in the Liberal party misrepresented the situation to you. I say that quite candidly; it must have happened that way. I just want my hon. friends opposite to know—

Mr. Olivier: You don't have any friends on this side.

Mr. Baker (Grenville-Carleton): An hon. member talked about a day off. Part of this meeting is to be held on a parliamentary day. Before any motion to suspend sittings of this House on Friday is proposed, I hope this matter will be resolved to the satisfaction of the House of Commons.

Mr. MacFarlane: Typical blackmail. Now we know what it is all about.

Mr. Baker (Grenville-Carleton): There has always been co-operation on these matters. We have always co-operated. That has been a hallmark of this place, but this is the first time we have been asked to clear the House of Commons for a shindig. I think the government House leader should live up to his reputation with regard to consultation. I suppose the first person to consult would be Your Honour, and then the House leaders should be consulted so that we can get back to the system of consultation and co-operation.

Most important, these premises should be used appropriately. I am open to consultation. I always have been. I just wish that someone had had the good grace to suggest that it might be a good idea to sit down and talk about this before presuming anything.

Mr. Speaker: There will have been representations from all parties on this matter after I have recognized the hon. member for Abitibi (Mr. Laprise). There are several other hon. members who are seeking the floor to make interventions. I am going to conclude the discussion with the hon. member for Abitibi because that will complete an all-party discussion. At the conclusion of the remarks of the hon. member for Abitibi I may have some remarks to make.

Mr. Brisco: On a point of order, Mr. Speaker—

Mr. Jones: On a question of privilege, Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Abitibi.

● (1542)

[*Translation*]

Mr. Gérard Laprise (Abitibi): Mr. Speaker, no doubt you have noted as all of us did that the request made by Liberal party officials to use available premises in the Parliament Buildings for what might be termed a giant reception at the political convention of their party has given rise to strong feelings in the House. I think it is unusual that the organizers of such a large demonstration ask permission to use public premises such as those available to members in the Parliament Buildings. Such a demonstration could give rise to future complications and I think that even if it established that members can use those premises to receive delegates from their ridings, or groups of electors visiting the national capital or meeting ministers, I think that on those occasions those rooms can be made available for members or even for a caucus. But when it comes to large gatherings such as the convention of a political party, not only a Liberal convention, but the convention of any Canadian party, I think that such requests should be turned down. Ottawa and Hull are not small towns and have organizations in a position to host conventions and groups as large as that expected during the weekend of February 24 and 25. Now, Mr. Speaker, when the convention for the selection of a leader for the Social Credit Party of Canada was held in Ottawa in 1975, we rented some facilities in the city and our convention was held there. I think that the Liberal party was ill-advised when it asked you for permission to use the public premises of the House of Commons to hold such large convention which, as we know, could have serious effects when we realize how preparations are going on to serve refreshments to some 3,000 or 4,000 guests at a party. It could have serious consequences which would remain in the history of Canadian parliamentarism.

So I think we should avoid this kind of things. In my opinion the Liberal organization is not made up of beggars and I think they have enough money to look for facilities in town because there are places where they could be accommodated and I suggest they go to those places to host their delegations and their guests.

[*English*]

Mr. Speaker: Order, please. There are a number of other hon. members who seek to make an intervention in this regard; I know the hon. member for Moncton (Mr. Jones) is one, and there are others including the hon. member for Kootenay West (Mr. Brisco), the hon. member for Northumberland-Miramichi (Mr. Dionne), the hon. member for Longueuil (Mr. Olivier). I have no intention of preventing their intervention in any way. At this moment I am simply going to defer the matter until a later time when I may hear these other representations. The matter has been raised, and I want to give the House a brief history of it. I would invite hon. members to exercise some patience while we do undertake the kind of consultations referred to by several participants.

The hon. member for Edmonton West (Mr. Lambert) has raised this by way of a question of privilege. Indeed, it is a matter that deeply affects the right of all members to access to the building. They have made representations as to the proper use of the building, and I think this is a very proper subject to be taken up in this way.

The House will know that on Monday some hon. members made representations to me. When I wrote the hon. member for (Grenville-Carleton) I was writing to all four House leaders. I was doing so for two reasons. First of all, the press on Monday morning had raised this problem and, secondly, the hon. member for Winnipeg North Centre (Mr. Knowles) had in fact come into my office to speak to me about it, so I was well apprised of the difficulties we were facing and, as well, very much aware of the concerns expressed by hon. members.

I called in the hon. member for Chicoutimi (Mr. Langlois), who is the social convener from the House of Commons side of this convention for the Liberal party, and after a discussion I wrote that letter to the House leaders.

That does not tell the whole story. On reflection, going back to the beginning of these arrangements, I was asked, following the necessary step, that I make some of the premises available in the House for an event in connection with this convention. I have my notes here, and on checking back on a request for an examination of precedents in respect of the use of the building in this respect I found, and I may be over-simplifying it, that in principle, as I think the hon. member for Grenville-Carleton (Mr. Baker) attempted to put it, there were precedents which would support this kind of use of the building.

Certainly on a numerical basis, the formula for inviting a number of guests for each member or Senator would lead to something that could be held along these lines. The difficulty, of course, is that if this were done all at the same time it would so over-tax the ordinary facilities of the building that some special arrangements would have to be made. I only say this to indicate that I did examine the precedents to see whether functions of this sort, or of some sort, had been held in connection with meetings of this kind.

I also re-examined my own precedents that I had outlined to the House some time ago in the way of a statement regarding the proper use of this building because, indeed, as I have said in the past, the building should be used to bring Canadians into contact with their members of parliament in this setting. Sometimes that is done purely for parliamentary purposes, and sometimes for a combination of parliamentary and social purposes. Therefore, in keeping with that, it seemed in principle it would be appropriate to hold some event.

In fairness, I think what has happened is not that the nature of the event was in any way misrepresented to me, but probably, since the giving of permission and the state arrangements have reached at the present time, the proportions of the event have grown tremendously, at least in the understanding of the people who were engaged in the original conversation.

At this point there are two questions. In principle, is there something untoward about the use of these buildings for this sort of event, and, even in principle, if there is not something untoward, has this matter in this particular instance grown to such a dimension it raises problems that were not anticipated at the time of the giving of permission?

If the House will permit me to do so, I should like to pursue the matter with the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) as he has suggested, and following our conversation I would pursue it with other House leaders, as has also been suggested, to see whether the matter can be resolved in that way.

If it cannot be resolved in that way, then I assume all the hon. members who seek to make an intervention this afternoon that, before finalizing my decision on the motion of the hon. member for Edmonton West, I will certainly come back to the House and give them an opportunity to make such intervention, and that includes, of course, the independent member who was not represented in the party discussions this afternoon.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise on a point of order. As you mentioned in your comments a moment ago, I am one of the members who was seeking your recognition on this issue on the basis of the fact that I provided you with notice of my intention to raise this as a question of privilege. I appreciate and accept your comment that you are prepared to bring this forward at another time to allow members to contribute further and express their concerns. My concern, Sir, is that I shall be absent from this House on parliamentary business from February 9 to February 13 inclusive. In light of that, I find it very difficult to accept your ruling. Because I am highly indignant about the entire affair I regret having lost the opportunity to express that indignation and the indignation I feel my constituents inevitably will feel.

Mr. Speaker: Order, please. If the hon. member for Kootenay West insists, he certainly can express his indignation right now.

Mr. Brisco: Thank you very much, Mr. Speaker I will be as brief as possible. I am not going to deal in legal terms or parliamentary references, like those used by experienced members such as a former Speaker, the hon. member for Edmonton West (Mr. Lambert), and our House leader. I would ask you, Sir, as the First Commoner, how you or any member in fact feels he would be received with reference to this proposal if an approach were made to Canadians on the street today? If you were to ask people in Vancouver, Edmonton, Calgary, Regina, Winnipeg, Montreal or Halifax about this matter, what do you think the response would be?

• (1552)

Rarely have I felt as indignant, astounded, and hurt by the responses from the insensitive hon. members on the government side of the House as I have today. These hon. members are not treating this matter seriously.

I had the opportunity of standing in the Hall of Honour and watching Her Majesty the Queen enter the parliament build-

ings. The Hall of Honour exists to honour Canadians. When I think of it being used for a Liberal convention, I wonder what Canadians will think of the manner in which we treat and remember the people for whom that Hall exists. Whether or not the rules of the House provide for such, I think it is grossly wrong. It is a matter of principle, and that basic principle is wrong.

Some hon. Members: Hear, hear!

Mr. Rodriguez: Mr. Speaker, I rise on a question of privilege which has nothing to do with the matter presently before the House.

Mr. Speaker: I might as well hear other members on the main subject, rather than on a new question of privilege.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, this matter is very disturbing, as was suggested by the hon. member for Kootenay (Mr. Brisco). Those of us who were brought up as students of parliamentary procedures and practices respect the decorum of these hallowed halls and buildings. We feel great shame because we have to go to our constituents and tell them the type of bash which will take place, and with this precedent set, what types of bashes will take place in the future. This will lower the respect for and the decorum of the House of Commons, as well as each hon. member.

Toward the end of Your Honour's remarks you indicated that consultations would take place with House leaders and that the Independent would be excluded. My constituents are just as important to the operations of the House as any of the constituents of the other 264 hon. members. All members should re-examine themselves as members of parliament. Anyone who has the audacity to make such a proposal to Your Honour should be bloody well ashamed of himself.

Some hon. Members: Order!

Mr. Jones: I see the hon. cabinet minister from Newfoundland is putting his collar up around his head. He should do that. He should be ashamed of himself.

Some hon. Members: Hear, hear!

Mr. Jones: I am a Canadian—

An hon. Member: Doubtful.

Mr. Forrestall: Withdraw that remark.

Mr. MacFarlane: Who are you? Are you Mr. Speaker?

Mr. Forrestall: I am not Mr. Speaker, but I do not think remarks like that should be made to any member of this House.

Mr. Jones: In reply to the hon. member opposite, let me indicate that I am a true blooded Canadian. I have gone through a lot to get to this House. I expect hon. members to respect each other. The application before the House is stupid and shameful. I hope hon. members opposite can live with it. I am sure their constituents will not live with it. I will proudly tell my constituents there is no way, if I was a member of a party—and I do not think I ever want to be—I would want to have a bash in these hallowed halls.

At one time an hon. memer from Cape Breton indicated that the parliament buildings reminded him of a church. Yes, that is so, and there are many vacant seats too. All of the buildings on Parliament Hill are held in awe and are respected. People from all over Canada come here to see parliament in operation, as well as the beautiful buildings. If they knew the Hall of Honour was to be used for receptions and there would be 26 bars, I am sure all hon. members would be ousted out, in one way or another, before the next election.

I will not be present at the consultations which Your Honour will conduct, but I plead with you to use and exercise your jurisdiction to cut out bashes now. There is no need of any further complications. Your Honour should show Canadians that your office is one which can be respected.

Mr. Peter Stollery (Spadina): Mr. Speaker, I rise to comment briefly on the question of privilege before the House. I should like to refer to one of the more hypocritical suggestions made today. I am not one of the organizers of the affair referred to, but I should like to point out that the Liberal party will pay for any use that is made of buildings on Parliament Hill. I felt I had to say that because the hon. member for Grenville-Carleton (Mr. Baker) and the hon. member for Oshawa-Whitby (Mr. Broadbent) left the impression that the Liberal Party of Canada was receiving something for nothing. I should like to correct that impression.

Mr. Baker (Grenville-Carleton): How much is the rent?

Some hon. Members: Oh, oh!

Mr. Stollery: Mr. Speaker, I sat here quietly in my place listening to hon. members opposite making rather unpleasant and hypocritical remarks about the Liberal party. Surely I am entitled to the same courtesy from them.

The question has been before the House since three o'clock, during which time the hon. House leader indicated that hundreds of lawyers use the facilities of the House of Commons. There are Christmas parties for the Conservative and Liberal parties, which are attended by approximately 1,500 or 2,000 people. The opposition is attempting to create the impression that unless a person is a member of an elitist group and works in parliament, he should not have the opportunity of using the facilities of the House of Commons.

People interested in politics, whether Liberal, Conservative, New Democratic or Social Credit, should be allowed to conduct social affairs in the parliament buildings. The House of Commons is representative of the Canadian political system and works toward retaining the type of democracy Canada has. I say this for all sides of the House. There is the example of the press gallery dinner. No one is supposed to talk about the press gallery dinner. We all go to the press gallery dinner every year and swear a great vow of secrecy that we will not

talk about it. Well, I feel very strongly that the hypocrisy shown by the opposition, in attempting to restrict the average Canadian member of a political party from visiting the House of Commons and from using the House of Commons for political and social purposes, is a disgrace.

Some hon. Members: Hear, hear!

Mr. Speaker: Surely hon. members are satisfied that I have heard adequate argument on this question of privilege from all sides of the House. I will reserve my judgment until later.

● (1602)

MR. RODRIGUEZ—QUESTION TO MINISTER OF INDUSTRY, TRADE AND COMMERCE

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise on a question of privilege. It has to do with the question I asked today of the Minister of Industry, Trade and Commerce (Mr. Horner). I recognize that there is at times some difficulty with the acoustics in the Chamber or with the sound system and it may be that the question was not heard.

I asked the Minister of Industry, Trade and Commerce the following question: can he tell the House if he has made any suggestions to the manufacturers in question to locate one of the plants in the Sudbury basin and, if he has not, will he undertake to do so, making them aware of the DREE program and other available incentives? In fact I was not making a representation to the minister but rather asking him if he had made a representation to the automotive industry with respect to locating one of the parts plants in the Sudbury basin. As Your Honour may be well aware, I am very concerned about positive measures being taken in the Sudbury basin in view of the impending lay-offs which are to take place on Monday.

I asked that question so as to obtain some information from the minister on the government's intentions with respect to diversifying the industry in the Sudbury basin. Unfortunately, the minister has left the chamber, but I hope that tomorrow you will catch my eye and I will then put the question again so we can get some answers from the minister.

Mr. Speaker: As the hon. member knows, I am as interested as he is in the proposition and in the answer and I hope the hon. member will pursue it privately, which I think will be more in order.

* * *

Mr. Jacques Olivier (Parliamentary Secretary to Minister of Labour): Will you listen to me, Mr. Speaker? Will you listen to me now?

An hon. Member: Apologize.

An hon. Member: Watch your attitude.

[*Translation*]

Mr. Olivier: Mr. Speaker, I rise on a point of order. You may have been distracted by what was being said from both sides of the House, but for a few minutes I have been trying to be recognized on the question of privilege raised by the hon. member for Edmonton West (Mr. Lambert). In any case, I hope it is not intentional on your part because I did rise well before other hon. members and I hope I will have the opportunity to give my views on the question of privilege before us. I think it would be a denial of justice not to let me express my point of view. You have recognized others. I am as much a member in the House as any others who are here, irrespective of the political party to which I belong. I think—

[Mr. Stollery.]

Mr. Speaker: Order. I have tried this afternoon to explain my position on arguments put forward by several hon. members from both sides of the House. For one hour I have listened very carefully to all arguments. I have also proposed to discuss again this subject with the hon. President of Privy Council and then with the leaders of all political parties. If that can settle the problem, so much the better! If not, later I am going to listen to all other members including the hon. member for Longueuil (Mr. Olivier).

[*English*]

MR. MURTA—PROCEEDINGS DURING QUESTION PERIOD

Mr. Jack Murta (Lisgar): Mr. Speaker, my question of privilege pertains to the question period. I rose on a supplementary question following the question of the hon. member for Assiniboia (Mr. Goodale), as you no doubt remember, sir. He had a question regarding the International Joint Commission in so far as Saskatchewan is concerned. My supplementary question pertained to the recommendations of IJC with regard to the province of Manitoba. You ruled that it was not a proper supplementary question.

In view of the fact that I will be away for the next three days, I wonder if I may be allowed to ask a question regarding the government's position vis-à-vis the Garrison diversion project on which a decision is being made by the IJC, and the government's position on the transfer of waters from the south to the north. Is it still the government's position to oppose any transfer of water from the Missouri system to the Hudson Bay system?

Mr. Speaker: Order, please. Of course it would be a totally unwarranted extension of the question period to permit the question to be put now. I had hoped the question period this afternoon would evolve in such a way as to permit me to recognize the hon. member for Lisgar (Mr. Murta) on a new question, not a supplementary question as he had tried to put it. It was certainly a relevant and important question. Unfortunately, as he knows, exposure in the question period this afternoon was limited, as often happens on Wednesdays.

MR. NIELSEN—DISTRIBUTION OF INFORMATIONAL PACKAGE RESPECTING BILL C-25

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a brief question of privilege which is directed to the President of Privy Council and government House leader (Mr. MacEachen). In his absence, perhaps the Secretary of State for External

Affairs (Mr. Jamieson), or his colleague, the Minister of Transport (Mr. Lang), might speak to their colleague.

On Friday, Bill C-25 was introduced. I could, but I will not, mention the fact that it was available to all sorts of persons outside the House before it was introduced in the House. However, what concerns me now is that the package which the minister used on Friday during his press conference, which contains a copy of the bill, was widely distributed to members of the press, members of the public, civil servants, bureaucrats, and employees in the pipeline commission office, but hon. members have not received that package in the mail. I am told that the debate is to commence next Monday on a very important and complex bill.

An hon. Member: Typical arrogance.

Mr. Nielsen: I am asking for immediate restitution to all members of the House so that we might be prepared to participate intelligently in that debate.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): With reference to the issue raised by the hon. member, Mr. Speaker, I was here on Friday and you will certainly remember the many points of order and the many questions of privilege which were discussed and which kept the President of Privy Council in the House until one o'clock. He had agreed to hold a press conference at 12.30 p.m. to deal with the bill on the northern pipeline, a conference which I was supposed to attend. This press conference was delayed because of the questions which were raised in the House and which were of paramount importance.

When the House adjourned at 1 p.m., I personally distributed the packages mentioned by the hon. member: I gave three such packages to the leader of his party in the House, one to the chief whip of his party, two to the representative of the New Democratic Party; however, I was unable to give any to the representative of the Social Credit Party of Canada, for there was not a single hon. member of that party present in the House on Friday at one o'clock. Therefore, Mr. Speaker, I feel that the hon. member is complaining unduly. We advised all hon. members and distributed these packages to them in the House at 1 p.m., before distributing them elsewhere.

[*English*]

Mr. Nielsen: Mr. Speaker—

Mr. Speaker: Order, please. I do not know that we can carry this much further. The hon. member has raised a point of order or a grievance and there has been a response to it. There is no mechanism by which I can go back to the hon. member again. Perhaps the matter can be resolved in another way. If I allow second interventions on subjects of this sort, it may never stop.

Mr. Nielsen: Mr. Speaker, I rise again on a question of privilege. My understanding of the rules is that when a point of order is raised, a member is denied a second or third intervention. However, I will not enter into that. I raise the matter in a non-contentious way. I wish to inform the hon. gentleman who replied for the government House leader that we have checked with the office of the President of Privy Council, with distribution, and with the pipeline commission office to obtain copies—and that was as late as today—but we can obtain copies from nowhere.

[*Translation*]

Mr. Pinard: Mr. Speaker, last Friday, right after the bill was tabled, when the House adjourned at one o'clock, copies of those documents were made available to the parties of the opposition.

Mr. Speaker: The hon. member for Rimouski on a point of order.

Mr. Allard: Mr. Speaker, with regard to the packages mentioned by the hon. member, he said one o'clock, but I should like to point out that at one o'clock Friday—

Mr. Pinard: No one of the Social Credit Party of Canada was there.

[*English*]

Mr. Paproski: All you gave us was five copies—that is all.

• (1612)

[*Translation*]

Mr. Allard: I know, that is exactly what I wanted to say. At one o'clock the House takes recess until two o'clock so none of the hon. members were there at that time. When the hon. member distributed the packages, no one was in the House. I imagine it must have been because it was one o'clock and the House takes recess from one to two. That is my point of order. He said, that we were not in the House. We were here from eleven to one o'clock, but from one to two we, like the others, went to lunch.

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

Second report of the Standing Joint Committee on Regulations and Other Statutory Instruments—Mr. Robinson

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

Committee Report

EXTERNAL AFFAIRS

TABLING OF NOTES SENT UNDER TERMS OF OUTER SPACE AGREEMENT

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, pursuant to Standing Order 41(1) I have the honour to table, in both official languages, copies of notes which have been transmitted to the Embassy of the U.S.S.R. and to the Secretary General of the United Nations. These notes contain the texts of notifications which we are required to give to the launching state and the Secretary General of the United Nations under the terms of the 1968 agreement on the rescue of astronauts, the return of astronauts and the return of objects launched into outer space.

* * *

THE CANADIAN ECONOMY

TABLING OF DOCUMENT PREPARED FOR MEETING OF FIRST MINISTERS

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I should like to table copies in English and French of a background document for the meeting next week of first ministers. The document is entitled "Canada's Economy—Medium-term Projections and Targets."

* * *

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to section 17(2) of the Anti-Inflation Act I wish to table, in both official languages, copies of four reports sent to the administrator by the Anti-Inflation Board.

* * *

EXTERNAL AFFAIRS

RIGHTS AND FREEDOMS OF SOVIET CITIZENS—REQUEST QUESTION BE RAISED AT INTERNATIONAL CONFERENCE—MOTION UNDER S.O. 43

Mr. Speaker: Earlier today under the provisions of Standing Order 43 the hon. member for York Centre (Mr. Kaplan), with the support of the hon. member for Grenville-Carleton (Mr. Baker), received the consent of the House to present a motion, and in due course the motion was passed.

The motion made reference to a brief preamble put by the hon. member for York Centre. Upon re-examination it appeared that the motion was worded in such a way as to be self-sufficient in its own terms, and in fact it was not. As a result, the Table officers have suggested an editorial change which I understand meets the approval of the mover and seconder of the motion. The motion now reads as follows:

[Mr. Allard.]

That this House asks that parliament's concern respecting the treatment of Anatoly Shcharansky and other Soviet citizens who have attempted to exercise their rights and freedoms as embodied in the Final Act of the Conference on Security and Co-operation in Europe and agreed to by participating states at Helsinki, be raised at the earliest opportunity at the Belgrade meeting of the CSCE now under way.

Is it agreed?

Some hon. Members: Agreed.

* * *

BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS

PERMISSION FOR STANDING COMMITTEE TO TRAVEL

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I move, seconded by the Minister of Transport (Mr. Lang):

That the Standing Committee on Broadcasting, Films and Assistance to the Arts be empowered to travel to Toronto, Ontario, and to Montreal, Quebec, on February 13 and February 14, 1978, and February 20 and February 21, 1978, respectively for the purpose of studying operations at the Canadian Broadcasting Corporation and that the necessary support staff accompany the committee.

Mr. Baker (Grenville-Carleton): Agreed.

Mr. Knowles (Winnipeg North Centre): Agreed.

[*Translation*]

Mr. Caouette (Villeneuve): Agreed.

[*English*]

Mr. Speaker: There appears to be some understanding. I believe the hon. member for Moncton (Mr. Jones) was consulted as well.

Mr. Jones: I have no objection, Mr. Speaker. I do not know who is going to pay for it, but I shall not be there.

Mr. Speaker: There has been some consultation that the motion should be put at this time. The House has heard the terms of the motion. Is the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

PETITIONS

RESTRICTIONS SOUGHT ON PUBLICATION OF PORNOGRAPHY

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the fourth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Surrey-White Rock (Mr. Friesen) and finds that it meets the requirements of the Standing Orders as to form.

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 41, 261, 433, 488, 705, 746, 749, 767, 793, 814, 910, 911, 958 and 1,135.

[*Text*]

USE OF TRANSPORT AIRCRAFT BY MINISTER OF FITNESS AND AMATEUR SPORT

Question No. 41—**Mr. Cossitt:**

Has the Minister of Transport looked into the report made on CBC programme ,"Cross Country Check-up," on Sunday, November 14, 1976, by a caller, that a DOT JetStar had landed at Saskatoon Airport with five female passengers on the same day that the Minister himself arrived at the same airport on another DOT JetStar and (a) if not, on what date will he do so (b) if so, what are full details involved including (i) names, addresses and job designations of all passengers involved (ii) purpose of their visit to Saskatoon (iii) reasons for use of the government aircraft (iv) point of departure and point of arrival of all flights made (v) total cost to the taxpayer (vi) name and job designation of the highest ranking person authorizing the use of the aircraft?

Hon. Otto E. Lang (Minister of Transport): Yes. (a) Not applicable. (b) (i), (ii), (iii), (v) and (vi) The aircraft was assigned to the Minister of State (Fitness and Amateur Sport) who was using it on official government business. See reply to question No. 2,881, Second Session, answered on October 17, 1977. (b) (iv) Ottawa, Saskatoon, Ketchikan (Alaska), Williams Lake, Winnipeg and Ottawa.

ATOMIC ENERGY OF CANADA LIMITED—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 261—**Mr. McKenzie:**

1. Has Atomic Energy of Canada Ltd. obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by Atomic Energy of Canada Ltd. in (i) 1975 (ii) 1976?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Atomic Energy of Canada Limited reports as follows: 1. (a) (i)—(iv) No. (v) Yes. 1975, 189; 1976, 126; (vi) Yes. 1975, 23; 1976, 44; (vii)—(x) No. (b) (i)—(iv) No. (v) Yes. 1975, 11; 1976, 6; (vi)—(x) No.

2. No—Main estimates.

3. See following statement.

		(a)		(c)	
		1975	1976	1975	1976
(i)	British Columbia	—	—	—	—
(ii)	Alberta	—	—	—	—
(iii)	Saskatchewan	—	—	—	—
(iv)	Manitoba	—	—	—	—
(v)	Ontario	$5.75	$6.50	$184,630	$191,846
(vi)	Quebec	$4.69	$5.59	$ 15,619	$ 48,195
(vii)	New Brunswick	—	—	—	—
(viii)	Nova Scotia	—	—	—	—
(ix)	Prince Edward Island	—	—	—	—
(x)	Newfoundland	—	—	—	—

(b) Average hourly rate paid to employees is not available: determined by employment agencies.

Full-time employees

		(a)		(c)	
		1975	1976	1975	1976
(i)	British Columbia	—	—	—	—
(ii)	Alberta	—	—	—	—
(iii)	Saskatchewan	—	—	—	—
(iv)	Manitoba	—	—	—	—
(v)	Ontario	$ .34	$ .33	$7,195	$3,830
(vi)	Quebec	—	—	—	—
(vii)	New Brunswick	—	—	—	—
(viii)	Nova Scotia	—	—	—	—
(ix)	Prince Edward Island	—	—	—	—
(x)	Newfoundland	—	—	—	—

(b) Average hourly rate paid to employees is not available: determined by employment agencies.

NEW FOREIGN INVESTMENT IN CANADA

Question No. 433—**Mr. Caouette (Témiscamingue):**

1. Since the Foreign Investment Review Act came into force, how many proposals (a) for new foreign investment (b) concerning the acquisition of Canadian businesses have been received and, in each case, how many were (i) accepted (ii) rejected?

2. What was the country of origin of each interest (business) that made a proposal to invest in Canada?

3. How many of the approved investments and acquisitions are located in each province?

4. How much expansion by existing foreign-owned firms has taken place in Canada i.e., non-reviewable foreign investment?

5. How much new research and development has been undertaken in Canada as a result of the FIRA guidelines including the number of new projects and their nature and the amount of money spent?

6. What amount of money has been invested under FIRA?

7. How many new jobs have been created?

8. Was there a follow-up review on approved investments after the first two-year period of operation?

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): In so far as the Foreign Investment Review Agency is concerned: 1.

	Total Number of Cases*	Allowed	Disallowed	Withdrawn	Under Review
Proposals for New Business	466	368	21	39	38
Acquisitions of Canadian Businesses	634	466	58	62	48

Order Paper Questions

2.

Investing Countries	Number of Investment Proposals* Acquisitions	New Businesses
United States	415	241
United Kingdom	90	47
West Germany	29	42
France	20	21
Switzerland	18	14
Italy	4	19
Sweden	13	10
Japan	9	13
Denmark	1	10
Netherlands	7	4
Australia	4	5
Hong Kong	1	6
Belgium	5	1
Liechtenstein	4	2
South Africa	—	4
India	1	4
Netherlands Antilles	—	3
Guyana	—	3
Luxembourg	3	—
Bermuda	3	1
Finland	—	2
Norway	1	2
Greece	—	1
Monaco	—	1
Mexico	1	—
Spain	—	1
Yugoslavia	—	1
Bahamas	—	1
Brazil	—	1
Panama	1	—
Haiti	—	1
Trinidad	—	1
Lebanon	1	1
Korea	—	1
Iran	—	1
Philippines	—	1
Malaysia	1	—
Non-Resident Canadian	1	—
Kuwait	1	—
Total	634	466

3.

	Number of Allowed Cases* Acquisitions	New Business
Newfoundland	3	2
Nova Scotia	7	9
New Brunswick	7	4
Prince Edward Island	—	12
Quebec	85	57
Ontario	236	208
Manitoba	16	7
Saskatchewan	6	1
Alberta	62	35
British Columbia	44	33
Yukon/N.W.T.	—	—
Total	466	368

* Acquisitions: period covered is April 9, 1974 to October 31, 1977
New Business: period covered is October 15, 1975 to October 31, 1977.

4. There are no complete statistics on capital spending to expand existing foreign-owned or controlled businesses in Canada. However on the basis of data on the extent of foreign ownership or control in particular industries, the results of the Survey of Capital Spending by larger firms, carried out by the Department of Industry, Trade and Commerce, and known and projected capital spending by all businesses, expenditures for the expansion or replacement of fixed assets by foreign-controlled businesses is estimated to be approximately as follows: 1974, $7.4 billion; 1975, $5.7 billion; 1976, $7.0 billion 1977, $8.1 billion.

5. Research and development expenditure commitments to which dollar figures can be assigned, given by investors whose proposals were allowed under the Foreign Investment Review Act to October 31, 1977 exceed $30 million. A more precise answer to the question cannot be given as research and development benefits of many allowed transactions are not readily quantifiable. Frequently investors undertake to transfer technology to a Canadian business being acquired or established on favourable terms or otherwise support R and D activities in Canada. The amount shown above includes specific commitments to establish or expand research facilities but does not include in all cases the costs of continuing to operate such facilities. It includes an estimate of salaries of research professionals, in those cases where investors have undertaken to employ a specified number of such persons in research, but does not include any estimate of capital or other operating costs that would necessarily be incurred in such situations. In addition, the amount above does not include estimated R and D expenditures in those cases where investors have undertaken to spend a specified percentage of future gross revenues or sales for R and D. Commitments with respect to R and D expenditures or the transfer of technology were given in 295 allowed investments in the period from April 9, 1974 to October 31, 1977.

6. Planned investment under proposals that were allowed under the Foreign Investment Review Act to October 31, 1977 amounts to $2,450 million.

7. The plans and undertakings of investors whose proposals were allowed under the Foreign Investment Review Act provide for the direct creation of 32,160 jobs. This figure includes a relatively small number of jobs retained as a result of allowed acquisitions in cases where those jobs would almost certainly have been lost if the acquisition had not been allowed to proceed. It does not include jobs that will be created indirectly, e.g. those that will be created in supplying industries.

8. Yes, the agency monitors and reviews compliance with all undertakings given by investors at appropriate intervals after allowance of the investment by the governor in council. Usually the monitoring begins one year after the government's decision to allow. However, where there are commitments to be fulfilled in a shorter period of time the investor is required to report on the fulfillment of those undertakings as soon as fulfillment is due. The agency seeks verification of investors' reports of their performance with respect to undertakings

[Mr. Loiselle (Chambly).]

when and to the extent considered necessary, consistent with responsible administration of the act.

REMOVAL OF GANTRY CRANE FROM QUEBEC CITY TO MONTREAL

Question No. 488—**Mr. Forrestall:**

Did the National Harbours Board agree with Logistic Corporation or its subsidiary SAAB to move its gantry crane from Quebec city to Montreal and, if so, what location at the Port of Montreal will accommodate the crane?

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows: No agreement has been made between Logistic Corporation or its subsidiary corporation and the National Harbours Board to move a gantry crane from Quebec city.

REYE'S SYNDROME

Question No. 705—**Mr. Howie:**

1. Did the Medical Research Council sponsor research into Reye's Syndrome since January 1, 1975 and, if so (a) in what locations (b) by whom (c) in each fiscal year since the inception of such research, what amount was paid?

2. Have there been any findings as to the cause of Reye's Syndrome and has any link with aerial spraying of spruce budworm been established?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Medical Research Council is concerned: 1. Yes. (a) Dalhousie University, Halifax, Nova Scotia. (b) Dr. J. F. S. Crocker, Associate Professor of Pediatrics. (c) 1976-77: $14,550; 1977-78: $15,750.

2. To the best of our knowledge a link between aerial spraying for spruce budworm and incidence of Reye's Syndrome has not been definitely established.

RHEUMATIC FEVER

Question No. 746—**Mr. Howie:**

Has the Medical Research Council funded any research presently underway into rheumatic fever?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Medical Research Council is concerned: No. It is of course possible that basic research underway into the auto-immune response or streptococcal infection could in future have a bearing on rheumatic fever.

DEPARTMENT OF EMPLOYMENT AND IMMIGRATION—AMOUNT SPENT FOR ENTERTAINMENT SINCE APRIL 1, 1976

Question No. 749—**Mr. Howie:**

Since April 1, 1976, what amount was spent for entertainment by the Department of Employment and Immigration?

Hon. Bud Cullen (Minister of Employment and Immigration): $319,110.59. For the Department of Manpower and Immigration: 1976-77: Foreign Service, $206,024.51; All other Divisions, 38,668.87; Total, 244,693.38; 1977-78 (to date): Foreign Service, $48,890.67; All other Divisions, 19,903.64; Total, 68,794.31; For the Unemployment Insurance Commission: 1976-77, $3,615.44; 1977-78, 2,007.46.

COST OF CONSTRUCTING WORKSHOP FOR REHABILITATION OF HANDICAPPED PERSONS, COLOMBOURG, QUEBEC

Question No. 767—**Mr. Laprise:**

1. What was the cost of constructing the workshop for the rehabilitation of handicapped persons at Colombourg, Quebec?

2. What was the government's participation in the project?

3. Has the rehabilitation of handicapped persons been entrusted to a private organization and, if so, to which organization?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National Health and Welfare is concerned: 1, 2 and 3. There was no involvement with the subject of this enquiry.

INDIAN EDUCATION

Question No. 793—**Mr. Smith (Churchill):**

1. Are monies available to Indian Bands to review their existing educational system and to plan for the eventual takeover of education for their Reserve members?

2. When Bands take control of education, will moneys be made available to monitor the system?

3. Are moneys available for the training of Band members in preparation for local control of education?

4. Do the provincial education Acts enable Indian representation on school boards and, if so, under what conditions?

5. (a) How many spaces were purchased for Indian children in provincial schools since 1973 (b) how many were purchased in Manitoba?

6. What is being done to ensure that a disproportionate number of Indian students do not continue to end up in non-academic streams?

7. What is being done to ensure universal literacy for Indians?

8. What is the present rate of illiteracy?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1. Where the need can be established, regions may support various activities which enable bands to assess the feasibility of assuming control of their educational programmes. Federal staff have been seconded to bands for this purpose and funds have been made available for the hiring of outside consultants and for school committees to visit locations where local control has been established. In addition, other programmes such as Educational Liaison and band training may contribute indirectly towards bands' planning for the takeover of their educational systems.

2. Funds for administration, supervision and inspection are already built into locally-controlled school budgets.

3. Training for band members in preparation for local control of education is offered as an integral part of the Band Training Program. Specifically, training is provided to members of band committees formed to assume responsibility for band control of education.

4. British Columbia: The Public Schools Act of British Columbia, 1972, provides for Indians of B.C. to have full and equal rights with other citizens of that province to participate as representatives or as members of school boards. There is no

restriction on the number of Indians who could be elected to a school board. The Minister of Education may order that a rural area, such as a reserve, is deemed to be a ward and can elect a member to a school district board. Alberta: Presently, reserve residents cannot be members of school boards in Alberta because reserves are not considered to be part of a district, division or county. The province drafted legislation a few years ago which would have enabled reserve residents to participate fully on school boards; however, at the request of the Indian Association of Alberta, the proposed legislation was not enacted into law. Tuition agreements in Alberta contain a clause about Indian representatives attending board meetings; however, the representatives do not have a vote. The Lesser Slave Lake Indian Regional Council (Education Division) which now functions as a school board under the auspices of the federal Department of Indian Affairs and Northern Development, meets with the various provincial school boards where the children of the bands involved attend school. Saskatchewan: The Larger School Units Act, as amended in 1973, permits the establishing of one or more Indian reserves as a sub-unit attached to a school unit. In the province each sub-unit (usually five in a school unit) is represented on the board by one trustee. This legislation does not apply to city boards, consolidated boards or separate school boards. Manitoba: Where the Minister of Education receives a written request from a Band Council for the inclusion of a reserve in a School Division, and the Board of Reference grants the request, the reserve becomes a ward of the division. The new ward elects a trustee to the board of the division. As in the case of Saskatchewan, more than one reserve ward could be included in a school division. Ontario: The Provincial Education Act, 1974, allows for Indian representation on school boards where the board has entered into an agreeement or agreements with the Department of Indian Affairs and Northern Development. The appointee is named by the band. Where Indian enrolment exceeds 25 per cent, two persons may be named. If agreements are restricted to either elementary or secondary education, the representatives may not vote on issues outside the area of agreement. Where the Indian enrolment is the lesser of 10 per cent or 100, any appointment of an Indian member is at the discretion of the board. In some cases where numbers have not justified full Indian membership on the board, an Indian liaison person sits with the board in discussions of matters relevant to Indian students. Quebec: The province of Quebec presently does not recognize Indian reserves or Indian communities on provincial crown land as being part of a municipality. Consequently, Indians are excluded from participation on school boards as trustees or school commissioners. The James Bay Agreement created two school boards in Northern Quebec. The Cree Board is composed of a member from each of the communities plus a representative of the Grand Council of the Crees. The Kativik (Inuit) School Board has a commissioner for each community having up to 500 inhabitants. Those communities having more than 500 inhabitants have an extra commissioner and the Northern Quebec Inuit Association has a representative on the Board. The Indians of Quebec Association has in the past expressed opposition to legislation which would enable reserve residents to serve on school boards. New Brunswick: The Schools Act (consolidated to 1971) allows for the election of school trustees and their appointment by the Lieutenant Governor in Council. In New Brunswick a resident of a reserve within a school district is considered a resident of the district and may stand for election. With regard to those appointed by the Lieutenant Governor in Council, in practice the Chief and Council nominate a person who is accepted by the Minister of Education. In addition to the foregoing, it is common practice for Indian representatives to meet informally with boards to discuss educational matters. Nova Scotia: Under the Education Act, 1972, it is apparently accepted that to be appointed to a municipal school board the person must be a resident rate-payer or his spouse. For the legislation to apply to Indians, it would be necessary for a reserve to be recognized as being within a municipality and for the province to accept tuition payments as the equivalent of municipal property taxes. However, under tuition agreements and other less formal arrangements liaison committees have been formed by school boards and reserve education representatives. Prince Edward Island: There is no existing legislation which refers specifically to Indian representation on school boards. Newfoundland: Native people are not registered in Newfoundland but people of native ancestry sit on the Integrated Board in Labrador West and on the Labrador R C School Board. Also, a native representative sits on the Humber-St. Barbe R C School Board which manages the Cone River School.

[Mr. Faulkner.]

5. (a) 4,277. (b) 486.

6. The Department and local Indian education authorities aim at ensuring, through their counselling services and discussions with provincial education authorities, that sufficient information and guidance is provided to students and parents to enable them to select educational program in keeping with the students' aspirations, abilities and interests.

7. On request by band councils, the department organizes literacy programmes according to local needs and preferences. Community resources, including departmental staff, are utilized. Arrangements may also include Basic Literacy and Upgrading Program which are organized by the Department of Manpower to improve the level of literacy among adults on reserves. On a longer term basis the steadily increasing retention rate of students at all levels is the best indicator of the decline of illiteracy.

8. The Department does not have statistics regarding the present rate of illiteracy since there appears to be no universally accepted criterion at the present time.

CONTRACT BETWEEN AECL AND NBEPC FOR SALE OF URANIUM

Question No. 814—**Mr. Howie:**

Did Atomic Energy of Canada Limited enter into a contract with the New Brunswick Electric Power Commission for the sale of uranium and, if so, what is the term of the contract and the price charged for the uranium?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Atomic Energy of Canada Limited reports as follows: No.

BANK OF CANADA—TOTAL AMOUNT ON DEPOSIT BY THE CHARTERED BANKS

Question No. 910—**Mr. Howie:**

What was the total amount on deposit with the Bank of Canada by chartered banks on (a) January 1, 1977 (b) June 1, 1977 (c) December 1, 1977?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): The Bank of Canada publishes its balance sheet as of the close of business on Wednesday of each week and on the last business day of each month. Chartered bank deposits with the Bank of Canada on the nearest balance sheet dates were as follows ($ million): December 31, 1976, 3,169.3; June 1, 1977, 3,302.9; November 30, 1977, 3,517.

COST OF ELECTRICAL CABLES INSTALLED UNDER NORTHUMBERLAND STRAIT LINKING P.E.I. AND N.B.

Question No. 911—**Mr. Howie:**

1. (a) What was the cost of the electrical cable installed under the Northumberland Strait linking Prince Edward Island and New Brunswick (b) what was the cost of installing the cable (c) what amount did Canada contribute to the project?

2. What is the name of the company where the cable was purchased and what was the cost of transporting it to Prince Edward Island?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1. (a) Approximately $36,000,000. (b) The cost of installing the two cables is not available since this element of the project cost was included in the price for supply and installation of the cables. (c) The contribution by Canada to the project totals $27,000,000 comprising a grant of $18,000,000 and a long-term loan of $9,000,000.

2. The cables were purchased from and supplied by L.N. Ecricsson and Sivertz Kabelvorke of Sweden. The cost of transporting the cables to Prince Edward Island is not available since this was included in the price for supply and installation.

BAN ON COSMETIC PRODUCTS

Question No. 958—**Mr. Howie:**

Since January 1, 1977, how many cosmetic products were banned or recommended against use by the Department of National Health and Welfare?

Hon. Monique Bégin (Minister of National Health and Welfare): In so far as the Minister of National Health and Welfare is concerned: One cosmetic product has been banned for reasons of microbial contamination. Two non-product specific regulatory actions have been undertaken which will affect cosmetic products. Effective January 1, 1978, chloroform has been banned from cosmetic products and effective the same date estrogenic substances may no longer be included in the formation of cosmetic products.

Railway Act

EXPENDITURES BY CONSUMER AND CORPORATE AFFAIRS IN CONSTITUENCY OF NICKEL BELT

Question No. 1,135—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Consumer and Corporate Affairs and those agencies that report to it?

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Consumer and Corporate Affairs Canada does not record expenditures by constituency. Restrictive Trade Practices Commission: same as above.

[*English*]

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

Mr. Paproski: Yes, Mr. Speaker. He is doing a good job. He should just keep answering more questions.

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House resumed from Tuesday, February 7, consideration of the motion of Mr. Lang that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I commenced my remarks on this bill last night. I must say I am all shook up this afternoon at this surprising attempt to turn our hallowed halls into a beer emporium, but I shall carry on.

I hope all hon. members present read the remarks I made last night so that they have a proper introduction to what I am going to say now. I pointed out that the $808 million that the Minister of Transport (Mr. Lang) wants us to agree that the government should lift from the back of the CNR is not all that is needed to put the CNR on a profit-making basis, according to Mr. Bandeen, the president of CNR. He said four things were needed, according to a report in the *Globe and Mail* on February 11, 1977, and I shall repeat them quickly. He said the CNR can be profitable if four main burdens are lifted. He did not mention the fifth burden—the Minister of Transport, because I suppose he has to watch his p's and q's. There are really five great burdens.

The first one was the losses from the almost compulsory provision of rail passenger service which he estimated at $50 million per year. The implication is that we do away with rail passenger service except where it makes a profit.

The second burden was the losses from grain transportation—

The Acting Speaker (Mr. Turner): Order please. The Minister of Transport (Mr. Lang) on a point of order.

Mr. Lang: It is not a point of order, Mr. Speaker. I just thought I should tell the hon. member that I have read his remarks and it would probably be helpful to the House if he did not repeat them but went on to his final remarks.

Mr. Crosbie: I admire the efficiency of the minister but it would do him good to listen to my remarks twice. His performance might improve.

An hon. Member: He would still hear nothing.

Mr. Crosbie: The losses from grain transport at low Crowsnest rates, Dr. Bandeen calculated, could reach about $64 million in 1977.

He mentioned losses from rail operations in Newfoundland in the range of $22 million to $23 million per year. Of course the only way to do away with that is do away with the rest of the railway in Newfoundland—in other words the freight, the cargo, the employees and the passengers.

The fourth burden he mentioned is the $2 billion in long term debt, most of it owed to the federal government, which has been building since the founding of the Crown corporation in 1923.

This bill only does part of what Dr. Bandeen said was needed to put the CN on the even keel. I pointed out last night that we would have an ideal situation if all these things were carried out. We will have a railway with no passengers, no freight, no cargo, no carriages, and then we will have a profitable railway. This is desirable if we look at it from that point of view. But we do not look at it from that point of view where I come from, Mr. Speaker. We believe that transportation is a service not to be based on the principle entirely of user-pay, or boozer-pay. Transportation is a policy.

● (1622)

The four Atlantic premiers suggested to the minister when they met with him a few months ago that transportation should be a positive instrument for regional economic development. Transportation is not just a pay-your-way concept. If that were the case we would never have had the CNR and we certainly would never have had the Newfoundland railway. We would not have had the marine or ferry service in Newfoundland, and the like. The minister and the CNR want to put the railway on a self-sustaining profit-making basis. When that is done they are in a deadly bind for which this government has not been able to find a solution.

I want to point out to the House, when it is stated the Newfoundland railway operations lose $22 million to $23 million a year, that one of the items included in the loss is interest on a $100 million loan made to the CN by the Government of Canada in 1952. A $100 million loan was made to the CNR in order for them to use the funds to improve the Newfoundland service and facilities. No interest was paid on that loan until 1974, a year before the present minister got his hooks into transportation. Since 1974 they have had to pay interest on that $100 million loan and the amount which is included annually in their losses is $5.5 million. So, of the $22 million to $23 million which they say they are losing on the passenger service, $5.5 million is interest on this 1952 loan which should now be cancelled.

I ask the minister the next time he speaks on this bill to say whether or not the Government of Canada will agree to cancel repayment of the $100 million loan to the Newfoundland section of the CNR which was made in 1952.

Some of the items which concern us in Newfoundland have been studied by a Royal Commission on Transportation which should be reporting in a month or two. The chairman is Dr. Arthur Sullivan; Mr. Esau Thoms and Mr. B. Ploughman are the two other members. We do not know yet what they are going to report. It has been suggested before the commission that the railway service in Newfoundland should be closed absolutely. I say to the minister now to forget that, to forget any thought that he is going to close the railway operations in Newfoundland absolutely. He is not going to close them, and if he attempts to close them he will have more trouble on his hands than he has ever had before because we simply will not let the railways be closed. If he and the CNR refuse to operate the facilities, we will operate the facilities and we will take the wherewithal from federal taxes that we will withhold, or from wherever, to operate the railway. So he can forget it. He has no solution to the problem of closing the remaining CN rail operations in Newfoundland.

In 1974 there were 1,891 employees in the railway service of CN. There are 3,000 to 4,000 employees in CN altogether but 1,891 are employed by CN rail. In 1976 there were 1,715 employees, 176 less than 1974. The CN, encouraged by the Minister of Transport and the government, is doing everything it can to squeeze employees out of the system, to lay off more Newfoundlanders who will join our already horrendous unemployment ranks. When the CN are not laying off workers they are transferring them to the mainland. They are blinded by their prejudice for the mainland. Everything has to be operated from the mainland.

In their insidious manner, month after month the CN cut down on their express service, they cut down on the CN telegraph service and they cut back the CN marine service. By transfer they established the main office for CN marine at Moncton, which is 70 per cent of their operations to be on the liberal side. Now they want to transfer the accounting and the computing services to the mainland of Atlantic Canada. I caught the minister and the railway in the midst of that deal some months ago. They are waiting now until they receive the

report from this royal commission. This is what is going on. This is the meaning of cost effectiveness in human terms in a province that is already on the bottom rung of the economic ladder. They want the province squeezed. Its railway services have to be squeezed, reduced and cut back year by year in order to save a few dollars.

We know that the railway service is not making money. But what has to be done in Newfoundland is for the minister to spend $300 million or a half a billion dollars to put the rails back into shape again and give the province a decent roadbed and to give us a standard gauge railway. Or, I suppose they could drag along as they are doing now, and if they do that they will be faced with spending some money on the Trans-Canada Highway.

In 1965 the Liberal deal was made between the Smallwood government and the Pearson government. If the Smallwood government did not raise a fuss at the abandonment of the railway passenger lines, 90 per cent of the construction of the Trans-Canada Highway would be paid for by the Pearson government. The Trans-Canada Highway was finished. It is a narrow road. However, in the last 17 years it has completely deteriorated because the freight has now left the railway. CN, being so badly operated and supported in resources, are trying to skimp every corner. The movement of freight has left the CN and is now being hauled by trucks. These huge heavy transport trucks are travelling over our narrow two-lane Trans-Canada Highway, which is subject to some of the most difficult weather conditions in the world.

The Newfoundland climate experiences freezing alternated with mild spells all during the winter and spring with the result that these heavy transport trucks have wrecked the highway. Yet when the government of Newfoundland approaches the Government of Canada together with representatives of the other Atlantic provinces, and asks them to share 90 per cent of the cost of reinvigorating, redoing, revitalizing and repaving the road which is now a danger and a menace, because of this federally induced action the minister says no. "Old cost effective Lang" says "no"—50 per cent, and he will not budge on the 50 per cent.

I think, as the election approaches, the Prime Minister (Mr. Trudeau) will become less and less cost effective and more and more, hopefully for him, politically effective. There will be a change in policy. But I ask the minister to change it now when he speaks later in this debate again, if he speaks again—all these things—the minister's treatment of the railway, his cost effectiveness respecting the railway, the squeeze on the CN, his refusal to meet their deficits, and so on.

In 1949 the federal government took over the Newfoundland railway. Now it is forcing CN to move all freight on a little highway which is dissolving into the mire. Drive on that highway, Mr. Speaker; it is worth your life! And the minister is not prepared to give anything more than 50 per cent. He knows that the provincial government of Newfoundland cannot raise the money to meet its 50 per cent share of the cost, which would be something like $100 million over ten years. The minister has to change his policy there, and to bend.

We have other problems. The CN bus service was to replace our rail passenger service. It was supervised by the Newfoundland Public Utilities Commission which did not allow exorbitant rate increases. In July of 1976 the Minister of Transport, the "bus snatcher" as we call him in Newfoundland, had an order in council passed and snatched the buses from under the jurisdiction of the public utilities commission and placed them under the jurisdiction of this laughable joke, this Canadian Transport Commission. What has happened since is just what I have said, Mr. Speaker. It is an insidious plan to give rate increases.

First of all they had a rate increase of 8 per cent and they approved it without blinking an eye several months after they gained jurisdiction over the rates. Now six months later CN has asked for another 15 per cent increase; I did not have time to check this but I think that 15 per cent has also been approved. There has been a 23 per cent increase in total since the bus service went under the jurisdiction of the Canadian Transport Commission—all without consultation with the province. This is co-operative federalism? This is the Liberal view on how to treat the provinces! Does anyone wonder why the province of Quebec wants to separate? Does anyone wonder why any provincial government in Canada today, with one or two exceptions, is angry and frustrated and disturbed at the federal government? They are no longer satisfied with this system. There is one thing that will change that, Mr. Speaker, that is a change of government, and that is coming.

The Acting Speaker (Mr. Turner): Is the Minister of Transport rising on a point of order?

Mr. Lang: Mr. Speaker, I am rising on a point of order. The hon. member has referred to a lack of consultation in connection with the problem relating to the buses in Newfoundland. I expected that he would have known there was a consultation. At that time the buses were not operating because of the actions taken by the Newfoundland government. Indeed, there were members of his own party from Newfoundland who joined in asking me to act to make sure those buses would operate again. We transferred them to another jurisdiction in order to get them operating again. I hope the hon. member will recognize that fact and that consultation.

● (1632)

Mr. Crosbie: I do not recognize that fact. I do not have the time now to go into the details to ram that right down the minister's gullet. Here is the minister's idea of co-operation. This is what the four Atlantic premiers said. I quote:

> Federal-provincial consultation does not occur when one party merely informs the other of its position or intended action.

That is the minister's view of consultation, "There you are, boys, this is what I am doing." That is his idea of consultation. It does not take place.

I go on with the quote:

> It does not take place when the basic information or rationale underlining one party's position is partially or completely withheld from the other party. It does not occur when the dialogue starts too late to influence positions or events.

Finally, it does not occur when a point adequately and fairly demonstrated by one party to be in the common interest is dismissed out of hand by the other, regardless of the degree of jurisdiction that each may have in the matter.

That is our view of the minister's kind of consultation. There was no consultation on that bus situation. It was barbaric. The protest from the Newfoundland government will be ample to show that.

The CN dockyard is there. It is owned by the Government of Canada. This crowd opposite owns it. They got it lock, stock and barrel in 1949. CN is operating it at the request of the Government of Canada. That dockyard has had losses for several years. There were rumours that it was going to be closed. It is not going to be closed. As long as I am in this House, I do not care what side I am on, it is not going to be closed. There are 350 to 400 people working in that dockyard. It is of tremendous economic benefit to the city of St. John's. It is not closing.

Last year it broke even. That yard could make money if the Government of Canada would get off its fanny and advance a loan of $6 million to the dockyard authority so that they could buy and instal a syncrolift. The yard is old. It has a big graving dock. When you put a vessel or two on that graving dock, as long as they are still under repair you cannot take other vessels. You cannot allow the water out and other vessels in until the job is finished. The consequence is that they have to turn away work while the graving dock is occupied. Last year they turned away over 20 major jobs from ships passing in the Atlantic which got into trouble because the graving dock was in use and they could not guarantee quick service.

With a syncrolift there to handle repairs on all the vessels under 4,000 tons, they will be able to expand their work force by 200. They will then be able to handle all the work they are offered.

When the Minister of Fisheries and the Environment (Mr. LeBlanc) changes the regulations, as he is going to, so that foreign fishing vessels can be repaired in Canadian dockyards and crew changes and cargo changes can take place, that dockyard will really come into its own. That is what we want of that dockyard. We are not even asking for a grant.

The Minister of Industry, Trade and Commerce (Mr. Horner) is not concerned. He does not care. Maybe he thinks he is taking it out on me because he has not moved on this. He made a stupid statement in January about a new shipbuilding policy for spending money in Esquimalt and in two places in Quebec, Granby and Lachine. They are giving grants to those dockyards which they own.

After a study of the situation for two and a half years in St. John's, Newfoundland, by a task force of his own officials, the minister says he is still studying the situation in Newfoundland and that he will talk to the Newfoundland government about it. There is no need for further study. What we want is a $6 million loan from the federal government to that dockyard in order to get the syncrolift installed. By the way, relations between the minister and the Newfoundland minister of transportation and communications could not be more abysmal or unsatisfactory. I have never seen the likes of it. This minister will not give our minister the time of day. There is no consultation there.

CN Marine has just taken over all the vessels and other assets which the federal government financed for the ferry service and marine coastal service in Newfoundland. That went into effect January 1, 1978. The idea is that CN Marine is going to operate as efficiently as they can. The minister and the government are to meet any losses they have in that service. If they can operate more efficiently within the boundaries set by the minister's department, they will make money and so on.

Mr. Gratwick made a speech about this on February 3. He is a very able official. I am supportive of him as I am of all CN officials. They are a fine group, very efficient. The trouble they get into is caused by the government which will not give them the money to do the job. They have been told they have to make a profit. This is what they are trying to do. Mr. Gratwick's speech illustrates the dilemma. This speech was delivered to the Kiwanis Club of Ottawa on February 3. He said:

When I preach the need for vigorous control in the operation of public ferry services, it should be easier to obtain agreement from this group—

He is referring to the group here in Ottawa. He further stated:

Certainly CN Marine is the product of a constrained economic environment.

Why constrained? It is because the federal government has constrained it.

It represents an effort to balance the pursuit of economies with public need.

That is where the rub comes. I quote from page 3:

CN Marine, incidentally, does not set ferry rates.... Rates and levels of service are set by the federal government.

I ask my people in Newfoundland to note that. It is the federal government that they must hold responsible for the deficiencies in CN's operations in Newfoundland, not CN. Page 4:

CN Marine is essentially a mechanism for applying modern business techniques to control of costs while providing acceptable levels of ferry service at acceptable prices.

That is the rub, Mr. Speaker. Who is going to decide the acceptable levels, and what are acceptable prices?

Last year, the bill for CN Marine operations was $5 million less than the government's budget.

CN is pleased. They think they have done a good job. They saved $5 million on the government's budget. It is the people who use the service who pay for that. They have less than satisfactory service. Every cent was scrimped and pinched. Whenever they stepped over a nickel, their what-not snapped on it. That is how they saved $5 million. That gave a much poorer service to those who use the ferry service.

Last December Otto Lang, the Minister of Transport, and Robert Bandeen, the president of Canadian National, signed a memorandum of understanding.

I am glad Mr. Bandeen can understand him. I certainly do not. At page 5 he talks about the new service. CN Marine is going to operate the ferries to Newfoundland. It is going to operate our coastal service. This is the new arrangement. They

have $125 million set aside for capital improvements. After that they generate their own capital.

The Ministry of Transport will specify in detail the level of service to be maintained. It will establish the fares.

That is the rub. Further on he stated:

But what about the user? Does he get jammed between the rollers of private profit and public cost cutting? I think not.

I think so. This is just what will happen in this new arrangement. The users of this service, the public of Newfoundland, the tourists travelling to Newfoundland, the people using the ferry service and the coastal service will be jammed in the ice. "Does he get jammed between the rollers of private profit", that is CN in its new role, "and public cost cutting", that is the Minister of Transport in his old familiar role? Yes, they do get caught because the Minister of Transport says he believes in user-pay and the user has to pay for these services.

CN believes in profit. The government is not going to agree to a level of service and fares that will satisfy the travelling public. It has not for the past couple of years and will not do so in the future. That is what is wrong with this new set-up. It is not going to work.

On page 9, Mr. Gratwick said:

Distinguishing between what is most desired and what is acceptable or will suffice, and acting on it, is what CN Marine is all about.

There is going to be some rough old times with CN Marine. CN Marine will want to do what will suffice. There will be a bare-bones service to carry people along the Newfoundland coast to Labrador and on the ferry service from the mainland to Newfoundland. They will want to do what will suffice, but the public wants satisfactory service. That is where it will break down. It is inevitable that it will break down.

I now want to deal with the Argentia service. I understand, and I hope it is correct, the minister will restore that service with two vessels. Last year, because of the sinking of the *Carson*, only one vessel was used on that run. The service given was undesirable, uncomfortable, and unsatisfactory. Last year they took a vessel from the Argentia run but now they have taken it back to Argentia. The people of Labrador and the people of Lewisporte, Newfoundland, want to know what will replace it. The MHA for Lewisporte District asks for this decision to be reconsidered and a replacement to be named for the *William Carson*. I hope the minister will be successful, first, in obtaining a replacement and continuing the service to Labrador and, second, and most important, in ensuing that a proper service to Newfoundland is maintained.

● (1642)

How can Newfoundland enjoy the benefits of the tourist business, such as they are, if the people who wish to travel in their campers, trailers and cars cannot get across the gulf to St. John's, to Argentia, to Port aux Basques and so on? And once there, they need to get back, which requires a decent system.

The ferry service is not a money-making proposition, and it never will be. The user-pay system will never answer the problem, not here nor in any other part of Canada. No account is taken, either, of the fact that the user-pay concept drove all the freight and express services off the sea and railway services and on to the highways. All this traffic going on the highway has demolished the highways. The result is that the province with the least financial capacity in Canada has been left with the job of trying to do something about the highways without the wherewithal to do it, as well as looking after the hundreds of other miles of roads.

A hard-hearted, stony-fisted government without any concern for the ordinary person, without even a streak of humanity, has grown arrogant after being so long in office and has ceased to care about the concerns of the ordinary people. It thinks it can get away with anything. It thinks it can move in and take over these hallowed halls and use them for Liberal party rallies et cetera any time it likes without any consultation with anyone. The public realizes this is an unfeeling government and that it no longer cares what is happening to people. We care in Newfoundland, Mr. Speaker, and the government will learn that whenever the next election is called.

I would like to advise the minister not to fall into any trap by trying to abandon our railway. I do not believe the CTC will suggest that, although I know the minister would jump at the chance to do it if the suggestion were made.

I have an article here about the CN ferry service which appeared in the St. John's *Evening Telegram* on June 28, headed "Mix-ups, Confusion on the Gulf—Journalist Can't Believe CN Ferry Service So Bad." The article concerns a statement made by a reporter with the CBC's radio show, "As It Happens." We all know about the reliability of the CBC. The reporter said:

At least 70 people turned up last Friday at North Sydney to make a crossing to find their reservations were cancelled.

Imagine that, Mr. Speaker! Seventy people turn up to make the crossing to Newfoundland at the end of June only to find their reservations have been cancelled. That is a great boost to the tourist industry of Newfoundland—for the hoteliers and moteliers and restaurateurs there, the purveyors of hot turkey sandwiches and that kind of thing. Seventy were turned back because their reservations were cancelled. The problem was caused apparently by the switch of the *Ambrose Shea* with the *Marine Cruiser* which had reduced vehicle and passenger capacity. A Mr. Scott—I believe he is with the CN—commented:

"I find it strange. There shouldn't have been any problems."

Well, there were problems. This kind of thing went on all summer and it isn't just a matter of the convenience of a few people, Mr. Speaker.

Another clipping I have here shows what is happening with respect to personnel down in Newfoundland. It says:

CN Marine has denied MP John Crosbie's assertion that computer and payroll services are to be moved out of the province—

Well, they think that puts poor old John right in his place. Then they go on:

—but admits that major relocations could become necessary if CN Marine becomes an independent corporation next year as expected.

And lo and behold, CN Marine has become a separate corporation as of January 1. So old John's assertion was completely right. After that, the article goes on to say:

—there are no immediate plans to move people out of Newfoundland.

No, there certainly weren't. Five minutes after I made my statement their immediate plans were dropped. Mr. Wes Kelly, the public affairs director of CN Marine, said a more centralized structure had been thought about which would "probably lead to relocation from Newfoundland" and that it was being re-examined. That is the kind of weasel-wording, chicanery and duplicity we are dealing with in Newfoundland, Mr. Speaker. If I had not pulled that one out of the basket on them in July, 1977, they would already have relocated their computer and payroll services personnel.

Upward of 60 employees could be affected by the decision to centralize operations. But there hasn't been any final decision on the matter as yet. Mr. Speaker, we are not going to let them centralize. They are working out of Newfoundland and we are going to keep them working out of Newfoundland. We have had enough of this. We are not going to allow them out on the airplanes or across the Gulf. To hell with the computers which are over in Moncton or Halifax or here in Ottawa! We are not going to sacrifice Newfoundland to the cost-effectiveness of the CN's computers or of the Minister of Transport's computers.

Here is another clipping dated April, 1977, which says, "CN Withdraws Lay-Off Notices". It concerns the lay-off of several people from the CN Express. We can see what is going on. There is no CN Express left in Newfoundland at all. There is no CN freight service on the island, either. The service has been barbarized by the company's efforts to cut back while trying to make money. The federal government has been on the backs of management telling them they are costing too much. There has been a squeeze in every direction. The rates are too high and the service is too poor.

Naturally a man will put his freight on a truck if it is going to take him 12 to 14 hours to truck it from Port-aux-Basques to St. John's instead of two or three days by rail—if it ever gets there at all. It is their way of discouraging him from using the rail. Of course he will use the truck under those circumstances. So, Mr. Speaker, we have seen the services go down and down. They have done the same thing to the telegraph service. But I must say there has been one improvement. We are getting into French more down in Newfoundland. I had a telegram last week from Jean Pigott. I was holding my nomination meeting that night and she was supposed to speak. She could not get down so she sent me a telegram with her good wishes and signed it Jean Pigott. The man rang me up to deliver the message—

The Acting Speaker (Mr. Turner): I am sorry to interrupt the hon. member but he can continue only with unanimous consent. His time has expired. Is there unanimous consent?

Some hon. Members: Agreed.

[Mr. Crosbie.]

Mr. Crosbie: I will only take one more minute, Mr. Speaker. In summation I will tell hon. members that the operator told me that there was a telegram for me from John Piquette. So, we are getting much more bilingual in Newfoundland.

In conclusion, I want to say again I am not against the $808 million being removed from the back of CN. I wanted to take the opportunity of outlining some of the problems we face with the service in Newfoundland, not caused by CN but caused by the policies adopted by the government. I would advise the minister that he should approach the solution to these problems and consider the royal commission's report very carefully because we are on a short fuse down in Newfoundland and, as I said last night half-facetiously, if I could I would keep this bill before the House for the next five months until the minister agreed to do something about rail service in Newfoundland, the service which was so casually taken away back in 1965. I ask him, also, when doing his accounting with respect to CN after the bill passes the House, as it doubtless will, to forget the interest on the $100 million he is proposing to charge CN with respect to Newfoundland, because it will, help reduce our losses.

I thank hon. members for allowing me the extra minutes on my time and I advise the minister to be very careful during the next few months.

Some hon. Members: Hear, hear!

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I am pleased as a member of the transport committee to speak in support of the provisions in Bill C-17, to amend the capital structure of CN by establishing a viable debt/equity ratio which would place CNR on a financial self-sustaining basis without the necessity for government borrowing. This would also provide for the government and the public a better opportunity to assess the economic performance of the CN.

Before I go further I think it only fair to all Canadians, especially those who follow parliament and read *Hansard*, to refer to the irresponsible contribution which was made here this afternoon by the hon. member for St. John's West (Mr. Crosbie). Surely the Canadians who witnessed this irresponsible performance on television realize that we on this side of the House take our responsibilities seriously, as shown by the dynamic administration of CNR. Dr. Bandeen indicated in a press statement today a positive forecast of profits in the years to come.

● (1652)

Hon. members opposite are negligent in not mentioning the positive performance of Air Canada and other Crown corportions. They refrain from telling Canadians what has really been happening in the field of transportation in recent years. The president and board of directors of Air Canada have brought a profit picture to the government and to all Canadians, and so has CNR. However, this afternoon we heard practically everything, save a few comments in the intervention of the hon. member for St. John's West, but comments relat-

ing to the bill before us. The hon. member talked about almost everything that is going on in Newfoundland. He spoke about his concern about meetings which might be held in the weeks to come. He made some irresponsible remarks about the minister, and followed the usual pattern of irresponsibility we have witnessed over the past few years with regard to transportation and with regard to practically everything else.

The homework and dedication which should be applied in order to make a concrete contribution to the daily workings of this House are sadly lacking. The previous speaker might be well advised to spend a little more time in the Standing Committee on Transport and Communications. If he did that, he would serve his constituents and his province better than he has done this afternoon. The hon. member spent 30 or 40 minutes of the time of this House speaking about something about which he really knew very little. Anyone listening to his remarks would be convinced he had not prepared himself with respect to Bill C-17 or any other aspect of transportation as it relates to the administration of transportation corporations.

Last year the committee travelled to the Atlantic provinces, and I was struck by the presentation made in Saint John, New Brunswick, by the administrators of the port commission there. The hon. member would have been well advised to have spent some time with his people to help them prepare their submission. As I recall it, they spent half an hour criticizing, but they failed to put the real facts on the table and to present any logical and reasonable suggestions.

Mr. Crosbie: Mr. Speaker, I rise on a point or order. I do not want to interrupt the hon. gentleman, but I was at that hearing, and no submission was made by the St. John's, Newfoundland, port authority. The only submission which had anything to do with the port was from the CN dockyard. It made an excellent submission on the need for a syncro-lift. The hon. gentleman may have been there in person, but his head was somewhere else.

Mr. Harquail: The remarks of the hon. member in his intervention this afternoon showed clearly which heads are empty. I was referring to the group the hon. member just identified, the people involved with the dockyard. The hon. member would have better spent his time helping them prepare recommendations which could have been considered. An excellent opportunity was missed. By comparison, other submissions we received at Halifax and at Saint John put the facts on the table for our consideration. As a result, we were able to act in a positive way.

It is always interesting to hear from a former member of the former Newfoundland Liberal government. He has made a complete about-face in terms of his basic philosophy and of statements he has made in the past. The hon. member held different positions and different portfolios in that provincial Liberal government. However, we witness that all the time. We witness it in Nova Scotia, which enjoys the benefits of substantial amounts of federal funds not only in the transportation field but in other fields as well.

The amount of DREE money going to the Atlantic provinces and the positive results of that have been mentioned. However, hon. members opposite are not interested in positive things, good administration or responsible government. They are interested only in picking up leads from the press and coming here with ill-conceived and poorly prepared presentations. They think somewhere along the line they might succeed in hoodwinking the average citizen. They hope Canadians will believe them. They never refer to the positive, dynamic administration of, for example, Air Canada and Dr. Bandeen.

Mr. Paproski: What about the last ten years?

Mr. Harquail: We hear much discussion and criticism about deficits, and when the minister, the cabinet or other responsible corporate officials succeed, people have very short memories.

Mr. Paproski: We give credit where credit is due.

Mr. Harquail: I am glad that the hon. member for Edmonton Centre (Mr. Paproski) is prepared to state on behalf of his party that it is prepared to give credit where credit is due. I am encouraged by that. I am encouraged to note that he is taking this position, and when he says that I assume he speaks for all members of his party. This is an encouraging development of a kind I have not witnessed here before. If he is prepared to make that statement, then I am certainly pleased to know this is the position of his party.

• (1702)

In terms of all the consultants and experts who have considered transportation matters, particularly in eastern Canada and the Atlantic area, there is no doubt about the importance of transportation. There can be no doubt about the vital importance of the co-operation that must take place among the Council of Maritime Premiers, the provincial governments of the Atlantic area and the federal government. They must work in concert to develop policies that will bring forth actions and results to provide us with necessary transportation facilities so that we can improve the economic situation in the Atlantic provinces.

We must not forget the important aspects I raised earlier before the committee regarding improvements to air passenger service linking the four Atlantic provinces, as well as the necessity for the continuation of a high speed modern rail passenger service between Halifax and Montreal. These are matters we have had an opportunity to discuss in the committee.

I am pleased that officials of the CN have indicated, through Dr. Bandeen and the new president of VIA, Mr. Roberts, in a positive response, that it is their intention to continue with policy directions to assure Canadians in the four Atlantic provinces that the type of transportation facilities required will be introduced as as result of the substantially large amount of federal money being directed into VIA for upgrading the road bed and equipment in general, and in this

way providing a rail passenger service we hope will be much improved on that run between Halifax and Montreal.

We are continuing to work very closely with the Minister of Transport (Mr. Lang) and the Council of Maritime Premiers to develop that concept, which will be supported by all elected representatives in that region, assuring the people that there will be a modern air passenger service linking the four Atlantic provinces as well. There has been much discussion about this much needed service, and various regional air carriers have indicated an interest in developing a corporate structure to carry out negotiations between the airlines and the Department of Transport regarding the possibility of implementing such a service. As I have suggested, this is of vital necessity to the economic survival and industrial development of various sectors within the Atlantic provinces. We must see this modern type of transportation facility implemented at the earliest possible opportunity.

As I said at the beginning of my remarks, I support Bill C-17 and its general objective, to amend the capital structure of the CN by establishing a viable debt-equity ratio, putting the CN on a financially self-sustaining basis.

Again, this is just one of the indicators we have of the determination of the government through the department and the Minister of Transport to improve the atmosphere of the situation, by taking the necessary steps to bring forward the necessary changes to the legislation, thus permitting the CN not only to operate, but operate efficiently, successfully and, as we are now witnessing, in a profit position.

Let me take a few moments this afternoon to indicate my dismay and displeasure over the display we witnessed today by the hon. member for St. John's West who took up the time of the House speaking on practically every subject during the course of his speech other than those contained in Bill C-17. I suppose it is too much to hope that the Leader of the Opposition (Mr. Clark) and his critic for this department will have any success in keeping those members who would speak on Bill C-17 more under control, and in this way not wasting the time of the House.

I suggested earlier that perhaps the opposition critic in respect of the Department of Transport would invite the hon. member for St. John's West to serve on the committee in order to find out exactly what is going on in respect of transportation in Canada. Perhaps then he would show good faith regarding the seriousness of this bill by not taking up any more time in the House, and perhaps even encourage other members on that side to do the same.

Some hon. Members: Hear, hear!

Mr. Harquail: I will now display good faith by not taking up any more time of the House and by concluding my remarks at this stage.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, without the railways I suggest there would have been no confederation. Part of the agreement which lead to Confederation was that a railway be constructed to connect the Atlantic provinces with central Canada, Ontario and Quebec as we now know them. It was part of the agreement which brought Britlish Columbia into confederation that the then Government of Canada agreed to the construction of a transcontinental railway connecting the western and eastern coasts of Canada. Without that east-west railway connection, the natural tendency would have been to move north and south. We might then have had the prairie regions of western Canada drawn into the orbit of the great American plains, with British Columbia simply an extension of the mountainous area of Idaho and Washington states. As I have suggested, there would then be no Canada as we know it today.

Just as there would be no Canada without the railways, without the people of Canada and the financial assistance they provided the developers of the CPR in grants of millions of acres and millions of dollars through guarantees of bonds floated by the company, the CPR would have gone bankrupt, as did many of the railway companies built as separate entities. When they went bankrupt they were amalgamated by a Conservative government into what we now know as the Canadian National Railways.

We know that from the beginning the CPR received generous support from the federal government. People like to use the CPR as an example of an efficient, private enterprise corporation, and often compare it with publicly owned and Crown corporations. I should like to take a few minutes to put on the record some of the facts about the assistance the CPR received from the people of Canada, all of which helped to make it the profitable organization it is today. Let me quote one paragraph from a book entitled "The CPR" by Robert Chodos:

> Largely because of the almost limitless aid provided by the government to get the railway started, the CPR was at least a moderate success from the beginning. The total value of that government aid is impossible to estimate. There was $25 million in cash. Large portions of the transcontinental lines were built by the Government and turned over to the company; those sections cost the public treasury $37.8 million. There were the lands: initially 25 million acres of land 'fairly fit for settlement'—

● (1712)

The book continues:

> The company's prairie lands were valued at $1.50 an acre when it gave back 6.8 million acres in 1886 as partial payment of an emergency government loan; by 1916, however, the company estimated its net proceeds from land sales at $68.25 million, and carried its unsold lands in its accounts at $119.25 million.

The land grants helped the Canadian Pacific Railway to become the tremendously diversified corporation it is at the present time. That corporation runs a railway; it is involved in land development through Marathon Realty; it operates an airline business through CP Air; it is involved in the mineral business through Cominco; it is involved in the oil business through CP Oil; and it owns the tremendous corporation known as CP Investment. The corporation is based upon the assistance which it received from Canadians in the early years. At the present time the assets of the CPR are estimated to be over $5 billion. It was built by the original largesse of Canadians.

Some years after the CPR was created, a number of private investors associated with the Liberal party thought that if investors associated with the Conservative party at the time of Sir John A. Macdonald could make such a good thing of railways, they too should become involved in that business. Thus, the construction of other railway lines was commenced. There was no planning or thought as to where resources were located. They were interested in building lines, posting bonds, selling shares and making money by building railways as cheaply as possible and with as little thought as possible. They did not worry because they knew the government would look after them. Therefore those investors were faced with repeated financial crises. Eventually, a Conservative government had to move in to save the bankrupt properties.

Originally there were five independent railways: the Intercolonial, the National Transcontinental, the Grand Trunk, the Grand Trunk Pacific, and the Canadian Northern. All of them were amalgamated into what is now known as the Canadian National Railways. These railways were brought together because of economic conditions. They were brought together under one management in order to serve Canadians, not to make a profit. The original purpose of the establishment of the CNR was not to make a profit.

In an attempt to figure out what to do with the bankrupt railways, the Borden government appointed a commission to study the problem. That commission made some very interesting recommendations. Once again I should like to quote from Mr. Robert Chodos' book, which reads as follows:

> The report was a divided one, with two of the commissioners . . .favouring a government takeover of the Grand Trunk, the Grand Trunk Pacific and the Canadian Northern, and the third calling for a reorganization, but with retention of private ownership.

When this commission looked at what the companies were worth, it recommended that the government take over the liabilities. The commission did not recommend what would be done by private enterprises, that is, a payment of two cents or three cents on the dollar, which is probably what they were worth. Instead, it was recommended that the liabilities be paid in full. I should like to refer to what the commission said, as reported in the book. It reads as follows:

> —'this is a case for generosity rather than strict justice"..."Governments in the past have not taken a stand on strictly legal grounds in their dealings with other companies' that Canadian Northern shareholders could expect any compensation at all.

That is how the government got into the railway business. What did it cost? What did these bankrupt railways, which should have been taken over for nothing cost? Professor Lukasiewicz in his book entitled "The Railway Game" indicated the following:

> As of June 30, 1916, $1.9 billion was invested in Canadian railways; of this, almost exactly one-half, $955 million, came from the public purse. Except for the Grand Trunk, public investment ranged from 40 to 100 per cent.

Public ownership did not create the CNR's debt. Public ownership did not hang the burden on the shoulders of the CNR, which it has had to carry for approximately 50 years and which has resulted in losses on paper for almost every year. The hides of the then shareholders were saved. Those people went into this business to make money, and when the going got rough and they could not make money, then they got out.

We support the principle of recapitalization. We support the idea that the debt of the CNR should be written off. That debt amounts to $808 million, and the CNR has been required to pay interest on it. Indeed, we wonder why it is only $808 million, rather than $2 billion. If the entire debt of the CNR were written off, its debt equity position would be better than that of the CPR. Thus, the CPR would have difficulty competing with the CNR. I suppose we should be thankful for small mercies. If the government is prepared to write off $808 million, then we support it with doubt and with reservations. On the basis of the policies enunciated by the Minister of Transport (Mr. Lang) and the president of the CNR, Dr. Bandeen, we think this is being done for the wrong reasons.

What is the concept of the Minister of Transport? What is the concept of the present president of the CNR? What are their ideas as to the function of the CNR? To find answers to these questions, one only has to turn to the speeches of the minister and of the railway president. Obviously the minister still believes in the principle of user-pay. He believes if the user is a farmer on the prairies who has to move his grain, then of course he should pay the full shot; if the user is a potato grower in Prince Edward Island, he should pay the full shot; but if the user is a businessman who wants to travel quickly between Ottawa and Montreal, he should travel by air and the price of his ticket should be heavily subsidized. The airlines do not pay for any of the infrastructure, the building or maintenance of airports, or the communications system, all of which are absolutely essential to the operation of airlines. But when it comes to the railways, then of course the user shall pay to travel or to move the product which he produced, that is, according to the minister.

● (1722)

The minister still talks about the user-pay concept, profitability, the value of competition. All these are central to the minister's thinking, even though in fact no country in the world follows a policy of making its railway system pay for everything which it does. Every other country looks on all transportation modes as a necessity for the efficient use of resources and as an efficient way to move people and goods which are produced and required.

A former minister of transport who has now gone to the other place, Senator Jean Marchand, had a much better concept of what the transportation policy should be. Way back in 1962 before he came to parliament, before he succumbed to the blandishments of the Liberal party, when he was still an active trade union leader, he said the following:

> Transportation policy is closely linked to economic planning and as such must be linked to the common good and not the profitability of private enterprise.

In 1975, when he was minister of transport, he issued a policy with the same concept, because it was the right and proper concept. He said the following in his policy statement:

If you look at the size of this country and the distribution of its population you will see that you cannot have a transportation network which is economic everywhere; you cannot have an economic system of transportation to service the north, for example, or to service those regions of the country where the population is very thin. You cannot have an economic system for regions which are remote from the centre.

Then he said:

—the principle of competition can apply where there is competition in Canada at this moment, but it will not work in the many places in which there is no competition.

Implicit in that approach is an integrated transportation system in which you take the railways, the airlines, the trucking companies and the bus companies and you think through what is the best way to move people and to move the goods which we produce and which we need. Have we done that? Has the Minister of Transport given any thought to that? Has the president of CNR given any thought to that? Not if you read any of the papers which they have produced, because they are still thinking of CNR, of Air Canada and other air lines and of bus companies as separate corporations. No thought is given to integration. So a couple of years ago we witnessed the minister pouring $100 million or more into STOL aircraft. There is no way in which STOL aircraft could compete in terms of efficiency with a really modern railway system. We would never put that kind of money into our railway system. We could move people by rail from Ottawa to Montreal, from Toronto to Montreal or from Toronto to Ottawa—when you think in terms of city centre to city centre—almost as quickly as the air lines can do, and a hell of a lot cheaper. In this day and age when we have a world energy shortage, when Canada is importing more oil all the time, we are still not using our railways as we should.

Of course, the minister and the president of the CNR would say that they have divested themselves of the rail passenger service and turned it over to Via. Of course, Dr. Bandeen did not want the rail passenger service because CNR does not see the necessity for a totally efficient system of transportation. What we really need to do, they think, is to modernize our passenger railway system, to improve the rail beds, to bring in high speed rail engines, to bring in modern and comfortable cars, and to wipe out most of the air service which we now have between Ottawa, Montreal and Toronto because there is evidence to indicate that the short hauls are losers. The companies lose money on all the short hauls, but we have not faced that situation, we are still thinking in terms of separate modes of transportation and how to make them profitable and commercially viable.

Every other country in the world has realized that competition between these various modes of transport is a mistake, that there is a duplication of facilities, over-capacity and underutilization, but the government does not think that, as is evident in the proposals which it makes with regard to the CNR.

The minister has made frequent statements in parliament about his view of the advisability of private ownership and commercial viability, but some hon. members may not know, and certainly many Canadians do not know, what the minister's real views are. However, they are indicated very clearly in a letter which the Minister of Transport wrote to the chairman of the board of CNR, Mr. Pierre Taschereau, on January 13, 1977. In this letter he outlined a number of important principles from his point of view, and I want to quote some of them. He said in part:

[Mr. Orlikow.]

You will recall that the October 1976 Speech from the Throne stated that 'In a further effort to reduce the size of government as well as expand the range of opportunities for private enterprise, all federal programs will be reviewed to identify those government activities which could be transferred to the private sector without reducing the quality of service to the public.'

In other words, the minister is thinking about some time in the future, hoping the public will forget the hundreds of millions of dollars which had been poured into keeping CNR operating and that the public will agree to leaving the unprofitable services of CNR in the slow growth areas, the maritime provinces, Newfoundland, northern Ontario, the interlake area of Manitoba, northern British Columbia and interior British Columbia, to the public sector so the public will pour in the subsidies, and selling the profitable sections, the sections where there are lots of people and a tremendous volume of trade, to the private sector in this country.

What could be more stupid? What could be more unfair to the Canadian public? Then he said in his letter to Mr. Taschereau:

Although it has generally been conceded that the railway should operate on a commercial basis, in fact the impression has persisted that Canadian National should be used as an instrument of public policy even if at the expense of its commercial performance, it is the view of the government that CN should make every attempt to conduct its affairs with a commercial attitude and in a commercial manner.

● (1732)

I will come in a few moments to what that commercial attitude and manner mean and what their effect would be on the people of Canada. What follows now is a theme which occurs again and again in Dr. Bandeen's speeches. The minister continued:

It would seem to me that the profit centre concept is an excellent basis from which to consider the formation of full-fledged subsidiaries, the ownership of which might, in time, be shared with the private sector.

Now let us consider what the president of the CNR, Dr. Bandeen, sees as the role of the company. We quickly realize that service to the Canadian public is not very high on his list of priorities and that he does not have much sympathy for the needs of slow growth areas in which half the people of this country live.

I should like to quote from a speech Dr. Bandeen made on May 31, 1977, to the Financial Executive Institute of Canada. On that occasion he said:

Most of all, we needed to have strict control of manpower. In large organizations like ours there is an almost irresistible trend for staffs—particularly management and administrative ones—to expand by geometric progression.

I do not have figures to show how Dr. Bandeen has been able to reduce the management and administrative sections, but we do know that in the last two and one half years there has been a reduction of 6,000 people in the employ of the CNR. When International Nickel laid off 2,800 people in

Sudbury and 1,400 in Thompson, Manitoba, there were questions and statements and appeals almost every day in this House, and editorials in virtually every newspaper in Canada. Yet the CNR, a Crown corporation, has laid off over 6,000 people in the last two and one half years, all in the name of efficiency.

In explaining how control of manpower was acquired Dr. Bandeen said:

> The first step was to start breaking out elements into operating divisions which related clearly to market sectors, establishing for each balance sheets which would reflect all the costs involved in doing business.

Later in that same speech referring to the better profit picture, he said:

> The major elements in this performance were, I feel, the impetus given to management by the profit-centre concept and the improved control over performance made possible by our computerized monitoring systems.

When you cut away all the phraseology, that means that the CNR forgets about providing service to the public, and wherever the computer shows it is not making money, it just cuts back. That means that people are laid off, 6,000 of them. I will give an example of what that means in Manitoba as I am in closer contact with people there.

The CNR has centralized its express service in Winnipeg. Employees have been cut back. Some who had worked for thirty years in towns like Dauphin and Brandon or Kenora and Sioux Lookout in northwestern Ontario were transferred to Winnipeg. They were not laid off because they have seniority but the towns they leave die a little because they sell their homes. When they get to Winnipeg the people there with less seniority are laid off. All this means less service.

For years the CNR and the CPR have come to the government and the Canadian Transport Commission appealing for permission to discontinue certain branch lines that are losing money. They say that they can provide better service by the use of trucks. In their ignorance parliament and the CTC agreed, and now, of course, both the CNR and the CPR are discontinuing their trucking service which is being taken over by people who operate more efficiently.

Who loses, Mr. Speaker? It is the people who are laid off—the 6,000 laid off in the last two and one half years who are just the beginning of a move to reduce staff in order to be "more efficient". The people in areas without enough population or money or products to be moved to make it profitable for the CNR, also lose. That means we accelerate the process by giving more to the areas that already have the most—Montreal, Toronto, Hamilton and Windsor, while the rest of the people in Canada are left to whistle in the dark because they are going to get less and less. That is what Dr. Bandeen believes in and it is what the Minister of Transport believes in—commercial viability and commercial profitability. For the slow growth areas of the country it means "the public be damned".

This is completely contrary to the view taken by this party, Mr. Speaker. We believe the people of Canada cannot depend on the competition of profit centres to keep transportation rates fair and reasonable. We are concerned about the areas where there are no alternative forms of transportation—the maritimes, northern Quebec, northern Ontario and the prairies. These regions have never had the same kind of competition as there is in the golden triangle and cannot choose between rail and water transportation. There are not dozens of flights each day between their cities, as there are in the golden triangle. These are the people and regions who are going to pay the shot for the kind of policies which are advocated and are being implemented by the present Minister of Transport and the president of the CNR. We are not alone in this thought.

● (1742)

I commend to the members of this House a submission made to the Government of Canada dated March, 1977, by the Canadian Railway Labour Association. I will quote some proposals which they have made in explaining their outline of what the national transportation policy of this country should be. I would like hon. members to compare the suggestions and principles, which they make and outline, and suggest this country should follow in establishing a transportation policy, with the types of policies advocated and, unfortunately, implemented by the Minister of Transport and his cohorts in the CN management. I quote from the submission to the Government of Canada from the Canadian Railway Labour Association. It states:

> 1. National transportation policy should be an instrument of public policy not an instrument for private profit.

Compare that with what Dr. Bandeen of the CNR is saying. The submission continues on:

> 2. Transportation policy must encourage, not obstruct, free flow of people and goods in Canada.

I wish the member from the maritimes who spoke before I did would compare that statement with the very feeble attempts now being made by VIA with not much support from the Government of Canada and the Minister of Transport. I further quote from this same document:

> 3. Transportation policy must provide over-all framework for Canadian economic and regional development.

I ask any member of parliament who is not from the golden triangle what Canadian railway policy in the last few years has done for his region? Has it helped or hindered? Any member who is honest or objective would agree that in fact our present transportation policy has hindered the development and improvement of their regions.

The Canadian Railway Labour Association goes on to say:

> Freight rates should be based on consistent and equitable pricing, not 'what the traffic will bear'. Rates less than the cost of service to apply in specifically designated circumstances.

Let me just urge members of parliament, particularly those from western Canada, to compare what the Minister of Transport and the president of the CNR are saying about the movement of grain with what Mr. Justice Hall has recommended in his report. There could not be greater differences, Mr. Speaker, if they spoke entirely different languages.

Further on in the recommendations from the submission it is stated:

> The purchase of transportation plant and equipment, rail cars, locomotives, trucks, container ships, aircraft and pipeline facilities to meet peak demand and/or essential services.
>
> 11. Subsidization of inter-city and inter-urban rail passenger service where it is in the public interest to ease congestion of highways, improve the quality of life and to cope with pollution problems caused by other forms of private and public transportation, subject to the railways' equipment, plant, route and frequency standards being approved by an appropriate regulatory body and conditional upon the full protection of all employees affected.

Compare that, Mr. Speaker, with all the lay-offs of workers and you will see how far apart we are from that.

I want to support the proposals which were made by the Canadian Railway Labour Association. I want to support their concept in viewing transportation as a necessity in a modern country as large as Canada. A transportation system must meet the needs of the people. If we do that we must change our idea that the CNR as a corporation must show a profit because that profit will be made. It has been made at the expense of the people of Canada; at the expense of employees who have been laid off and at the expense of people who are now receiving less service than they ever did before.

Having spent most of my time saying what is wrong with the government's policy, what is wrong with Dr. Bandeen's policy, what is wrong with the Minister of Transport's policy and the policy we have followed, I now come back to the only question which we are asked to vote on, and that is the proposal in this bill to recapitalize some $800 million of the CN's debt.

For the reasons which I have indicated earlier we support that proposal. However, we look with a great deal of suspicion at the reasons why this minister is proposing this and what he intends to do with the CNR, if he is permitted to, and if he brings the CNR into a better financial position. We want the CNR in a better financial position and we want the CNR used to meet the real needs of the Canadian people but not by way of permitting private investors to make a profit on a system which the Canadian people have already paid for, not once, not twice, but probably ten times.

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, some years ago when I was reading the history of the CNR, I believe it was at university, I read about its recapitalization in 1937 and 1952. I did not realize at that time that I would have an opportunity to speak on the subject of the recapitalization of the CNR at some point in my life. Nevertheless the bill is here before the House of Commons. Once more the question of relieving debt for our great national railway, the CNR, has come up so that it can continue on and compete.

I have listened with a great deal of interest to the complaints of hon. members, particularly those from my far left, concerning the great debt which the CNR had inherited and which, over the last 50 or 60 years, it has been unable to recover from. At the same time I look at the other railway which services this nation. I have often wondered why that railroad could come out from under an almost similar debt, not having any of its debt relieved. It has, of course, taken advantage of depreciation allowed over the years and in most cases it has been able to pay a dividend to its shareholders.

During the preparation of my comments I came across a 1935 critique of CNR operations. I was not too surprised to read the following statement "The most important financial problem of the CNR is its tremendous burden of debt in relation to the earning power of the system". This argument has been used many times over the years. This statement was valid in 1935, and I suppose it could just as easily have been written today. We are again starting with a debt position of close to $810 million that we are attempting to relieve.

The CNR, as I have stated, throughout its history has been unable to rid itself of its financial burden. As other speakers have outlined the history of the CNR debt, I am just going to gloss over it quickly again. Attempts have been made to eradicate this debt. In 1936 the total long term debt of the CNR amounted to $2.3 billion. In an attempt to reduce this, a Capital Reorganization Act was introduced in 1937, and the effect of this bill was to wipe out almost half of this debt. In 1952 a further capital revision act was enacted.

● (1752)

Thus, through the Capital Revision Act, whereby an additional $736 million of historic debt was converted into 4 per cent non-cumulative preferred shares, interest payments on a further $100 million of debt were deferred and a nine-year direct subsidy was provided by way of purchasing annually further equity equal to 3 per cent of the gross revenue of the National system. The enactments of 1937 and 1952 were both attempts to stem the mounting debt figures revealed each year in the Crown corporation's annual report, and the effect of the 1952 act was to give the CN a debt/equity ratio closely aligned to that of the CPR.

Despite this government intervention, it was again necessary to rework the balance sheet of the CNR in 1962, and here we are in 1978 with Bill C-17 before us, a bill which will allow the CNR to rewrite its balance sheet once more through the elimination of $808 million worth of debt, debt which Mr. Bandeen has attributed to CN's failure to take certain depreciation charges into account in previous years. I suspect this was particularly the case in the late fifties when CN went into diesel service. This contributed to a large part of the debt, and also to its inability to produce profits through the sixties.

Mr. Bandeen stated that the relief of this debt would provide the CNR with a debt/equity ratio of 38 per cent. Again we see that this equity ratio is similar to that of the CPR. Over the years, and it is important that this figure be placed before the House, all these acts, including this bill that we will pass here fairly shortly, will relieve the CNR of some $6.7 billion of debt. That is a tremendous figure. In committee we have to deal with the reasons why, over the years, such a great amount of debt had to be written off in order that this corporation can continue to provide a service.

Given the debt saga on the CNR, our scepticism at claims that this is the last time that the CNR will approach the federal government for debt is certainly understandable. I

hope that is the case. I hope I will not have to stand up in the near future and again make a speech about relieving CNR of certain amounts of debt. My colleagues and I are willing to endorse this legislation provided that this assurance can be made to us, particularly in committee, that this will be the last time CNR will appear before us for debt rescheduling.

CN's track record as far as this debt is concerned points to one of the major problems with Crown corporations. In the case of a private corporation, any losses are direct, personal, and keenly felt. As such, losses have the effect of providing a powerful incentive precaution. However, in the case of a Crown corporation such as the CNR, any losses which are suffered are borne by taxpayers, and thus the burden is diffused and is not direct and personal.

In a recent press interview, Mr. Bandeen dealt with the sectors within the CNR which would need improvement if the railway hoped to improve the efficiency of its operations and if it wanted to entertain seriously the idea of proferring public shares.

Mr. Bandeen cited low freight rates as one of the major impediments to financial solvency. He estimated that the CNR would suffer a $64 million revenue loss in 1977 from grain transport at low Crowsnest freight rates. This concern for the effect of historical freight rates on railway revenues was echoed in the Snavely report which was tabled in this House some months ago. It revealed that almost all the groups participating in the report had concluded that the railways were losing money on carrying grain.

It was not long afterwards that the problem of freight rates was raised in another context, the report of the Hall commission. In its report, the commission had offered the following as one of its major recommendations:

> The production and processing of agricultural products should take place in regions which enjoy natural locational advantages for such activities. Freight rates and other transport-related policies should not destroy these natural locational advantages.

The joint problem of securing adequate revenues for the railways and providing a strong basis for secondary industry in western Canada is one that should be of concern to this government. Over the years the railways have been complaining that one of their chief reasons for losses is because they have to haul grain and some oil seeds at the Crowsnest rates.

We have to realize that western grain crushers, rapeseed crushers, and the livestock industry as well, are suffering because they do not have the advantages of the Crowsnest rates when they ship their processed goods to eastern Canada or to other markets. We, as legislators, have to sit down and seek advice from our constituents on how we can solve the problem of the Crowsnest freight rates as they relate to the processing of oilseeds and the transportation of products that come from the feeding of grain, livestock in particular.

A number of suggestions have been made. The Minister of Transport suggested that perhaps the equivalent of a subsidy could be paid to the farmers through the acreage payment; and as well a payment to municipalities for the upkeep of roads and to solve other problems that may be encountered as a result of additional truck transportation on these roads.

The Hall report recommends that direct subsidies be paid to the railroads for the transportation of rapeseed oil and livestock products in order that they can compete with the Crowsnest freight rates. The suggestion of some people in western Canada is that the government is helping CNR in its financial problems of hauling grain by providing railroad cars. We have provided many thousands of railroad cars to the grain system in order to transport that grain at Crowsnest rates. We have provided them with equipment in order that it is not such a debt burden on the railroad companies. Surely this example could be used to solve the problem of the livestock producer and the oilseed crusher in western Canada. Buy the cars, provide them to the railroads and allow them to transport these procucts without their having to lay out the amount of money it would take to buy the cars.

Those are some of the suggestions I would make. I am pleased to have had an opportunity to speak on this bill. I hope it will be the last time CNR will have to come before us for debt revision.

Mr. Deputy Speaker: Is the hon. member calling it six o'clock?

Some hon. Members: Six o'clock.

Mr. Deputy Speaker: It being six o'clock, this House stands adjourned until tomorrow at two o'clock pursuant to Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, February 9, 1978

The House met at 2 p.m.

• (1407)

ROUTINE PROCEEDINGS

[*English*]

PARLIAMENT HILL

SUGGESTION VENUE OF LIBERAL PARTY CONVENTION BE CHANGED TO DOWNTOWN OTTAWA—MOTION UNDER S.O. 43

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that an application was made to the Speaker of the House on July 14, 1976, to hold a "Lethbridge night" inviting all MPs, senators and their guests, along with the mayor of St. Laurent, our twin city, and in light of the fact this application was turned down, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That the Liberal annual meeting be moved to downtown Ottawa, where they can do the same as the NDP, Creditiste and PC parties by patronizing the business people who meet payrolls, pay taxes and provide a service every day of the year and, I should point out, they also vote.

Mr. Speaker: The presentation of such a motion for discussion, pursuant to the Standing Order, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

YOUNG CANADA WORKS PROGRAM—REQUEST ALLOCATION FIGURES AND UNEMPLOYMENT RATE BE PROVIDED—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise under Standing Order 43 on a matter of national importance. All members of parliament have by now received from the Minister of Employment and Immigration (Mr. Cullen) notice of the allocation of funds under the Young Canada Works program. One of the obvious deficiences in the minister's communication is the failure to provide allocation figures and the unemployment rate calculated for all constituencies in Canada. Since this does not allow the individual member of parliament any means of comparison of unemployment rates amongst students by constituencies, or the rise or fall of funding to other constituencies, and since this is a vital piece of information so that not only equity in allocation of the Canada taxpayers' money for Young Canada Works be done, but that it be seen to be done in this election year, I move, seconded by the hon. member for New Westminster (Mr. Leggatt):

That the minister provide every member of parliament this information not later than the end of February.

Mr. Speaker: The presentation of such a motion for discussion, pursuant to Standing Order 43, requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AIR CANADA

SUGGESTION CORPORATION CHARGE PERSONS SIXTY AND OVER SAME FARE AS OTHER AIRLINES—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and important matter.

Considering that Air Canada aircraft operate at less than 60 per cent of capacity and that in some areas aircraft are the only means of transportation available; considering that there are about three million people in Canada who are 60 or over and that many would fly more often if travel rates were lower; considering that only private carriers such as Quebecair and Nordair offer reduced rates of some 50 per cent for senior citizens along with the privilege of making reservations at any time, while Air Canada's reduced rates do not vary more than 9 per cent or 10 per cent, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House urge the Minister of Transport to make any necessary arrangements so that Air Canada provide similar privileges, that is, reduced rates of 50 per cent for senior citizens.

Mr. Speaker: Order. Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

AGRICULTURE

SUGGESTION GOVERNMENT IMPLEMENT CERTAIN RECOMMENDATIONS IN DAIRY POLICY—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an important matter.

As the government is due to announce its new dairy policy next April, as the dairy producers have found themselves in a dramatic situation for a number of years and as their problems are growing, I move, seconded by the hon. member for Elgin (Mr. Wise):

That this House unanimously urge the responsible minister to incorporate in his new policy the following recommendations: (1) That the government adopt a dairy policy applicable for five years; (2) That the Canadian Dairy Commission be granted the same authority and prerogatives as the Canadian Wheat Board; (3) That price indexing apply to dairy production as soon as prices fluctuate by 2 per cent, either way; (4) That imports of cheese be reduced to 15 million pounds; (5) That the new quota calendar be changed to lessen its seasonal character.

Those, then, are the few recommendations that must be included in the new dairy policy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

[*English*]

NATIONAL DEFENCE

MINISTER'S LETTER TO "OPERATIONS DISMANTLE"—MOTION UNDER S.O. 43

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, under the terms of Standing Order 43, in order to assure the security of the nation in light of the incredibly naive letter written by the Minister of National Defence (Mr. Danson) to "Operations Dismantle", expressing his personal view of Soviet military intentions and his belief that in a crisis the "senior actors" should be kept in the dark until the last minute, I move, seconded by the hon. member for Selkirk (Mr. Whiteway):

That this House urge the Prime Minister to give the Minister of National Defence a less demanding job more in keeping with this demonstrated inability.

[Mr. Speaker.]

[*Translation*]

HOUSE OF COMMONS

EXPRESSION OF SYMPATHY TO FAMILY OF MR. MICHEL ROY—MOTION UNDER S.O. 43

Mr. Prosper Boulanger (Mercier): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present an important motion. I move, seconded by the hon. member for Gamelin (Mr. Portelance):

That this House express its condolences to the family of Archambault Institution Warden Michel Roy, criminologist, who was murdered in front of his home in Pointe-aux-Trembles last Tuesday night.

[*English*]

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

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

MANPOWER

UNITED STATES CITIZEN HIRED BY CANADIAN COMPANY—REQUEST WORK PERMIT BE DENIED—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the decision by the directors of the publicly-owned insurance corporation of British Columbia, ICBC, to hire Mr. Robert Sherrell, an American, at $80,000 per annum, in spite of the fact that there were some 100 applicants from Canada for the job, and in view of the fact that Manpower offices were, as usual, not involved in the hiring process, and in view of the fact that more than one million Canadians are without employment, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That the application for a work permit by Mr. Sherrell be denied in view of the many qualified Canadians available for this position.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

PENITENTIARIES

GOVERNMENT IMPLEMENTATION OF RECOMMENDATIONS OF SUBCOMMITTEE—MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, under the terms of Standing Order 43, there can be no doubt about the urgency of this motion. In view of the fact that the unanimous report of the subcommittee of the Standing Committee on Justice and Legal Affairs on the penitentiary system in Canada was presented to the solicitor general on June 7, 1977, and in view of the fact that the response of the solicitor general to the said report containing 65 recommendations for penal reform in Canada was tabled in the House on August 5, 1977, and since the solicitor general has failed to adopt and implement those recommendations considered unanimously by the subcommittee members to be crucial to meaningful reform, and has otherwise procrastinated in the implementation of the recommendations in the said report, resulting in the renewal of hostage incidents at Millhaven, British Columbia penitentiary and Dorchester, in addition to other incidents such as the slaying of the warden of Archambault penitentiary on Tuesday last, I ask leave to move, seconded by the hon. member for Kingston and the Islands (Miss MacDonald):

That this House direct the government to adopt and implement forthwith the whole of the recommendations as presented to the solicitor general and the government by the non-partisan, unanimous report of the subcommittee on the penitentiary system in Canada.

Mr. Speaker: Under the terms of Standing Order 43, such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

REQUEST SUBCOMMITTEE BE REACTIVATED—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter which has been the subject of wide agreement in the past. Having regard to the recent hostage-taking at the B.C. penitentiary and at Dorchester, and the fact that in one such incident five men known to be dangerous were brought together in the visitors' area, I ask leave to move, seconded by the hon. member for Oxford (Mr. Halliday):

That the parliamentary subcommittee on penitentiaries be reactivated to investigate these latest incidents and present its findings to the House as soon as possible.

Mr. Speaker: Is there unanimous consent to such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

SOURCE OF FINANCE MINISTER'S ECONOMIC ADVICE

Mr. James Gillies (Don Valley): Mr. Speaker, my question is directed to the Minister of Finance. From what sources is the minister getting his primary economic advice these days? I ask this question in light of reports yesterday that senior officials in the Department of Finance have said there need to be major economic changes if this country is to achieve its potential over the next three or four years, yet the minister has constantly stated in this House that there is no need for policy changes. So I ask, where is the minister getting his advice from at this time?

Hon. Jean Chrétien (Minister of Finance): I am receiving advice from people in the Department of Finance. I suggest the hon. member should read the article more carefully. We all agree there should be important structural changes in Canada, but we are saying at this time that we cannot solve our problems through fiscal and monetary policies.

● (1417)

Mr. Gillies: A supplementary question, Mr. Speaker. I think if the minister read the article carefully he would see that the first recommendation made by officials of the Department of Finance was that there should be a shift in our monetary and fiscal policy. On that point, I should like to ask the minister if he has had discussions with the governor of the Bank of Canada about the fact that the rate of increase in the money supply has gone up very substantially, because for the first time in the history of Canada a high proportion of new debt is being financed through the bank—in fact, 49 per cent.

Has the minister talked with the governor of the Bank of Canada about this new policy that the bank is following, and does he understand how inflationary this will be on the economy in the course of the next six months?

Mr. Chrétien: Mr. Speaker, I meet with the governor of the Bank of Canada every week and we discuss these problems. As everyone knows, the governor of the Bank of Canada has told the nation that he will operate his monetary policies within a certain framework. He is within the framework he indicated to the nation a few months ago.

Mr. Gillies: A final supplementary question, Mr. Speaker, in relation to the answer which the minister has just provided. How can he say that the governor of the Bank of Canada is still falling within that framework, when the rate of increase in the money supply has been tremendous in the last three months? Will the minister get the assurance of the governor of the Bank of Canada that an explanation for this fundamental change in policy will be made public by him?

Mr. Chrétien: Mr. Speaker, he has not changed his policy at all. I explained that he had set a limit on the growth of the

money supply, and he is within the limit that he set for himself.

INCREASING FINANCIAL DEFICITS—GOVERNMENT STEPS TO PROVIDE ECONOMIC STIMULUS

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a supplementary question for the Minister of Finance. The document which the minister tabled recently indicates that he will be calling for continued restraint on government spending at all levels. At the same time, it indicates that government deficits will continue to provide a strong stimulus to economic activity until 1981. There seems to be a conflict here. Can the minister advise how governments, including this one, expect to carry on with this greater deficit if they exercise restraint on not only their programs but on the tax intake?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, unfortunately, I was arguing across the floor with the previous questioner, so I would ask the hon. member to repeat the question.

Mr. Alexander: Mr. Speaker, it is a simple question. The paper that was filed by the minister in the past day or so calls for continued restraint on government spending at all levels. At the same time, however, government deficits are projected to continue to provide a strong stimulus to economic activity between now and 1981. How will governments, including this one, finance greater deficits if they exercise such restraint and, presumably, exercise restraint on the amount of taxes taken in?

Mr. Chrétien: Mr. Speaker, we have said we are running a high deficit, and we are not planning to have a higher deficit this year. I said earlier that we face a particular problem next year because of the interest we will have to pay on certain bond issues which were circulated in 1969. The cash requirement will be that much greater next year. We are trying to keep expenditures within the growth of the GNP. I hope every member of the House realizes we managed to do that in the last two years, and we will do it next year as well.

Mr. Alexander: A final supplementary question, Mr. Speaker. It appears to me that the provinces are very concerned about having continuing and even higher deficits, because this will affect their prime ratings in money markets in the United States. How can the minister put this particular situation before them, when it appears to me that the provinces will not agree to it?

Mr. Chrétien: Mr. Speaker, we have discussed this problem with the provinces. I think the cash requirements of the provinces are less, relatively speaking, than those of the federal government. I am very pleased to see the hon. member preoccupied with the size of the deficit, because yesterday his leader proposed that we increase it by $2 billion.

Mr. Clark: Another half-truth.

[Mr. Chrétien.]

EXTERNAL AFFAIRS

REPORTED CONTRAVENTION OF OFFICIAL SECRETS ACT BY SOVIET NATIONALS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I direct a question to the Secretary of State for External Affairs. Would the minister confirm a news report that has just come over the wire, to the effect that 13 Soviet nationals have been found to be involved in inadmissible activities in Canada, in clear contravention of the Official Secrets Act and, if so, would the minister tell the House what, if any, action has been taken?

● (1422)

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I can confirm the general report as stated by the hon. member. I will be making a full statement on this matter at the appropriate time, as near to three o'clock as possible.

* * *

POST OFFICE

REQUEST HOUSE COMMITTEE STUDY ADMINISTRATION OF DEPARTMENT AND POSSIBLE CONVERSION INTO CROWN CORPORATION

Hon. Martin O'Connell (Scarborough East): Mr. Speaker, my question is directed to the Postmaster General. First, I should like to congratulate the minister on his appointment to this important federal institution.

Some hon. Members: Hear, hear!

Mr. O'Connell: In view of the effectiveness of committees of the House in bringing about reform of other federal institutions experiencing grave difficulties, will the Postmaster General agree to establish a special committee of the House, in the session, to inquire into the postal service, into the administration of the Post Office, into labour management relations therein, and into the advisability of converting the Post Office into some form of Crown corporation?

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I wish to thank my colleague from Scarborough East for his congratulations. Probably—

[*English*]

Mr. Baker (Grenville-Carleton): That is a really bad show: a fixed question right at the beginning of oral questions.

Mr. Lamontagne: Mr. Speaker, I wish to thank the hon. member for Scarborough East for his congratulations. They will probably be the last I shall receive in this House, I might as well enjoy it as long as it lasts.

I have said in public, on television and in other places, that I would be coming into this job with as open a mind as possible.

Many suggestions have been made, such as a royal commission, a committee, and a Crown corporation.

Mr. Lawrence: What about nationalization?

Mr. Lamontagne: Nationalization has already been done.

[*Translation*]

But all hon. members will understand, I think, that the negotiations are going on. Since I have taken office, mediators have been appointed in both cases with the CUPW and the GLT. We also had negotiations with the Treasury Board because, as you know, it is the employer of the letter carriers. I have already met for two hours—

[*English*]

We are doing everything possible to make the Post Office as economical as possible and to provide the best service to the people.

Some hon. Members: Hear! hear!

* * *

[*Translation*]

CRIMINAL CODE

REQUEST FOR MORE SEVERE PENALTIES FOR KILLING OF PRISON GUARDS OR POLICE OFFICERS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I should like to put a question to the Solicitor General.

Following the murder of Archambault Institution Warden Michel Roy, I moved a motion yesterday pursuant to Standing Order 43 to ask the House to consider seriously increased violence in Canada. My question is as follows: Given the growing number of murdered policemen, prison guards and even the murder of a warden, is the Solicitor General in a position to tell the House whether he will seriously study this matter with his cabinet colleagues and then present to Parliament a bill to amend the Criminal Code and impose harsher penalties on those who show no respect for life? Is the Solicitor General prepared to take a step in such direction?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I thank the hon. member for his comments. Indeed, as I said yesterday when I thanked him and his colleagues for their representations, this is quite a serious matter. As for his allegations about the growing number of certain crimes which he specified, I would ask him to provide particulars on which his allegations and representations are based.

Mr. Lambert (Bellechasse): Mr. Speaker, I wish to direct a supplementary question.

The invitation I have just received from the Solicitor General deserves a reply and today, in order to be able to provide him with the necessary information, I had a question put on the order paper requesting full details on events which have occurred over the past few years, details which, as soon as I am provided with them, I shall convey to him. I hope he will agree to look into this as soon as he receives the information and then seriously consider introducing legislation to amend the Criminal Code so that we may enjoy a little more peace and order in Canada—

* * *

● (1427)

[*English*]

THE CANADIAN ECONOMY

GOVERNMENT PROPOSALS TO FIRST MINISTERS' CONFERENCE TO CURE ECONOMIC ILLS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is for the Prime Minister. Now that the government has made available its document prepared for the recent meeting of finance ministers and for the upcoming first ministers' conference on Canada's medium-term economic approaches, projections and targets, will the Prime Minister, in his usual co-operative manner, make available the governments' document on short-term projections, targets and proposals to deal with the current economic crisis, which it intends to make available to the first ministers next week? I presume that such a document exists.

Right Hon. P. E. Trudeau (Prime Minister): I will consider the hon. lady's request.

Miss MacDonald: Will the Prime Minister state, since he is not putting forth any such document here in the House, whether he is also declaring that there is an absence of any such proposals, and that what in fact he is doing is throwing on to the provinces the onus to deal with the economic situation which his government has created, thereby declaring not only bankruptcy in fiscal terms in this country but bankruptcy in ideas as well?

Mr. Trudeau: Mr. Speaker, surely that was an argument rather than a question.

* * *

TRANSPORT

OPPORTUNITY FOR INTERESTED PERSONS TO SUBMIT VIEWS ON RAIL PASSENGER SERVICE

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I should like to direct a question to the Minister of Transport. It has to do with the final plan for the western transcontinental passenger service. Since many representations have been received by members of parliament and the commission about the scheduling and structure of the final plan, as well as the potential lay-offs, and given the fact that the railway transport committee did not provide an opportunity for a number of citizens in the smaller communities of northern Ontario to present their views on the railway passenger service, what action will the minister take to ensure that the opinions and views of the people who are being grossly affected by the plan will, in fact, be heard and taken into consideration?

Hon. Otto E. Lang (Minister of Transport): I should like to say, first of all, that as far as labour questions and lay-offs are concerned, we have extremely good working relationships with the unions and their representatives and have made some break-through agreements and, indeed, received some praise from the union leadership in connection with that work.

So far as the final plan is concerned, I think we are moving into a new phase where the positive, forward-looking management of VIA Rail, under the leadership of Frank Roberts, will be examining to the fullest extent all the opportunities for maintaining and expanding passenger service on the railways where that makes sense. He has been doing this by discussing the problem with municipal authorities and provinces across the country, and we will want that continued. Of course, with regard to some services, such as those in northern Ontario, a number of views have been made known to me directly and also through members of parliament representing the area.

Mr. Mazankowski: Am I to take it, then, that the president of VIA Rail may be taking into consideration the views and opinions of people who reside along the 900-mile stretch of the railroad involved in northern Ontario, so they will be able to advance their views and have them receive fair consideration?

• (1432)

In view of the fact that the railway transport committee did not provide a vehicle for these people to be heard, is the minister contemplating the establishment of formalized hearings so that formal notice can be presented and these people can present their views?

Mr. Lang: Mr. Speaker, I think that might depend on the form of action which is recommended. Obviously, the final plan has a certain weight and power from the point of view of its being a Canadian Transport Commission decision. But as the VIA Rail plans, in concert with various areas in the provinces, are developed, they will be translated into more positive applications for relief or approval and decision by the CTC. That may very well provide a further opportunity for the opinions of various individuals to be heard.

* * *

CENSORING

REQUEST SUPREME COURT OF CANADA OR HOUSE COMMITTEE DETERMINE EXTENT OF POWERS OF BOARDS OF CENSORS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, my question is directed to the Prime Minister. It has to do with a judgment of the Supreme Court of Canada in an action respecting the powers of the board of censors of a province to make orders and directives which are not challengeable. The Supreme Court of Canada decided, on a majority of five to four, that the board had the right to make orders. I know the Prime Minister will be interested in this matter because in past years he was a proponent of civil liberties organizations.

Miss MacDonald: "Was", past tense.

[Mr. Mazankowski.]

Mr. Diefenbaker: He was, when he was not in his present position. I was speaking about the days when he was an outspoken member of a civil liberties organization, and I am not speaking in a facetious manner.

In the judgment of the Supreme Court of Canada, five judges determined one course—which was the final judgment—and four dissented. The Chief Justice of Canada, a very eminent judge, in dissenting said, among other things, that such a board can ban any film, even political or religious, and does not have to explain why. That was not part of the judgment which was handed down by the majority.

In view of the seriousness of the implications which flow from this decision, would the Prime Minister consider submitting a question to the Supreme Court of Canada to ascertain whether boards shall have the right to make determinations and not have to give the reasons therefor? Because if they have that right, that is the end of freedom. I suggest that the question be referred to the Supreme Court of Canada, or a committee of this House be set up to look into the matter, because if the law stands as it is being interpreted now, freedom will hang by a very weak cord.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if I understood the right hon. gentleman, he was reading from the dissenting minority opinion, in which case he should be reassured, because in the supreme court it is the majority decision which prevails.

Mr. Fraser: The hon. member said it did not affect the main judgment.

Mr. Diefenbaker: Mr. Speaker, the Chief Justice of Canada, the Right Hon. Bora Laskin, pointed out the grave danger of boards having the power to make determinations without giving the reasons therefor. As I remember, the Prime Minister in his palmy days held the same view. Therefore, I wonder if he would submit this question to the Supreme Court of Canada so that once and for all we can have the matter determined, so that boards do not become absolute monarchs who do not allow the individual to know the basis of orders or directives they make.

Mr. Trudeau: Mr. Speaker, I presume the court in this case was basing its decision on its interpretation of the statute. If there is to be a remedy, it seems to me it would be a change in the statute. I believe this is a statute passed by the government of Ontario. Perhaps that would be the proper course to follow.

An hon. Member: Nova Scotia.

Mr. Trudeau: Yes, it is a statute passed by the government of Nova Scotia.

Mr. Diefenbaker: Mr. Speaker, in view of the majority judgment apparently a statute cannot be enacted by the Parliament of Canada. I am asking that the Prime Minister follow the course he followed with such vocal success in the days when he was at the Bar, and say that this kind of thing is wrong.

Mr. Trudeau: Mr. Speaker, what I did when I was at the bar was study a statute to see if it should be changed. That is what I am arguing now. It seems to me that that is the position of the right hon. gentleman, in saying that the statute has dangerous implications. If that is so, surely the argument should be made to those who passed the statute and have the power to amend it.

* * *

LABOUR CONDITIONS

LAY-OFFS IN NICKEL INDUSTRY—GOVERNMENT ACTION TO ALLEVIATE

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources. In view of the fact that an Ontario select committee reported yesterday and made recommendations to save thousands of jobs in the nickel industry through a combination of a 30-day stockpiling of nickel, 30 days of job-sharing, and a retirement plan, that this proposal was supported by a majority of the committee, including all the provincial Liberals on the committee, and that this is the only positive proposal which has been put forward by either the federal government or the provincial government to save these thousands of jobs, can the minister tell this House if the government will at long last take positive steps to protect these jobs and the communities involved by supporting the proposals of the Ontario select committee?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I very much want to see those proposals. I have not yet received them. We have asked the Ontario government to send them to us, but they have not yet arrived. I believe they will be in our possession later this afternoon. When we receive them, we will take a very good look at them.

Mr. Rodriguez: In view of the fact that the provincial select committee has at last come forward with a plan which will protect the employment of over 3,000 miners, and the communities in which they live, for at least 60 days, that the federal Liberal government has put forward absolutely no plans to protect the jobs of these workers, and that what is proposed by this select committee is that an interest-free loan be given to Falconbridge and Inco so they can stockpile for one month, can the minister tell the House if he is prepared to enter into negotiations with the provincial government and to put up money to save the jobs of miners in the Sudbury basin and at Thompson, Manitoba?

Mr. Gillespie: Mr. Speaker, it is quite clear that the federal government has responded on a number of occasions, suggesting profitable avenues for the company and the union to pursue. Without accepting the hon. member's preamble, I go back to my earlier answer and say that I am prepared to consider what the select committee has proposed. However, I have not yet seen what has been proposed and until I do later this day I can add nothing more.

Mr. Rodriguez: Mr. Speaker, the lay-offs are to take place on Monday: on Monday, 3,000 workers in Sudbury will be hitting the bricks. In view of the fact that the proposal which was made yesterday must go into effect as quickly as possible if we are to avoid the lay-offs, can the minister tell the House if he is prepared to go to his office after the question period, get on the telephone or telex and get the proposals from the Ontario government so that a decision can be made as quickly as possible? Can the minister tell the House that?

Mr. Speaker: Order, please. The hon. member for Moncton.

Mr. Rodriguez: Come on; get up and answer the question. Don't sit there like a dummy; get up.

Mr. Speaker: Order, please. The hon. member for Moncton.

Mr. Jones: Mr. Speaker—

Mr. Rodriguez: Answer the question. You don't care about workers. You have a nice fat job, haven't you?

Mr. Jones: Order, Mr. Speaker.

Some hon. Members: Oh, oh!

* * *

● (1442)

POST OFFICE

HOUSE TO HOUSE MAIL DELIVERY SERVICE—GOVERNMENT POLICY

Mr. Leonard C. Jones (Moncton): Mr. Speaker, my question is directed to the Postmaster General, to whom I would like to extend my personal congratulations, having been associated with him as a colleague in the municipal field for many years. Will the minister advise this House exactly when, and on what basis, the restraints placed on house to house mail delivery service will be lifted? Does the minister intend to discontinue house to house mail delivery service altogether, or is he going to follow the quid pro quo system which was followed in the Toronto area recently, as reported in the Toronto *Globe and Mail* on Monday.

[*Translation*]

Hon. J.-Gilles Lamontagne (Postmaster General): Mr. Speaker, I must say that we are not at all planning to discontinue house to house mail delivery service. Let us say that we are looking just now into ways we could improve this delivery service in urban areas which have developed very rapidly.

[*English*]

Mr. Jones: Mr. Speaker, I would like to ask the minister why the alleged restraints placed on house to house mail delivery were instituted in the Scarborough area, in the

Brandywine area subdivision, and not in other parts of Canada.

Mr. Lamontagne: Mr. Speaker, it is not a question of house delivery; it is a question of principle. I am trying as much as possible to follow some of the advice given by the opposition when they say we spend too much. We have a deficit of $600 million in the Post Office, and we are trying to reduce that deficit and still maintain the best service we can with the least possible money.

Mr. Jones: Mr. Speaker, I still ask the minister why he would pick one area in central Canada and not do the same thing in the maritime provinces, where employment is needed and where this service is required.

Mr. Lamontagne: I would like to mention to the hon. member for Moncton that I am sorry about the inconvenience and nuisance in Moncton. But it is also happening in Scarborough, Toronto, Windsor and other places.

* * *

EXTERNAL AFFAIRS

INTERNATIONAL ACTION TO CURB POWER EXERCISED BY MULTINATIONAL CORPORATIONS

Mr. Paul E. McRae (Fort William): Mr. Speaker, my question is for the Secretary of State for External Affairs. It involves Inco, Falconbridge, Sun Life and branch plants of other global corporations, and given the kind of information proferred by the United States Senate finance committee, that these corporations control about twice the liquid assets of all the nation states in which they function, what initiatives is this government taking, along with other governments, at the OECD, UNCTAD and the IMF, to try to right the balance of power that exists between global corporations and nation states?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I am by no means certain that I can provide a thorough answer to the question asked in the length of time you would permit. I think the hon. member knows that there are a number of studies under way at the OECD with regard to the conduct and the impact of multinational corporations. Also, the Prime Minister, along with the other leaders, at the London summit in May of last year agreed to further studies with regard to the conduct of other nationals. Perhaps I can serve the hon. member best by giving him a detailed, written, comprehensive report.

DISINTEGRATION OF SOVIET SATELLITE OVER CANADIAN SOIL—LIABILITY FOR SEARCH AND RECOVERY COSTS

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Secretary of State for External Affairs. On January 30, in reply to a question of mine concerning the cost of recovery of the Russian satellite, the Minister of National Defence replied, in part, "the international regime will meet its responsibilities as was indicated to the Department of External Affairs by the Soviet ambassador". Does that mean Russia has given us formal assurances that it will pay all search and recovery costs and, if not, what does that remark mean?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I was not in the House when that remark was made. I would like to look at it in detail. I can tell the hon. member in general terms, of course, that yesterday—I believe he is familiar with this fact—I tabled in the House notes which we had sent to the Soviet embassy as well as to the Secretary General of the United Nations. Each one of these notes was designed to establish the fact that we were now satisfied that the debris was, in fact, part of the Soviet satellite.

This was an initial, and necessary, first step under international rules in order to lay the groundwork for a possible claim. So far—I believe the hon. member is also aware of this—the Soviets have not acknowledged specifically that the debris found in Canada is, indeed, part of their satellite. There will have to be an acknowledgement, first of all, on their part before the next phase can take place.

Mr. McKinnon: Mr. Speaker, I agree with the Secretary of State for External Affairs, and only yesterday, at long last, I read the note which he sent to Russia. This note was sent in accordance with article V, paragraph 1, of the treaty. It is now obvious that we have not recovered the core of the nuclear reactor. Can the minister give us any assurance that Russia will not claim that our failure to request assistance under paragraph 4 extended unduly the time and cost of recovery operations? In other words, I suggest that if the U.S.S.R. looks at the list of recovered items and decides they are worthless, we will be stuck with meeting the entire cost of the search and recovery operations.

Mr. Jamieson: Mr. Speaker, the latter part of the question is, of course, a conclusion to which I can neither agree nor disagree at the moment, not having heard from the Soviets. But I repeat, that I believe we have taken all the steps which we can take at this particular time, and we have taken the necessary first step. These were to indicate to the Soviet Union, unmistakably, that we believe the debris concerned in this case belongs to the Soviet satellite. The next steps will be through the United Nations mechanisms to which the hon. member made reference. I am going to the United Nations tomorrow and I am sure I will have an opportunity to discuss this matter with Mr. Waldheim on the weekend and to clarify more fully what procedures should be followed from this point.

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INDIAN AFFAIRS

INVESTIGATION INTO CONDUCT OF INDIAN ECONOMIC DEVELOPMENT PROGRAM OFFICIALS

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern De-

velopment. It is related to the recent report that four officials from the district office in Alberta involved in the Indian economic development program have been suspended for improper conduct in the mismanagement of departmental funds. I would like to ask the minister if he will confirm the fact that the RCMP are investigating the allegations. Would he also indicate who requested the investigation, and the date it commenced?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Yes, Mr. Speaker, that is accurate. The investigation was requested yesterday by my officials. It was based on an internal study of financial procedures which flowed from the problems we had a month or so ago when I appointed a new acting director to try to straighten out these things. I think that responds to the question asked.

Mr. Holmes: Mr. Speaker, one final question. In view of the fact that these concerns were raised by members on this side of the House almost nine months ago, including during debate on an allocated day June 22, 1977, would the minister indicate if the departmental review has been completed? Would he also indicate whether he will refer the results of that review to the Standing Committee on Indian Affairs and Northern Development who have a very particular interest in this matter?

Mr. Faulkner: Mr. Speaker, I have no problem in referring the matter to the standing committee. In fact, I am rather looking forward to discussing this general problem with the standing committee when the estimates are before it. If there is a review which has a finite end and a report emerges from it, I will be pleased to bring the report with me when I appear before the standing committee. I think in this case it stemmed largely from my concern about charges that were being made, and I instructed my officials to look at the financial control procedures to see if any were not acceptable, were not correct or were being abused, and to clear them up. It may, in fact predate that, but my impression is that the recent inquiry stemmed from those instructions.

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ADMINISTRATION OF JUSTICE

PENITENTIARIES—EXISTENCE OF PRISONERS' REVOLUTIONARY ARMY—NATURE OF ACTIVITIES

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is to the Solicitor General, who is by now, I am sure, aware of the message received by the Toronto *Globe and Mail* from a caller identifying himself as a representative of the prisoners' revolutionary army, claiming responsibility for the tragic death of warden Michel Roy. They threatened further executions if the report of the subcommittee was not made public. It was, of course, made public some nine months ago.

● (1452)

Is the minister able to determine, from information received from his officials, the existence of such a group and, if such a group exists, what is the opinion of his advisers as to the serious nature of its activities?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, from the reports I have received to date, no link can be established between that one telephone call and any of the events in Montreal. I hope there is no such link. Further, I hope we do not play up that telephone call any more than it absolutely deserves. I will deal with it very seriously, but not with any exaggerated seriousness.

Mr. Jarvis: Mr. Speaker, I thank the Solicitor General for that answer. I want to ask a supplementary, because some two weeks ago the Quebec human rights league warned of possible very serious trouble at Archambault. This was followed up last Monday in a letter that appeared in *Le Journal de Montréal* from Paul Rose, a member of the prisoners' committee, warning of some trouble.

What steps were taken as a result of those warnings, in terms of extraordinary precautions to safeguard correctional officers, and what steps are now being taken as a result of that terrible tragedy, the assassination, to protect correctional officers not just on duty but elsewhere?

Mr. Blais: Mr. Speaker, the hon. member is, of course, aware of this because of his very intimate co-operation with my predecessor, in terms of the implementation of the recommendation of the subcommittee of the Standing Committee on Justice and Legal Affairs. He is also aware that the subcommittee directed its attention to the Archambault situation, which left some serious doubts as to the way it was being operated. He is also well aware that the Rose letter could well be attributed to some of the tightening up in the operation that took place as a result of the subcommittee's recommendation.

We are aware of some dissatisfaction among certain elements of the inmate population. We are taking very serious additional measures in order to protect penitentiary personnel both at the work site and in the general area of their residences.

* * *

ESTIMATES

DATE OF TABLING

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the President of the Treasury Board. Since many committees of this House are standing by for the usual tabling of the main estimates, is the President of the Treasury Board in a position to tell us when they will be tabled?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker I plan to table them within the next two weeks, probably about February 22.

Oral Questions

INDUSTRY

REPORTED DIFFICULTIES IN SHOE INDUSTRY—GOVERNMENT ACTION TO RESOLVE

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is to the Minister of Industry, Trade and Commerce. A week ago a Vancouver newspaper warned as follows:

Grim warnings of zooming shoe prices, the virtual disappearance of low-priced imports, supply shortages and retail bankruptcies are rumbling through the B.C. shoe industry.

As the minister knows, this is imputed to be a direct result of the import quotas last month. Has the minister been in touch with people in the shoe industry in Vancouver? Can he tell the House whether these very dire warnings are exaggerated, whether his department is considering the situation, and whether it might mean some changes in the import quotas that have been put in place?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I wish to inform the House that those dire warnings are exaggerated. What we are attempting to do is limit an importer to the average importation of the 1974-75 year. There were no dire shortages in those years, and there will probably not be any dire shortages in 1978 and 1979.

Mr. Fraser: Mr. Speaker, an official at Eaton's in Vancouver was asked about this and he pointed out—and I again quote from the article:

—the estimated cutback of 11 million imported shoes would mean domestic producers must increase their output by 50 per cent to make up the shortfall.

He went on to say that he discussed this matter with manufacturers in Canada and there is no possible way it can be done. Is the minister aware of this situation? Can he advise whether the figures quoted in the article are correct? If they are, we are in a serious shortfall position as far as the supply of shoes is concerned.

Mr. Horner: Mr. Speaker, I have not seen the article and I cannot confirm the figure. In 1976, the Canadian shoe manufacturing industry had about 56 per cent of the Canadian market. In the first eight months of 1977, the share of the Canadian market to the Canadian shoe industry dropped to about 41 per cent. We are trying to bring it up to at least 50 per cent or 56 per cent of what it was in 1974 and 1975.

* * *

TRADE

REQUEST GOVERNMENT RECONSIDER INCREASING IMPORTS OF BEEF

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is to the Minister of Industry, Trade and Commerce. It is with regard to a possible strike, or boycott, by some meat producers in the prairies toward the end of February. I am sure the minister knows that the high level of imports and low prices are the cause of a lot of unrest on the prairies. Will he reconsider the decision to increase imports by two million pounds in 1978, and set import controls that will progressively increase the Canadian producers' share of our domestic market?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, Canadian producers have about 93 per cent or 94 per cent of the Canadian market. We exported more beef last year than we imported. If one totals up live and dressed beef, the two million pound increase to Australia and New Zealand is an increase of 1.5 per cent to those countries. That corresponds with the increase in growth of the population in Canada. That, to me, is a very small increase.

Mr. Nystrom: Since some cattle prices in this country are between 20 per cent and 30 per cent below the cost of production, will the minister now introduce the bill promised by the Minister of Agriculture last fall, in Saskatchewan, namely, a meat trade authority to monitor and control imports of beef and to monitor the whole beef industry in this country?

Mr. Horner: Mr. Speaker, I suppose all kinds of bills could be introduced into parliament. Whether they would be passed is another matter. However, I want to assure the hon. member and the House that the importation of beef is being very closely monitored by my department. It is certainly in reliable hands.

Some hon. Members: Oh, oh!

Mr. Nystrom: With respect, the minister did not answer my question. I asked whether it is the intention of the government to introduce this bill, because the Minister of Agriculture promised last fall that if the beef industry was in trouble we would get such a bill. Is it the intention of the government to introduce it?

Mr. Horner: As I have already answered, Mr. Speaker, the beef industry is being monitored very closely by my department with regard to the question of imports and exports. We will continue to do that.

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THE MINISTRY

PRIME MINISTER'S QUESTIONS TO MEMBERS OF CABINET BEFORE APPOINTMENT

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Prime Minister. Last night on "The Watson Report", the Solicitor General was asked if he had been asked by the Prime Minister whether there might be any matters which might lead him, the Solicitor General, not to be able to carry out his responsibilities. He was asked whether that question had been asked by the Prime Minister prior to his appointment as Solicitor General. As I understand it, the Solicitor General said he would not answer that question.

Will the Prime Minister tell the House whether he, personally, as head of government, asked the present Solicitor Gener-

al whether there were any activities or events in the past which might prevent him from carrying out his responsibilities in that very sensitive position?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I answered that question in general terms, because it was asked in general terms, about two weeks ago. The Leader of the Opposition asked me what procedure I followed before appointing people to the cabinet. I told him the kind of clearance I ask for. The answer is the same in this case.

Mr. Clark: Mr. Speaker, it was the very general nature of the response earlier that caused me to raise the question again. The Prime Minister said earlier that he usually asks questions of this kind. I would like to know whether, first in the case of the present Solicitor General and, second, in the case of the former solicitor general, the Prime Minister asked these two people, prior to their appointment, whether there was anything in their background, or any activity that might render them unfit or unable to carry out the position of Solicitor General.

It is a specific question relating, first, to the present Solicitor General and, second, to the previous solicitor general. What was the standard of questioning and care exercised by the Prime Minister, personally, in each of these cases? Did he ask that question of each of them?

• (1502)

Mr. Trudeau: I repeat, if the Leader of the Opposition refers to my earlier answer, I indicated that I always ask the security services of the RCMP to inform me of anything which might be negative in the file of any individual I am considering appointing to cabinet. That is the first step. The second step is that I am satisfied that the lady or gentleman I appoint to cabinet will be able to exercise that role honourably.

Mr. Clark: We know what the general procedure is; we know that in this case the screening authority did its job. We want to know whether the Prime Minister did his own job; whether he, personally, put to those two ministers, before their appointment, the question whether there was anything in their backgrounds which might prevent them carrying out their duties. In the case of the previous solicitor general, did the Prime Minister ask that question, personally? In the case of the present Solicitor General, did the Prime Minister ask that question, personally?

Mr. Trudeau: I have told the Leader of the Opposition that I always satisfy myself that the members appointed would serve in that office with honour and distinction, and I am satisfied that they have.

Some hon. Members: Hear, hear!

Mr. Clark: This is a very important matter relating to the standards of the government. We in the House of Commons have a right to know what action the Prime Minister took. He said he satisfied himself. I want to know whether the Prime Minister, personally and specifically, asked the present Solicitor General or the previous solicitor general whether there was anything in their backgrounds which might prevent them carrying out the responsibilities of this sensitive portfolio. Did the Prime Minister ask that question, specifically, in one or both those cases?

Mr. Trudeau: It seems to me the essence of my answer is that I am satisfied when I appoint a person to the cabinet. The process by which I satisfy myself, the reasons for which I reach my conclusion, the questions I ask and the answers I receive, are none of the hon. member's business.

Some hon. Members: Hear, hear!

Some hon. Members: Shame!

ROUTINE PROCEEDINGS

[*English*]

TRADE

TABLING OF REPORT ON INTERNATIONAL ECONOMIC BOYCOTTS

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, pursuant to Standing Order 41 I wish to table, in both official languages, the first semi-annual report of the Department of Industry, Trade and Commerce on international economic boycotts.

* * *

EXTERNAL AFFAIRS

EXPULSION OF SOVIET UNION DIPLOMATS AND EMBASSY EMPLOYEES—ATTEMPT TO BREACH NATIONAL SECURITY

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, at noon today, on my instructions, the Under-Secretary of State for External Affairs requested the Ambassador of the Soviet Union to withdraw 11 Soviet nationals from Canada for engaging in inadmissible activities in violation of the Official Secrets Act, and of course of their status in Canada. Two other Soviet nationals who were involved have already departed Canada but will not be permitted to return. A strong protest has been conveyed to the Soviet authorities about these activities.

The Soviet Ambassador was informed that the Canadian government had irrefutable evidence that all 13 persons had been involved in an attempt to recruit a member of the RCMP in order to penetrate the RCMP Security Service. Nine of the Soviet nationals still in Canada are employees of the Soviet embassy, one is an official of the Soviet Trade Office in Ottawa, and one is a member of the International Civil Aviation Organization Secretariat in Montreal.

[*Translation*]

The Canadian authorities have informed the Ambassador of the Soviet Union today of the discovery of an attempt by the

Soviet intelligence service to recruit a member of the RCMP in order to penetrate the RCMP Security Service. Thirteen nationals of the Soviet Union have been involved in this operation. Two have already left Canada and the eleven others have been requested to do so. Nine are employees of the Soviet Embassy in Ottawa; one is an employee of the Secretariat of the International Civil Aviation Organization in Montreal and one is an official of the Soviet Trade Office in Ottawa.

Not only did this operation involve a large number of persons but it had been elaborately planned, involving coded messages, clandestine meetings, secret concealment devices and the payment of $30,500. This unsuccessful operation was mounted by the Soviet intelligence service in April, 1977. It has involved no compromise to national security.

[*English*]

The Soviet nationals involved are:

Igor P. Vartanian, First Secretary responsible for sports and cultural affairs, Soviet embassy, Ottawa.

Nikolai M. Talanov, counsellor, Soviet embassy, Ottawa.

Anatoly A. Mikhalin, official of the Soviet Foreign Trade Office, Ottawa.

Vadim A. Borishpolets, attaché (Consular Affairs), Soviet embassy, Ottawa.

Vladimir L. Souvorov, Second Secretary, Soviet embassy, Ottawa.

Vladimir I. Oshkaderov, translator, International Civil Aviation Organization (ICAO), Montreal.

Yevgeniy K. Koblov, clerk, Soviet embassy, Ottawa.

Gennadi V. Ivashavitch, Third Secretary, Soviet embassy, Ottawa.

Oleg D. Reztsov, attaché, Soviet embassy, Ottawa.

Vera A. Reztsov, employed in the library of the Soviet embassy, Ottawa.

Petr R. Lillenurm, Second Secretary (Consular Affairs), Soviet embassy, Ottawa.

Voldemar P. Veber, formerly Second Secretary in the Consular Division, Soviet embassy, Ottawa. Returned to the U.S.S.R. July 1977.

Andrei V. Krysin, economist, Soviet Foreign Trade Office, Ottawa. Returned to the U.S.S.R. December 1977.

Early in 1977 two Soviet intelligence officers approached a member of the RCMP and offered him an unlimited sum of money to spy for them. This member of the force had, on an earlier posting and in the normal course of his responsibilities, come into infrequent contact with one of the Soviet officials in this case. To establish the ultimate purpose of the Soviet approach, the member of the force was authorized, by the RCMP, under carefully controlled circumstances, to meet with the principal agent, Mr. Vartanian, in accordance with elaborate instructions he had received from the two Soviet officials. Between April, 1977, and the present he met secretly with the principal agent on seven occasions.

• (1512)

The 12 other Soviet nationals identified with this operation were involved in different support functions including transportation, counter-surveillance, and regular weekly observation activities.

This case proved to be a classic example of an intelligence operation, involving complex signalling systems, coded passwords, and secret concealment devices, all for the purpose of arranging clandestine meetings between the RCMP member and the Soviet agent.

As an example, on different occasions filmed instructions were passed to the RCMP member in a hollowed-out stick and a specially prepared package of cigarettes. The RCMP member was instructed by the agent to obtain information on such subjects as the methods the RCMP Security Service employed against Soviet intelligence services in Canada, character assessments of RCMP personnel, and details regarding RCMP counter-espionage cases. The RCMP member in return provided the Soviets with carefully screened non-sensitive information or completely fabricated material. The fact that he was paid $30,500 for information of no consequence provides an indication of the importance the Soviet intelligence service attached to this operation. The important point for the House to note, however, is that this case has involved no compromise of Canada's security.

This Soviet recruitment attempt is, nevertheless, a source of serious concern to the government. Its importance should be seen in the context of the unusual lengths to which the Soviet intelligence service was prepared to go to suborn a member of the RCMP. The case did not have any other implications for Canada's security. The evidence derived from this operation indicates that it was directed solely against the RCMP.

The firm action taken by the government in this case will remind the Soviet Union of our determination to deter foreign espionage. The government regrets that activities of this kind should be conducted at a time when there are efforts under way, to which both Canada and the Soviet Union have subscribed, to reduce the level of international tensions by overcoming mistrust and increasing confidence. Activities such as those I have disclosed to the House are contrary to that objective and represent a serious setback in our bilateral relations. This incident, and the action we have had to take today, will inevitably place strains on our relations with the Soviet Union. Nevertheless the Canadian government continues to attach importance to Canadian-Soviet relations and hopes the Soviet government does likewise.

Some hon. Members: Hear, hear!

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the statement just read to this House by the Secretary of State for External Affairs (Mr. Jamieson) reveals a very shocking state of affairs, and a matter that is of great concern to all members of the House. Before commenting briefly upon the substance of the report, I should like to express my appreciation to the Secretary of State for External Affairs for the very unusual

courtesy he extended to me and, I believe, to leaders of the other parties, by not only making a copy of the statement available to us in advance but also by providing us with a short personal briefing regarding the contents of the statement.

Some hon. Members: Hear, hear!

Mr. McGrath: That's because he's a Newfoundlander.

[*Translation*]

Mr. Clark: Mr. Speaker, the minister's statement reminds us in a direct way that the current east-west détente is at best a limited agreement. The reality, although sad, is that the countries of the communist block persist in pursuing activities which are neither friendly nor of a nature likely to foster positive relationships between countries. Because of its participation in NATO and NORAD and given the proximity and the friendship linking Canada and the United States, our country—sad but true—sometimes appears to be an ideal target for activities of this kind.

[*English*]

The minister's statement is a stark reminder to us that the détente between east and west is, at best, a very limited understanding. The hard reality, unfortunate though it is, is that nations of the communist bloc persist in activities that are neither friendly nor conductive to relations among countries.

It is also unfortunate but true—and we must recognize this—that Canada continues to be a particular target for such activities. Our membership in NATO and in NORAD, as well as our proximity and close relationship to the United States, seem to invite a level of espionage activity, or at least attempted espionage activity, which must be of great concern to all in this country.

Members of my party, particularly the hon. member for High Park-Humber Valley (Mr. Jelinek), have taken a very leading role—

Some hon. Members: Hear, hear!

Mr. Clark: —in trying to determine through oral and written questions in this House, the nature of the threat of espionage or other related activity that cannot by any stretch of the imagination be called acceptable within the context of diplomacy. He has sought to determine the nature and has also sought to determine the response of the government to this general threat. I believe the statement made today by the minister will cause my colleague and others in the House of Commons to want to continue that kind of an investigation into the extent and nature of a threat to our security posed by persons who are in this country under diplomatic cover.

I am sure all members of the House want to join me in congratulating the Royal Canadian Mounted Police for the—

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Clark: Mr. Speaker, a member on the government side laughed at that. I regret that because I am sure this is a matter that all members, including the Minister of Industry, Trade and Commerce (Mr. Horner), agree is a case where it is just and proper that the House of Commons extend its most serious congratulations to the Royal Canadian Mounted Police for the thoroughly professional and effective manner in which members of the force pursued this difficult situation to an effective conclusion.

Some hon. Members: Hear, hear!

Mr. Clark: I must say that I find it very strange that ministers on the other side would try to shout down the Leader of the Opposition when he extends to the Royal Canadian Mounted Police some very deserved congratulations.

Some hon. Members: Hear, hear!

Mr. Ouellet: You are hypocrite.

Mr. Speaker: Order, please. It seems to me the matter was serious enough that the Secretary of State for External Affairs Mr. Jamieson was given quiet attention when he made his statement, and I think the hon. Leader of the Opposition (Mr. Clark) should be extended the same courtesy.

Mr. Clark: Thank you for your intervention, Mr. Speaker. The minister said in his statement, and indicated to me previously, that a strong protest had been conveyed to Soviet authorities. I think that is appropriate. While I recognize that it is not always normal practice in affairs of this kind, I think, given the unusual circumstances, that we in this House of Commons would like the opportunity to see the aide memoire or protest which the minister despatched. I would therefore ask the minister if he would be prepared to table the text of the aide memoire which he indicated had been sent to the Soviet authorities.

Mr. Jamieson: Yes, Mr. Speaker. I can do that now if it is the wish of the House.

Mr. Speaker: Is it agreed that the Secretary of State for External Affairs shall have leave to table the aide memoire now?

Some hon. Members: Agreed.

Mr. Speaker: Agreed, and so ordered.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the activities undertaken by certain Soviet officials, as outlined by the Secretary of State for External Affairs (Mr. Jamieson), are extremely serious indeed. Before commenting briefly on those activities and the course of action taken by the government, I should like to join the Leader of the Opposition (Mr. Clark) in extending my appreciation to the minister not only for notice of the statement he was going to make today but for the personal briefing he provided to explain the circumstances. I think that was an exceptional course of action, for which the minister deserves the commendation of this House.

Some hon. Members: Hear, hear!

● (1522)

Mr. Broadbent: As I was saying, these offences are extremely serious. They are wrong in principle, and of course wrong in practice. To put it bluntly, they are particularly odious when one neighbouring country inflicts them upon another. All Canadians should feel particularly sensitive on that point.

On behalf of my colleagues, I extend my appreciation to the Royal Canadian Mounted Police for their good work in security matters. Obviously it was a professional job. They did their work, and they got the culprits.

Some hon. Members: Hear, hear!

Mr. Broadbent: This is a series of events which is particularly unfortunate at these times in terms not only of the detente issue, because we are part of the western alliance and it has serious implications for it, but particularly in terms of the improving relations which had existed between the Government of Canada and the government of the U.S.S.R. There can be no doubt that this represents a serious setback, clearly in the face of those people of good will in both governments who, in recent years, have been attempting to improve and make more civilized the relationships between our two peoples. The authorities in the Soviet Union, who are responsible for these despicable activities, now have to assume responsibility for the unfortunate consequences which will follow from them.

It is worth emphasizing the Soviet Union, although it would be naive to ignore other great powers in the world which are still conducting these kinds of activities. But in this particular instance we are discussing the Soviet Union. The fact that this is still ongoing in 1978—and we are not back in the forties or fifties—indeed clearly illustrates how far we have yet to go in the modern world in trying to establish civilized and decent working relationships among all the nation states.

Under the circumstances, the response of the government in requesting the expulsion of 11 Soviet nationals who are still here, and the retention at home of two others who went back to the Soviet Union for a vist and planned to return, is entirely acceptable. Is this sufficient in terms of the relationships which were improving between Canada and the U.S.S.R.? We saw the clear possibility of the expansion of trade and the expansion of intercourse between our peoples, and now we witness this kind of dastardly act inflicted upon us. I raise the question as to the appropriateness of the government's response. In the view of my colleagues, certainly the minimum is to request those who were at fault to stay out of our country. However, on behalf of my colleagues, it seems to me something else should be done. I suggest, with all seriousness, that the Secretary of State for External Affairs should think about the appropriateness of withdrawing the Canadian ambassador from Moscow on a temporary basis until relationships, and particularly this incident, are clearly discused and resolved.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, first of all, like the hon. leader of the official opposition and the leader of the New Democratic Party, I would like to sincerely thank the Secretary of State for External Affairs (Mr. Jamieson) for his great courtesy in notifying us in advance of the nature of his statement and for having us meet in his office to discuss this matter very seriously.

We do not often have the opportunity to agree to discuss a matter as serious as that which has just been brought up in the House of Commons by the Secretary of State for External Affairs. As a Canadian, I was shocked to learn that Soviet citizens employed in the U.S.S.R. embassy in Canada had taken part in espionage activities. It seems to me that this can be explained in wartime as it is then more or less normal for countries to try to learn the secrets of others. But in peacetime, and I hope that we are now in peacetime, when we try to work together to improve relations among nations so that peace may bring about more prosperity in each country, such situations are truly shocking.

Mr. Speaker, I am convinced that today in the House, certain members have related the important matter communicated to us by the Secretary of State for External Affairs and the Igor Gouzenko espionage affair which happened a few years ago and which received much publicity. I recall this affair very well and I would like the younger members of the House to take the trouble to get to the bottom of things before relating this espionage activity of a few years ago and that of which we have just been informed by the Secretary of State for External Affairs.

Mr. Speaker, I also recall that on December 20 of last year, there was a debate in parliament about external affairs. I remember very well that all hon. members who took part in this debate showed much patriotic feeling and supported the external policy of our country. Whatever the party in power, as I said at that time, Canada is a country whose citizens are respected and loved throughout the world.

I also remember, I think it was in October 1973 if my memory serves me right, that I had the honour to participate in a NATO conference in Turkey. It was on the U.S.S.R. border. At that time aircraft were flying over an their way to Lebanon where the war was going on. I was very upset to hear the noise of those heavy aircraft transporting armaments and soldiers going to a foreign country. At that time, Mr. Speaker, you were also a member of the delegation and you participated in a debate of the NATO Plenary Assembly and I remember very well what you said. In fact you expressed the hope as a member of that delegation that as long as Canada is a democracy it will promote that détente between the two blocks. I still agree today that we should do everything to encourage the détente. As Canadians, we have, more than anyone else, an interest in encouraging that détente as geographically we are between two great nations with incredible strength. On one side the U.S.S.R. and on the other the United States.

We must be very careful every day that the little secrets we have to ensure our defence are not known by those big powers so that we can ensure our independence and security. If we always act as we did today by making the whole population aware of the dangers of spying activities within our borders we shall draw the problem to the attention of every Canadian so that every one, whatever his language or religion, will be first of all a Canadian proud of his country and ready to defend it against everyone, and ready to co-operate with the government to ensure the security of our country and make sure that in foreign embassies on Canadian territory no one is working to discover our little secrets, of which we are proud, but rather to establish better co-operation within our nation through those embassies.

Once more I commend the Secretary of State for External Affairs and I wish him good health so that he can achieve his mission. I saw him last week on TV like other hon. members when he was travelling in China to meet the great leaders of that country. Notwithstanding our political views and options, when international matters and relationships with other nations are at stake we must all share the same pride in our country and defend our Canadian rights throughout the world.

● (1532)

[*English*]

Mr. Clark: Mr. Speaker, I have at least one question for the Secretary of State for External Affairs, and I am sure my colleagues will have other questions as well. I understand the minister himself was advised of these matters in the middle of last month. Since this is a security matter, can the minister tell us whether advice was given during the course of the operation to the former solicitor general of Canada and what was the nature of the involvement of the Solicitor General himself or of his officials in this matter?

Mr. Jamieson: Mr. Speaker, I am afraid I cannot answer in specific terms. I am not copping out when I say that perhaps the question might more properly be directed at the appropriate time to the Solicitor General. I can explain to the House and to the Leader of the Opposition that, in so far as security investigations are concerned, generally speaking the Department of External Affairs does not become involved in them until such time as a case is established. We are then advised by the RCMP, and the necessary foreign relations actions are taken. So the extent to which the former solicitor general was involved during the period of the investigation is not something which is known to me personally.

Mr. Lawrence: The minister's statement does not make clear to what branch of the RCMP the original member of the RCMP who was approached belonged. Was he a member of the Security Service or was he a member of one of the other branches of the RCMP?

Mr. Jamieson: In this regard I am sure that an opportunity will be provided for a more detailed statement by the RCMP sources on the very specific matters concerned. My information is that on the two occasions involved when the RCMP officer concerned was, for example, first associated with or first came into contact with the Soviets, he was working in a particular job. Subsequently he was transferred to another job, and it was in that second job that contact was made with him in an effort to suborn him. What specific titles he held is not information which I have directly in front of me. I do not think it is a matter of any confidence. I would be glad to try to find it out but, as I understand it, in one case he was working for a particular branch and it was after he was transferred that the Soviets, who had been familiar with him in the first job, made the contact with him later.

Mr. Broadbent: Mr. Speaker, I would like to ask the minister, so that it becomes part of the public record, if he would tell the House when he, as a Secretary of State for External Affairs, first learned of the espionage activities that were being undertaken. Can he explain to the House why there was a delay in time? I know he was out of the country, but I understand there are other reasons why there was a delay in time between when he learned of the activities on the one hand, and today's announcement on the other.

Mr. Jamieson: There were two reasons. It was January 9 when I was advised formally that the RCMP had in fact completed, or virtually completed— I emphasize the word "virtually"—their investigation. The time lapse between then and now was due to two reasons. One was that I was not available for a matter of two weeks, being out of the country, and the other was, as I understand it, that there was a kind of final liaison which the RCMP wished to undertake in order to conclude the investigation and to complete their activities. Upon my return on Monday I was advised that indeed no further purpose would be served by continuing the operation and was advised directly by the RCMP authorities of the situation, and I chose immediately to take the action which I announced in the House today.

Mr. Broadbent: I should like to ask the minister another question. Considering the fact that the Government of Canada now has expelled 13 Soviet nationals, asking 11 to leave and prohibiting the re-entry of two others, and considering that that is the minimum action that one could expect to take under the circumstances, what other alternatives has the government considered, and specifically, given the seriousness of this action, why did the government not withdraw the Canadian ambassador from Moscow for a period of time to indicate just how seriously we regard this, until further resolution of the matter and further discussion of the unfortunate series of events perpetrated in Canada by the Soviet Union?

Mr. Jamieson: I hope I have demonstrated today my desire to be as frank as possible in discussing this matter, but if I am somewhat restricted in my answer to that question, let me simply say that, of course, having taken this action, we are in no way aware at this moment of what action the Soviets themselves may take. I would think that under those circumstances it would be advisable to have an ambassador on the spot in Moscow against any eventualities which may occur.

Espionage

Mr. Diefenbaker: Mr. Speaker, I wish to put a question to the Secretary of State for External Affairs who has not shown the insolence, arrogance and overbearing attitude to parliament which was evidenced this afternoon by the Prime Minister.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: The minister's attitude was in keeping with parliamentary tradition and his appreciation of parliament, which he has shown again today.

● (1542)

Having regard to the overwhelming power in nuclear weapons on submarines in the Atlantic, as has been set forth in detail by admirals in the navy, the great danger to North America and the cause of it, will the minister do his part in an effort to arrange a parliamentary debate immediately so that we can discuss at length the seriousness of the threat against us, as evidenced by what the minister spoke about today, in order to ensure that complete information can be given? If necessary, we might have a closed session such as we have had from time to time, for example, immediately after the war.

Mr. Jamieson: Mr. Speaker, I presume this would be a matter for discussion among House leaders. At the instigation of the right hon. member we did have a couple days of general debate on foreign affairs. I assume, from the right hon. gentleman's preamble, that the debate he proposes would relate directly to defence matters. I would be glad to take this up with the Minister of National Defence and also with the government House leader. I personally have no objection to it. Indeed, I believe there is some effort under way at the moment to have members of parliament, who are associated with the NATO Association, have a discussion with the Minister of National Defence and myself. Anything of this nature which would enhance the general level of information and knowledge of hon. members, I think would be very useful.

Mr. Diefenbaker: Will the minister press for such a sitting in the House because the situation on the Atlantic, on the Mediterranean and the sea adjacent to South Africa has placed the U.S.S.R. in a position of overwhelming power. Warning of the danger has been given over and over again in the United States Congress. I hope something will be done in this connection because what was revealed today illustrates the attitude of the U.S.S.R. toward the reasonable and responsible attitude taken by Canada with regard to the U.S.S.R. in order to achieve renewed comity and good will between our nations.

Mr. Jamieson: I will do my best, Mr. Speaker.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I have only one question for the Minister. In his statement the Secretary of State for External Affairs (Mr. Jamieson) disclosed the names of the Soviet citizens involved. He also referred to an RCMP officer and to a sum of $30,500 which was paid to that officer to help him obtain some secrets. Is it out of simple prudence or because of necessity that the minister did not disclose the name of that officer? Surely this question has occurred to other members as well, and if it is in the interest of the country that the name be kept unknown, I am prepared to accept the statement as it is, but on the other hand, if it is in the interest of the country that the officer's name be disclosed, I submit it is all to the honour of that person and it should not be a disgrace for him to have his name revealed before Parliament.

[*English*]

Mr. Jamieson: Mr. Speaker, it is obviously a matter of importance and security that the name of the RCMP officer in this case not be disclosed, and I know hon. members will not press me in that regard.

Mr. Jelinek: Mr. Speaker, I have a number of very important questions, so I hope Your Honour will bear with me. Some of the speakers today indicated shock at what has happened in this regard. I am not shocked or surprised whatsoever because, as the minister will recall, well over a year ago I made public a list of individuals whom I asked the government to inquire into. Individuals from inside the Soviet embassy were involved, I thought, in activities incompatible with their status as diplomats. I have not double checked, but at least eight or nine people on the list to which I have just referred have either already been asked to leave the country or have now been expelled, including the principal agent, Mr. Vartanian. Since some of these so-called diplomats have been asked to leave the country, what assurance does the minister have that the government has cleaned house, and why has it taken so long since I made this list public to bring this matter forward?

Mr. Jamieson: Mr. Speaker, not meaning any offence to the hon. member, I am sure he would accept that if he was in possession of that list, the RCMP and perhaps some others were in possession of it as well. The mere fact that the association of a resident diplomat with the KGB or, for that matter, any other foreign intelligence agency, is known is not of itself, obviously, sufficient evidence on which to take either expulsive action or anything related to it. What is necessary is to establish that the conduct of that person is inconsistent with his status in Canada as a registered diplomat. I think it has been said by hon. members on both sides of the House that the RCMP was aware of the list to which the hon. member referred, has been very diligent, and has produced over a period of approximately seven months evidence which is adequate to take the actions we have taken today.

Mr. Jelinek: Mr. Speaker, the minister indicated that nine embassy employees and four others, a total of 13, were involved in recruiting the RCMP officer. Were the 13 agents, as we now know them, involved in other subversive activities in Canada?

Mr. Jamieson: Mr. Speaker, I am advised that all of the parties whose names I revealed today were associated exclusively with this one particular action whose sole objective was to penetrate the RCMP Security Services and establish within those services someone whom they regarded as being a reliable

source of information. My statement makes the point that it is an indication of the important the Soviets attached to this there were so many people involved. I have no doubt that the RCMP would be prepared to provide certain information as to the roles played by certain of these parties. I can, however, tell the hon. member in a general way that there was a central person involved who was the principal contact. Many of the others were involved in transportation, in the identification of signals, and in various other activities related to and part of the establishment of the two-way contact. I am perfectly satisfied that all were involved and that they were involved in this particular matter.

Mr. Jelinek: In the year between February, 1976, and January, 1977, during which time, according to the minister's statement, the RCMP was aware of some of these happenings, the minister's own department granted 908 special travel permits to diplomats from the Soviet embassy to travel in parts of Canada other than the national capital region, including 41 special travel permits to the principal agent named today, Mr. Vartania. Eighty-eight were granted to Mr. Veber. The total number granted is 908. I wonder, if the RCMP was in the know with regard to these activities over the last year, why was the minister's department giving these individuals travel permits with such frequency and permitting them to travel outside the national capital area where surveillance obviously would be far more difficult?

Mr. Jamieson: Mr. Speaker, there are a number of conclusions in the question which I would prefer not to go into in detail. I suggest in a hypothetical sense, however, that it is not inconceivable that the travel permits might have been authorized and issued on the basis of the investigation.

Mr. Jones: Mr. Speaker, I would like to lump my questions together. With the minister's capability I am sure he will be able to answer them all. Quite frankly, I am not really surprised. I am disturbed because things have been a bit too cosy between the U.S.S.R. and Canada for far too long. I would like to know what measures are now being taken to prevent the recurrence of this type of situation. Has the Canadian government any further steps in mind regarding a temporary severance of diplomatic relations between Canada and the U.S.S.R.? What investigations are still going on with regard to other Soviet nationals either inside or outside Canada? Are there other similar investigations regarding any other country in espionage ongoing, and have any espionage approaches been made, to the knowledge of the minister, to any other person or persons in Canada?

● (1552)

Mr. Jamieson: Mr. Speaker, with the greatest of respect and with, as I said, my assurances that I want to be as open as I can, I reluctantly have to decline to answer all of those questions.

Mr. Jarvis: Mr. Speaker, I have two brief questions for the Secretary of State for External Affairs. In the addendum to the aide memoire it is said four persons were ordered to leave Canada within 48 hours and, I believe, seven in about two weeks. Is the difference exclusively because of the degree of activity which the various persons within the two groups were perceived to participate in this affair?

Mr. Jamieson: Mr. Speaker, yes, the hon. member has it exactly. The four who have been given 48 hours' notice to leave are those who were very specifically and clearly in breach of the Official Secrets Act. Incidentally we have had advice from reputable authorities that all of these people under normal circumstances could have been charged with some breach, but that these four came under the provisions of the Official Secrets Act. The remainder were, what I might describe as, supporting players who unquestionably had breached their status as diplomatic persons within Canada but whose offence, if one wishes to use that word, was not of the same magnitude as that of the four principals involved.

Mr. Jarvis: Was this entire law enforcement operation carried on exclusively within the RCMP, or was it directed under the authority of the police and security planning analysis branch, which is a branch within the Solicitor General's department?

Mr. Jamieson: Mr. Speaker, subject to later qualification by the Solicitor General, and I want to make that point because I am speaking on the basis of my own information and assumptions, I believe it was exclusively an RCMP operation.

Mr. Crouse: Mr. Speaker, the statement made by the Secretary of State for External Affairs will certainly come as a shock to many Canadians, and especially his announcement that 13 have been declared as persona non grata. I would like to ask the minister what percentage the 13 represent of the personnel that are presently working in the Soviet embassy here in Ottawa, and would the minister indicate how many people still remain in that embassy? Finally, do we have any guarantees whatsoever that the 13 who have been ordered to leave Canada will not be immediately replaced by 13 others who will carry out similar activities?

Mr. Jamieson: Mr. Speaker, the number on strength at the Soviet embassy is 64, as approved by us under the international rules of procedure. Of the 13 referred to today, I recall that two have left, so we are speaking of 11. Of that number 10 are actually on that strength of 64. One is with the International Civil Aviation Organization in Montreal. This means a reduction of the 64 to presumably 54—or to 53—I am not precisely certain.

On the matter of replacements, the Under-Secretary, on my instructions and with my approval, indicated to the Soviet Union today that we will examine very carefully all requests for replacements and that, furthermore, given the events which we have now reported to the House, we will examine also very carefully the size of the personnel presently within Canada who are under what might be described as diplomatic immunity. Therefore, in a general way my answer to the hon. member is that we will move very cautiously in terms of replacements. As at this moment we are not proposing to reduce the assigned

total of 64. I will be glad to explain to the hon. member in private the reasons why that is the case.

Mr. Crouse: My supplementary question is to the minister, and I thank him for his answer.

I wonder if he could inform the House how many personnel we are permitted to have in the Soviet Union. Secondly, are any of the names of the people whom you have mentioned today in any way connected with the Soviet consular office that is presently maintained in Halifax where there is a liaison between shore personnel and the large Soviet fleet which is operating within our 200-mile economic zone?

Mr. Jamieson: Mr. Speaker, I do not have the precise figure of the number of Canadians in the Soviet Union at the present time. I can say with almost 100 per cent assurance that it comes very close to 64, because the general pattern has been a one for one type of situation. Once again I would ask the hon. member to give me the benefit of the doubt until I have had a chance to check it fully, but that is a reasonable expectation.

In reply to the hon. member's second question, there is no linkage whatsoever, at least anything that has been perceived, between this operation and the general fisheries office to which he has made reference.

Mr. Ritchie: Mr. Speaker, my question is to the hon. minister. In view of suggestions at the Keable commission hearings that money from outside Canada went to subversive groups, I would like to ask the minister if this episode has any connection with any such events of which he may be aware?

Mr. Jamieson: Mr. Speaker, no. There is no such connection as I have said repeatedly, and I wish to emphasize, that all of the evidence I have seen, and everything that the RCMP has produced, lead me to the satisfactory conclusion that this activity was expressly and directly related to an effort to penetrate the RCMP Security Service.

Mr. Alkenbrack: Mr. Speaker, the House was both surprised and perplexed to see the Prime Minister leave the chamber just prior to the minister's announcement. Does the minister know the reason why the Prime Minister walked out of this House immediately before the Secretary of State for External Affairs made this important announcement pertaining to our national security?

Mr. Jamieson: Mr. Speaker, yes I do. I really think the question is quite irrelevant. The Prime Minister and I discussed it earlier this afternoon. He had an important meeting which it was not possible for him to change. We even discussed the possibility of changing the time of the statement in order to accommodate him. I can assure you it was through no lack of interest. The Prime Minister of course, was fully briefed on the situation.

Mr. Scott: Mr. Speaker, I would like to ask the minister, with respect, why he did not make the announcement until this date? Given the fact that he was away out of the country, and keeping in mind our association with NATO and other countries, for him to wait two weeks to make the announcement on a matter of such significance, after being fully knowledgeable of the events, makes me think he should have returned home for this particular reason.

Mr. Jamieson: Mr. Speaker, perhaps I may have given a somewhat incorrect impression; I do not think so. In any event, so that the hon. member can have the benefit of the doubt, I said that on January 9 I was provided with a general briefing. At that time there was no suggestion that we ought to have moved immediately. There were indeed some other things that it was felt ought to be done in the interim. I hope hon. members will appreciate that I am going about as far as it is possible for me to go in these circumstances.

● (1602)

It was not until January 26 that the RCMP, in writing and in detail, was able to put before us the documented, factual information on which, after all, the decision had to be made. It is one thing to be reasonably certain of something; it is something else to say, "Here it is. The evidence is now clear cut." I do not think the difference between January 26 and now is of any great significance.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I have a couple of questions I would like to put to the Secretary of State for External Affairs. In the aide-mémoire which he very kindly provided to members, there is a clear indication that, prior to these incidents, within the last 14 months there have been three other incidents. How many employees or officers from the Soviet Embassy in those three individual instances were declared persona non grata?

Mr. Jamieson: Mr. Speaker, the hon. member said members from External Affairs. I presume he meant from Soviet External Affairs. My recollection is that I have referred to all three of those incidents in the House. Once again, may I ask the hon. member for some leeway on my memory. I know that up until now we have had incidents involving the Soviet Union, with a total of eight people. Whether some of them were declared NPG, whether some had left the country, or whether it was resolved in some other manner, I do not know. However, there were three incidents that have come to public knowledge and to which reference has been made in the House.

Mr. Paproski: KBG.

Mr. Munro (Esquimalt-Saanich): I am sure the minister meant PNG. May I ask the minister whether in those instances there was retaliation on the Soviet side declaring some of our officials or personel PNG in retaliation.

Mr. Jamieson: Mr. Speaker, no member would probably be more aware than I that it is not always easy to identify retaliation as such. However, if the hon. member is asking me if some individual and specific person was asked to leave, to the best of my knowledge, no.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, my final supplementary is with relation to a comment made by the Secretary of State for External Affairs, when he declared he instructed the Under-Secretary of State to declare specifically to the Soviet ambassador when he came in that the Canadian authorities would be examining most carefully any applications for replacement. I am surprised there are going to be any replacements. However, since the government has decided there might be, I wonder whether this suggests that applications in the past have not been given careful examination.

Mr. Jamieson: No, Mr. Speaker, I think that would be an improper inference. Also, on the question of numbers, may I remind the hon. member that many representations are made to us by the Soviet Union and, I should also add, by other bodies and so on, with regard to numbers. I think we make a very thorough assessment of need. I am satisfied that we do. Indeed, there are some cases where we have been criticized for not permitting more trade representatives, for example, into Canada. We have a situation in which I have, in the best diplomatic language that I know, and the experts know, made it clear that we are going to examine very carefully the specific needs for replacement and for any change in the current levels within the Soviet Union. I think that is about as much as I ought to say at this present time.

Mr. Cossitt: Mr. Speaker, I compliment the minister on a very forthright statement on what has happened and, so far, a very forthright way in answering questions. I would like to ask the minister a question and a supplementary, the question being in two parts. First, have any Canadian citizens outside the RCMP and outside the political security analysis group been in any way involved in this operation, in other words assisting the Soviet Union in their operations? This may perhaps be premature, but has there been any indication from Moscow as yet, as so often happens when other countries have expelled Soviet diplomats, that they have retaliated, not on a justifiable basis, but simply kicking people out saying, "Well, you people are doing the same thing"? That is the first question. I have a supplementary, if I might be permitted to ask it afterwards.

Mr. Jamieson: Mr. Speaker, the first part might more properly be directed to a spokesman for the RCMP. Again to the best of my knowledge, there were no people other than RCMP officers involved. On the second question, the hon. member is quite right. It is still too early to have received any reaction from the Soviet Union. I should indicate to the House that we have told the Soviets that any action by them with regard to Canadian personnel would be considered entirely unjustified because there is no comparable activity of this kind being undertaken in the Soviet Union, or anywhere else for that matter.

Mr. Cossitt: Mr. Speaker, my supplementary goes back to a question answered in the House by the immediate former solicitor general a month or so ago. He admitted to the House, after some three years during which I tried to draw out the information, that there was such a thing known as the "Featherbed Operation." Is the minister prepared to confer with the present Solicitor General with a view to making public the nature of the "featherbed" file which, I am sure he and other ministers must realize, would shed a great deal more light on the operation in Canada of such things as has been brought out today? Will he attempt to have some of this information made public from the "featherbed" file as to what has been going on in Canada over a period of years?

Mr. Jamieson: Mr. Speaker, all I can say is that the information provided to me, and I have no reason to question it in any way, is to the effect that this was exclusively the kind of operation that I have outlined. It had nothing to do with any other of the ongoing activities of the RCMP. Therefore, I do not believe there is any relevancy between what we have been discussing today and the question the hon. member has asked.

Mr. Paproski: Mr. Speaker, I would like to ask the minister one question. In view of the fact that Igor Vartanian was the sports and fitness representative for the Soviet Union when the minister learned about this particular espionage on January 9, did he inform our Minister of State (Fitness and Amateur Sport) of Igor's activities in Canada?

Mr. Jamieson: No, I did not, Mr. Speaker. I realize, of course, that levity is not wise in these circumstances. In case I did not give a full answer, I should add that I did not know the gentleman's name at that particular time. I was only when the final and detailed facts came to my attention.

Mr. Paproski: Mr. Speaker, that was a very serious question. It was not intended to be at all funny. I was very serious when I asked that question.

Mr. Wenman: Mr. Speaker, the minister indicated that he became aware of this operation on January 9. Relative to that, on January 20, the Minister of National Defence wrote, and I quote:

> —Canadian governments have tried to achieve arms control but the 'problem is how best to proceed in a world where one group of states, namely the Warsaw Pact led by the Soviet Union, openly proclaims its policy to impose its political philosophy, if possible by peaceful means but, if necessary, by force.'

Was the Minister of National Defence aware of this information when he wrote this letter on January 20, and was he speaking in anticipation of this statement today? Does the Secretary of State for External Affairs agree with the point of view stated by the Minister of National Defence? In fact, as a result of this instance, does that statement have a new credibility?

Mr. Jamieson: Mr. Speaker, I will just answer the one part of the question which is germane to the matter we are discussing today. To the best of my knowledge, the Minister of National Defence was not aware of this activity to which I am making reference. It is my responsibility. I took that responsibility and I did not consult with him in any way on it. I would have to look very carefully at what he said with regard to international affairs generally to know whether I agree entirely with him or not.

● (1612)

Mr. Towers: Can the minister tell us whether the two agents who left the country were recalled or whether they were requested to leave by Canada?

Mr. Jamieson: I gather they left in the normal course of posting to somewhere else while the investigation was going on. Whether there was any relationship between their departure and the activities referred today, I do not know. I would suspect not. I would think it was simply a matter of rotation.

Mr. Prud'homme: In spite of the many criticisms to which the RCMP have been subjected in the last few months, would the minister convey to the Commissioner of the RCMP our congratulations on what seems to be a job well done?

Some hon. Members: Hear, hear!

Mr. Jamieson: I shall be very glad to do that.

* * *

[*Translation*]

ELECTORAL BOUNDARIES READJUSTMENT ACT

AMENDMENT TO CHANGE NAME OF RIDING OF SAINTE-MARIE

Mr. Serge Joyal (Maisonneuve-Rosemont) moved for leave to introduce Bill C-417, respecting the Electoral Boundaries Readjustment Act (Sainte-Marie).

AMENDMENT TO CHANGE NAME OF RIDING OF HOCHELAGA-MAISONNEUVE

Mr. Serge Joyal (Maisonneuve-Rosemont) moved for leave to introduce Bill C-418, respecting the Electoral Boundaries Readjustment Act (Hochelaga-Maisonneuve).

Some hon. Members: Explain.

Mr. Joyal: Mr. Speaker, the purpose of those two bills is to reestablish historical relevance in the designation of the new ridings of Hochelaga and Maisonneuve. The new riding named Hochelaga covers in fact the territory formerly known as the Sainte-Marie district. The history of the city of Montreal at the time of confederation shows us that that territory has always been designated under the name of Sainte-Marie from the very beginning. As for the village of Hochelaga, it was annexed to the city of Montreal in 1883, and its territorial limits are now included in the new riding of Maisonneuve. The purpose of those bills is therefore to respect historical relevance in the designation of those new ridings.

I do not think, Mr. Speaker, that the adoption of those bills will cause particular difficulties, even if the word "Hochelaga" means in the Huron language "place where one is caught in ambush".

Motions agreed to, bills read the first time and ordered to be printed.

[Mr. Jamieson.]

HOUSE OF COMMONS

MOTION TO ADJOURN

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I rise relative to statements made during the question period today. In view of the Prime Minister's (Mr. Trudeau) contempt of the House of Commons and the people of Canada in suggesting during the question period, as he did today, that information which may relate directly to national security or to national standards is, and I quote him, none of the business of the House of Commons, I move, seconded by the right hon. member for Prince Albert (Mr. Diefenbaker):

That this House do now adjourn.

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

Some hon. Members: Yea.

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

Some hon. Members: Nay.

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

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the motion (Mr. Clark) which was negatived on the following division:

● (1622)

(*Division No. 23*)

YEAS

Messrs.

Alexander
Alkenbrack
Beatty
Benjamin
Cadieu
Clark (Rocky Mountain)
Clarke (Vancouver Quadra)
Crouse
Darling
Diefenbaker
Dinsdale
Dionne (Kamouraska)
Douglas (Nanaimo-Cowichan-The Islands)
Epp
Firth
Forrestall
Fraser
Friesen
Gilbert
Graffftey
Halliday
Hamilton (Qu'Appelle-Moose Mountain)
Hamilton (Swift Current-Maple Creek)
Hnatyshyn
Holmes
Huntington
Hurlburt
Jarvis
Jelinek
Knowles (Winnipeg North Centre)
Knowles (Norfolk-Haldimand)
Lambert (Bellechasse)
Lambert (Edmonton West)
Laprise
La Salle
Lawrence
Leggatt
MacDonald (Miss) (Kingston and the Islands)
MacKay
Marshall
Mazankowski
McCain
McKenzie
McKinley
McKinnon
Munro (Esquimalt-Saanich)
Neil
Nielsen
Nowlan
Nystrom
Oberle
Orlikow
Paproski
Peters
Pigott (Mrs.)
Ritchie
Rodriguez
Schellenberger
Schumacher
Scott
Towers
Wagner
Wenman
Whiteway
Wise
Woolliams—66.

NAYS

Messrs.

Abbott
Allmand
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Basford
Béchard
Bégin (Miss)
Blais
Blaker
Blouin
Boulanger
Buchanan
Bussières
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Caron
Clermont
Comtois
Côté
Cullen
Cyr
Daudlin
De Bané
Demers
Dionne
(Northumberland-
Miramichi)
Duclos
Dupont
Dupras
Ethier
Faulkner
Fleming
Flynn
Foster
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Gray
Guilbault
Haidasz
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Isabelle
Joyal
Lachance
Lang
Langlois
Laniel
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle
(Chambly)
Lumley
MacDonald
(Cardigan)
MacEachen
MacFarlane
Maine
Marchand
Martin
McRae
Nicholson (Miss)
Olivier
Ouellet
Parent
Philbrook
Portelance
Poulin
Prud'homme
Railton
Raines
Robinson
Roy
(Laval)
Sharp
Smith
(Saint-Jean)
Stewart
(Cochrane)
Stollery
Tessier
Trudeau
Turner
Wood
Yanakis
Young—94.

● (1652)

Mr. Speaker: I declare the motion lost.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Wm. Andres (Parliamentary Secretary to Minister of State (Multiculturalism)): Mr. Speaker, the following questions will be answered today: Nos. 376, 917 and 1,072.

[*Text*]

CANADA—SASKATCHEWAN INTERIM SUBSIDIARY AGREEMENT—FEDERAL CONTRIBUTIONS

Question No. 376—**Mr. McIsaac:**

1. Under the Canada-Saskatchewan Interim Subsidiary Agreement on the Saskatchewan Northlands, what was the federal contribution to water and sewer installations in (a) Buffalo Narrows (b) Île-à-la-Crosse (c) La Loche (d) Green Lake (e) Sandy Bay (f) Cumberland House (g) Weyokwin (h) Stony Rapids (i) Lac Laronge?

2. What other communities in Northern Saskatchewan received federal contributions to develop water supplies and what were the amounts in each case?

3. What share of the total cost of the projects does the federal contribution represent?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: 1. From April 1, 1974 to March 31, 1977: (a) Buffalo Narrows, $1,011,428; (b) Île-à-la Crosse, $185,400; (c) La Loche, $626,077; (d) Green Lake, $388,399; (e) Sandy Bay, $634,739; (f) Cumberland House, $784,551; (g) Weyakwin, $326,317; (h) Stony Rapids (study only), $52,550; (i) Lac La Ronge, $130,350; Total, $4,139,811.

2. Indian Reserve Sewer and Water Projects (April 1, 1974 to March 31, 1977): (a) Black Lake Indian Reserve—Study, $460; (b) English River Band (Patuanak—Study), $30,954; (c) Fond du Lac Indian Band—Study, $8,991; (d) James Smith Indian Reserve—Study, $168; (e) Lac La Ronge Reserve—Reservoirs, $24,597; (f) Peter Pond Band (Dillon)—Preliminary expenses only, $36; (g) Wahpeton Indian Reserve—Study, $2,532; Total, $67,738. Wells (April 1, 1976 to March 1977)*: Cole Bay, $1,094; Wollaston Post, $10,307; Pinehouse, $6,024; Sled Lake, $420; Jans Bay, $9,483; Green Lake, $3,473; Île-à-la-Crosse, $9,260; Southend-Reindeer, $1,358; Patuanak, $6,541; Sturgeon Landing, $1,756; Total, $49,716.

* Information by community for previous years is not readily available.

3. For Indian Reserve Projects (which are listed separately) the federal share is 100 per cent of which 60 per cent is contributed by the Department of Regional Economic Expansion and 40 per cent by the Department of Indian Affairs and Northern Development. For projects falling within provincial jurisdiction, the federal share is 60 per cent.

UIC—BOARD OF REFEREE HEARINGS

Question No. 917—**Mr. Rodriguez:**

1. (a) In the twelve months from December 1, 1976 to November 30, 1977, how many Board of Referee hearings were held by the Unemployment Insurance Commission (b) how many of the decisions of the Boards were (i) favourable (ii) unfavourable to the claimant?

2. (a) In the same period, how many Board hearings were held in the Ottawa region (b) how many of the decisions of the Boards were (i) favourable (ii) unfavourable to the claimant?

3. (a) For the same period, what is the name and previous occupation of all persons who acted as Chairman of Boards of Referees for the Unemployment Insurance Commission in the Ottawa region (b) what is the number of cases over which each presided as chairman which delivered decisions (i) favourable (ii) unfavourable to the claimant?

Hon. Bud Cullen (Minister of Employment and Immigration): 1. (a) 44,684. (b) (i) 8,219; (ii) 36,465.

2. (a) 856. (b) (i) 177; (ii) 679.

3.

Chairman	Decisions		
	Favourable to Claimant	Unfavourable to Claimant	Total
Mr. Donald Mitchell	66	297	363
Mrs. Eva Berry	45	240	285
Mr. Joseph Roadh	50	86	136
Mr. Kenneth Matheson	14	36	50
Mr. Albert Lusignan (on loan from Cornwall)	2	20	22
	177	679	856

With regard to the previous occupation of the chairman mentioned above, the commission does not divulge information obtained in confidential correspondence.

OIL PRODUCTION

Question No. 1,072—**Mr. Herbert:**

1. What is the current number of barrels of oil produced per day in Canada?
2. What quantity is exported and to which countries?
3. What is the current daily consumption of barrels of oil in Canada?
4. What is the quantity imported?
5. What is the daily receipt from the tax on exported oil?
6. What is the daily cost to subsidize imported oil?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1. Preliminary data for 1977 indicate that Canada produced about 1.6 million barrels per day of crude oil and equivalent, synthetic (tar sands) oil and gas plant liquefied petroleum gases (LPG's).

2. Crude oil exports in 1977 (net of exchanged oil) averaged about 271 thousand barrels per day. It was all exported to the United States.

3. Preliminary data for 1977 indicate that total oil consumption in Canada (including LPGs) averaged about 1.8 million barrels per day.

4. Approximately 575 thousand barrels per day of oil were imported in 1977 for consumption in Canada.

5. In 1977, the export charge on oil generated about $1.3 million per day.

6. Oil import compensation liabilities averaged at almost $2.5 million per day in 1977.

[*English*]

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

Some hon. Members: Agreed.

* * *

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Hnatyshyn: Mr. Speaker, I rise on a point of order. Today is Thursday, the conventional time to ask the deputy House leader, in the absence of the government House leader, if he will inform the House as to the business for the balance of this week and possibly into next week, bearing in mind that tomorrow is an allotted day. When the deputy House leader is addressing himself to the business of the House, I wonder whether he will be good enough to designate next Thursday, February 16, as an allotted day, in accordance with the understanding arrived at between the House leaders. Finally, if this matter was raised by my colleague from Edmonton West during the course of the question period perhaps the answer given by the President of the Treasury Board was not complete. However, I wonder if the deputy House leader might tell the House of the government's intention with respect to bringing in the main estimates, bearing in mind the limited time the House has to consider these estimates under our rules? Could he be more specific as to when the main estimates might be tabled in this House so we may give them appropriate attention?

● (1702)

Mr. Cafik: Mr. Speaker, I wish to indicate today that we will proceed with second reading of Bill C-17, which is the CNR recapitalization act, and in light of the co-operative spirit in the House today I am sure that matter will be concluded. If so, we could proceed to Bill C-16, which would be the Bank Act extension. Tomorrow is an allotted day, and on Monday it is the intention of the government to bring forward Bill C-25, which is the northern pipeline legislation.

In order to comply with a request by the hon. member with respect to an allotted day next week, on behalf of the government I am happy to confirm that next Thursday, February 16, will be designated as an allotted day. Regarding the last point raised by the hon. member I agree with him that the main estimates are an important and pertinent matter. In light of the time frame in which these estimates would be considered, I will bring a specific answer to that reasonable request to the House as quickly as possible.

Mr. Hnatyshyn: Mr. Speaker, I wonder if the deputy House leader could indicate if Bill C-25 will be brought forward as an item of business on Monday and whether that is a firm commitment so we can prepare ourselves for it, regardless of progress or otherwise with respect to matters now before the House.

Mr. Cafik: Mr. Speaker, it is the intention of the government to bring forward Bill C-25 on Monday as I indicated, and I stand by my statement.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, with respect to the announcement that the government intends to proceed with Bill C-25 on Monday, it is true that earlier there was an indication that that bill would be proceeded with yesterday, I believe it was, but in response to objections from this side of the House, that was changed. I must say we have not been notified until just now that it was the government's intention to proceed with the second reading of Bill C-25 on Monday, and I would like to give notice to the government House leader through his deputy that we will ask for a further delay in that matter, particularly in view of the fact that the question of the pipe specifications has not yet been settled.

Mr. Marshall: Mr. Speaker, prior to the Christmas recess there was unanimous consent given by the House to refer the annual report of the Department of Veterans Affairs to the Standing Committee on Veterans Affairs. Since it is obvious that the main estimates will be presented very soon, I wonder if the deputy House leader would verify whether that matter can be referred to the standing committee as soon as possible to comply with the unanimous consent given.

Mr. Cafik: Mr. Speaker, I will certainly look into the matter carefully in the hope that we will be able to comply expedi-

tiously with the disposition of the unanimous consent of the House.

Mr. Speaker: Orders of the day.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: It being five o'clock it is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Parkdale (Mr. Haidasz)—Health—Government action to fight cardiovascular disease; the hon. member for Nickel Belt (Mr. Rodriguez)—Labour Conditions—Layoffs in nickel industry—Government action to alleviate; the hon. member for Frontenac-Lennox and Addington—Capital Punishment—Request for reinstatement.

Order, please. It being five o'clock the House will now proceed to private member's business as listed on today's order paper, namely, private bills.

PRIVATE BILLS

[*English*]

BELL CANADA

The House resumed, from Thursday, December 1, consideration of the motion of Mr. O'Connell that Bill C-1001, respecting Bell Canada, be read the second time and referred to the Standing Committee on Transport and Communications, and the amendment thereto of Mr. Leggatt.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to say a few words respecting the amendment to Bill C-1001 which is before the House. Unfortunately it will be a few words because I have only 20 minutes. I would like to enlighten my more Conservative friends as to the merits of publicly owned telephones, but with only 20 minutes it is very difficult to list all of the attributes of public ownership when it comes to the telephone system.

I am pleased that the first comment given was by a member from British Columbia. Before he disappears from the House I want to say to him that I have an article here from the Toronto *Globe and Mail* which says that the highest telephone rates in the country are those charged in British Columbia, in central Canada and in the maritimes. The lowest telephone rates in the country, as the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) knows, are the rates charged in the prairie provinces. You will note that all telephone systems operating in the prairie provinces are publicly owned. In instances where the telephone systems are privately owned, the rates are all very high indeed, and that speaks for itself. A publicly-owned telephone system is much more efficient, it provides a service at a much lower rate to the consumers, be they businessmen or private residential consumers.

I hope during this debate that Conservative members, particularly those from the prairies, the hon. member for Edmonton Centre (Mr. Paproski), the hon. member for Saskatoon-Biggar as well as others, will join in the debate and urge the federal government to place the Bell Telephone company under public ownership, as are the telephone systems operating in the prairies.

The bill that is before us today states that Bell Telephone want to expand their company, they want extra capitalization, and they want to make some changes in the legislation so that they would not have to come before parliament as often as they have done in the past. The amendment that is before us is to give that a six months' hoist.

I do not think that any of us should be rushing this bill through the House. First of all, Mr. Speaker, we notice in the press just a week or so ago that Bell Telephone are applying to the CRTC for a rate application increase of some $399 million. This is an application made by a company that has experienced large profits over the last many decades directly from the Canadian taxpayers. The rate increase will be 20 per cent for residences—and the Conservative party members laugh, they think it is great.

An hon. Member: It is the Liberals who are laughing.

Mr. Nystrom: Mr. Speaker, I wish that the electronic equipment in this House could record the laughs of the Conservative party as they laugh at the increase which is to be inflicted on consumers by Bell Telephone. Business rates are being increased by some 28 per cent commencing July 15, 1978. When we see rate increases like that, Mr. Speaker, I am in no hurry to allow Bell Canada to have their way and to see their bill go through this House in an expeditious manner.

I wish the Conservatives who are now talking would get up from sitting on their brains and join this debate, it would be very interesting to hear their comments. People from Alberta, who have a socialized telephone system, should get up and tell us of the advantages of that socialized telephone system. There is another member who I would be very interested to hear speak, the progressive hon. member for Winnipeg South Centre. He used to work for the Manitoba Telephone Company, which is publicly owned. That telephone company was established in Manitoba years ago by a great socialist, Premier Bracken. It is a telephone system which has worked very well. It will stay public even though the Conservatives are back in power in Manitoba. The hon. member for Winnipeg South Centre (Mr. McKenzie) should be telling us how a socialized telephone system works and how the people of Ontario, Quebec and British Columbia should have a socialized system.

Bell Canada

• (1712)

The Minister of Industry, Trade and Commerce (Mr. Horner) will probably get up and tell us about the merits of public ownership of the telephone system in the province of Alberta. However, I am very concerned about the monopoly that Bell Canada has in this part of Canada. I am very concerned about the argument they are making to the CRTC for a rate increase.

In 1974, Bell Telephone made the argument that they needed to make between 11 per cent and 12 per cent profit in order to keep the company going. I gather they have been making that. Now they argue they need between 13½ per cent and 14½ per cent profit to maintain and expand the system, attract new shareholder investment, modernize the company, modernize the equipment, and provide service to people living in outlying areas, northern areas and other parts of the country.

If we do not protest in this House, Bell Telephone will very easily get their way with the CRTC. Their batting average is very good. It is worth while to put on record the batting average of Bell Telephone since 1970, the last seven or so years they have gone before government regulatory agencies. I will go back over the last six.

In June, 1970, Bell requested some $30 million in terms of increases from the federal government. In January, 1971, they were granted $22.5 million, 75 per cent of what they were requesting. In November, 1971, Bell requested $78.1 million. In June, 1972, they were granted $47.2 million, 60 per cent of what they had requested. In November, 1972, they requested $36 million. In July, 1973, they were granted $22.5 million, 63 per cent of what they requested.

In August, 1973, Bell requested $51.8 million. Here I am talking of a company that charges its consumers the highest rates in the country for telephone service for residences and businesses. In September, 1974, they were granted $51.8 million, 100 per cent of their request.

In May, 1975, Bell requested $110 million. In August, 1975, they were granted $14 million, and in January,1976, they were granted $96 million, again 100 per cent of what they had requested. In November, 1976, Bell again requested money, this time $171.4 million. In June, 1977, they were granted $162 million or 95 per cent of what they had requested of their clients in central Canada and the Atlantic provinces.

If you total that up, you find that since June, 1970, they have requested $477.3 million of which they have been granted $416 million, or 87 per cent of what they requested.

Bell Telephone wants to raise the rates for consumers in Ontario, Quebec and other places by 20 per cent in 1978. The chances of that increase going through are very high because over the past six or seven years they have received 87 per cent of what they requested. We have heard barely a whimper from the government members or members of the Conservative party about these excessive rate increases by Bell Telephone Company.

[Mr. Nystrom.]

I can go over the financial reports of Bell Telephone in detail and look at their annual profits. Being a large monopoly corporation, it makes a lot of money. Despite the fact that they claim poverty and state that they need another rate increase, I have recently found that Bell Telephone will be investing a lot of money in Saudi Arabia. During the month of January, Bell Telephone won a billion dollar contract to upgrade the telephone system in Saudi Arabia. If they can expand their empire outside the country in places like Saudi Arabia where there is no shortage of money or technological skills, surely they can provide better telephone service in this country, primarily to those in our rural areas, northern areas where many people are on one line and repair service is very slow, and in residential areas.

When I moved into a new area, I had to wait literally weeks before my telephone was installed. For a while it was necessary to share a telephone line with someone else. Over the years I have not had any problems getting telephones installed in my residences in Saskatchewan. I have never had a constituent call me, write to me or stop me on the street to say that the Saskatchewan government telephone company is being lax or slow in a needless way with regard to installing telephones in either a residence or business.

I am sure all members from Saskatchewan, a province where the population has grown in the last seven years since the NDP government was elected, have not received complaints about the telephone system. The same is probably true in the province of Manitoba. However, here Bell Telephone has a monopoly. There is virtually little public control being exercised. They do what they want in terms of consumers, generally kicking them around. They are only interested in profit, not in providing a service to the people of this country.

When the rate increase application came up and the lawyers for Bell were preparing to argue their case before the CRTC, an article appeared in the February 3 issue of the Toronto *Globe and Mail* headlined "Metro Rate Would Be Twice Winnipeg's". The telephone rate in Toronto would be twice as high as in the city of Winnipeg. There are other rates that are three times as high as those in provinces where the telephone system is publicly owned.

I want to read some of the article so that hon. members will be aware of it and perhaps aid us in ensuring that we do not facilitate and expedite passage of the bill before us. I quote:

> If Bell Canada has its way, a resident of some centres near metro Toronto soon will be paying three times as much for basic telephone service as residents of Portage la Prairie, Manitoba, and Toronto residents will be paying double the rate in effect in Winnipeg.
>
> A *Globe and Mail* survey of telephone rates in effect in seven metropolitan areas and seven small towns across Canada suggests that charges proposed in a Bell rate application now before the Canadian Radio-Television and Telecommunications Commission will be among the highest anywhere in Canada.
>
> The survey showed that phone service for businesses and residences alike now is costliest in British Columbia and the maritimes and cheapest on the prairies.
>
> Some of the differences are enormous. Among the cities, the charge for a private-line telephone service now ranges from a low of $4.00 in Winnipeg to a high of $9.95 in Halifax. Bell's charge in both Toronto and Montreal now is $8.15 but under the CRTC application would be $9.80.

● (1722)

Under the CRTC application the rate would go from $8.15 to $9.80. As I say, it is $4.90 in the city of Winnipeg—exactly half of what it is proposed Torontonians shall pay.

The articles goes on to say:

Residents of Portage la Prairie now pay $4 a month for basic phone service compared with a high of $10.25 a month in Bolton, Nobleton and parts of Pickering that can call free to Metro Toronto.

Of course, you could do the same thing from Portage la Prairie into Winnipeg as can be done between Pickering and Toronto.

The article goes on:

The same Metro-fringe Bell subscribers would pay $12.25 under the Bell proposal.

A barber in Portage la Prairie is billed only $8.75 a month for a business telephone. In Bolton the charge is now $31 and will jump to $39.70 if Bell's proposal is approved by the CRTC.

One could go on and quote at great length from the article in the Toronto *Globe and Mail,* because other examples are given about cities and rate comparisons across the country. Mention is made of Halifax and Regina, Portage la Prairie and Montreal. On previous occasions in debate I have given comparisons between cities like Moncton, Ottawa, etc. We find that in every case the rates charged by Bell Canada are substantially higher than the rates charged in my native province and its sister provinces of Alberta and Manitoba.

I have told the House that the rate in Winnipeg is $4.90. The comparable rate in my home province and capital of Regina is $5.45. I assume it is the same in the city of Saskatoon. I see no reason, therefore, why members of this House should give more power to Bell Canada. I see no reason why members of the House should give up what little scrutinizing ability we do have with respect to Bell. I do not see why Bell Canada should get our stamp of approval to secure a rate increase or expand the size of the corporation. The time has come to look realistically at ways of helping people and at the services we should offer.

Sometimes the best way of doing this is to establish publicly-owned companies. If a company is publicly-owned—and the communications field is a good example of where this should be done—then you can be sure that the sole motivation of such a company will be service to people. If a company is privately-owned, then normally its motivation will be to secure profits for its shareholders, not service to the people. For a privately-owned company there is no advantage at all in improving its facilities in outlying areas. In the hinterland areas, the rural communities far from villages and towns, there is no profit in improving the service.

Under the system which exists in Saskatchewan where an efficient, government-run telephone service is available, one which despite low rates has made a profit, you have a system of cross-subsidization. You can make a big profit in Regina or Saskatoon and use part of that profit to subsidize rates in the little towns and villages throughout the province. This is possible because the main motivating factor in the company is to serve people and to provide telephone service at the lowest possible cost. It will not be done by Bell Canada. It will not be done because Bell wants to make profits so it can invest money in Saudi Arabia or in other industries and make money for its shareholders.

Something else which I feel should be said at this time is that Bell Canada has made a great deal of money over the last number of years. It has done very well indeed. It has made a lot of money in this part of Canada and in the Atlantic provinces. We in our party, during the period in which this bill has been before the House, have drawn attention to some of the profits made by Bell. We have also outlined the manner in which the company treats some of its executives. Some of my colleagues have put on record details of the generous pension plans for some of the senior executives; they have put on record the amounts of some of the bonuses these senior people have received. Things like this just would not happen under a publicly-owned telephone system which was being run at the lowest possible cost for the best possible service to the greatest number of people.

These are just a few of the reasons why I call on all hon. members to oppose the bill before us as vigorously as possible.

An hon. Member: Bring it to a vote!

Mr. Nystrom: I see some Conservatives want us to bring the bill to a vote. I do not think we should bring it to a vote. The quicker we do that, the clearer the signal we give to the CRTC that we want a rate increase granted to Bell Canada. I know that members of the Conservative party from Saskatchewan probably do not want to do that. I also know that certain members from other parts of the country who do not know how a good telephone system should operate really believe Bell Canada needs the money the rate increases would provide. I am in no rush whatever to bring the bill to a vote, and I am sure other colleagues of mine who will be speaking later will take the same position as I.

I call upon the House to defeat the bill and to speak in the debate as long as they can in order to make sure that the people running Bell know we are concerned, that before they get any more handouts from us they will have to improve the services they provide to the people over whom they have a monopoly. Should this measure come to a vote before the next election, Mr. Speaker, the government—

The Acting Speaker (Mr. Turner): Order. I regret to inform the hon. member that his allotted time has expired. The hon. member for Surrey-White Rock (Mr. Friesen).

Mr. Friesen: I rise on a point of order, Mr. Speaker. I just wish to remind the hon. member for Yorkton-Melville (Mr. Nystrom) that in his opening remarks he said he had some things to say to me before I left the chamber. I want to say that even after listening to his jaded and jaundiced remarks for 20 minutes, I am still here—difficult as it was to listen to him—and I will still be here at six o'clock. He drew attention to how much money he is saving through the Saskatchewan Telephone Company. Obviously he took those savings and

spent them on a vacation either in Florida or Cuba. Somehow or other he got that tan.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Timiskaming (Mr. Peters).

Mr. Arnold Peters (Timiskaming): Mr. Speaker, members should not get up and apologize for it not being their day in the House; that happens to everybody at times but I do not think they have to apologize.

Bell Canada is a very important operation and one which deserves attention from the House. If members believe this, I hope they will be prepared to vote against the bill before us. This measure provides, among other things, for a change of great significance. Instead of parliament controlling Bell Canda, the cabinet is to do so by means of orders in council flowing from an application for changes in the organization of Bell by letters patent. These letters patent would be referred to the cabinet for decision. It is true there is a suggestion there might be an intervention on the part of members asking for a debate. I am sure, Mr. Speaker, that the result would be an overwhelming stamp of approval by Liberal members because the cabinet was involved.

● (1732)

We are going to try to hold this bill up until an election is called. After an election there will be no rubber stamping because there is obviously going to be a minority government. With a minority government all hon. members have to participate and justify their position.

An hon. Member: All six of you!

Mr. Peters: There may very well only be six and I hope I am one of them. I am not prepared to say whether it will be a Conservative government or a Liberal government. I am not too optimistic about it being an NDP government, but I am very optimistic that, no matter which party forms the government, the NDP is going to make the decisions. My assessment is that it will be a Conservative government and that we will make the decisions for them as we have sometimes for the Liberals.

Many hon. members believe we should pass this bill because Bell Canada can do nothing wrong. These members are mainly from western Canada where telephone service does not cost too much. In fact, in the three prairie provinces the telephone service is operated by the governments, through commissions. They assess public demand, calculate the costs and establish the rate to be charged. As my colleague pointed out, in some cases this amounts to less than half the charge in other areas.

Some hon. members will claim that free enterprise is a good system and that it pays. Many people in this country are opposed, however, to paying all the time and now want service at cost. They do not mind paying something for administration as long as it is not unreasonable. Where the telephone service is provided by commissions the costs are not exorbitant, as they are when Bell Canada provides it.

[Mr. Friesen.]

Bell Canada admits it is not really a telephone company. It owns some telephone companies—Northern Telephone in northern Ontario, Maritime Telephone and some others. I am sure they operate their subsidiaries pretty well as telephone companies, but the profits go back to Bell. They own Northern Telecom Limited, New Brunswick Telephone, Maritime Telephone, Newfoundland Telephone and Capital Telephone in the Ottawa area which, although it has less than 2,000 subscribers, owns Place Bell Canada, a fleet of ships and a jet air fleet. The subscribers have not had a rate increase for years and will probably never have one. If one were proposed, some subscriber would probably take it up with the CRTC. The company operates many things that have no relationship to a telephone service.

The Ottawa *Citizen* of March 9, 1977 quotes the president of Bell Canada as saying the company is a telecommunications operation and not just a phone company. Mr. Speaker, if I subscribe to *Reader's Digest* I expect to receive a magazine. I am not subscribing to those coupons that offer books or a lottery ticket for a million dollar prize. In my opinion you subscribe only to that in which you are interested. Many people subscribe to Bell Canada who only want a telephone, not a telecommunications network. They are not interested in buying other corporations that may be directly or indirectly connected with telephone communications. Why should a telephone company own boats, for instance? Some years ago when there was an international cable company and ships were required to service the cable this may have been necessary. Is it necessary today, however? The ownership of jet aircraft is not necessary in order to maintain a telephone service. Yet Capital Telephone owns some and rents them to other companies, including Bell Canada and its telecommunications services.

Bell Canada recently requested the CRTC to allow it to increase its rates, and not only to maintain the level of return it has been receiving. When the company went before the CRTC last year Andrew Roman, an intervener representing the National Anti-Poverty Organization, said he was concerned that the proposed increases would not be used to improve services to the ordinary telephone user but to facilitate company investment in non-voice data transmission for businesses. He said he had nothing against those services but that a rate increase should not be used to develop this non-voice data transmission service at the expense of the ordinary telephone user.

At the hearing, questions were put by Mr. Dan Burtnick, a lawyer appearing for the government of Ontario, aimed at finding out from the president of Bell Canada whether his priorities lay with voice services or data services and where he would cut services if that were essential. In response, Mr. Thackray said that Bell Canada treated all its customers alike and did not give priority to the ordinary telephone user over data customers. He said that the Bell Canada act directed the company to provide telephones, but did not mention data services which did not exist when the act was passed. However, he insisted that the company was a telecommunications operation and not just a telephone company.

● (1742)

Also he said that the volume of data services offered by Bell Canada would likely increase relative to the volume of voice communication, and revenues from data might correspondingly increase in importance to the company. He continued by indicating that if Bell Canada did not get its rate increases, the company would cut back on services to private homes, because this was one of the quickest ways to stop spending money in the short term. He indicated that in doing this the company would be following the same course it had followed in 1975 when rate increases were held back.

Hon. members opposite must wear rose coloured glasses. They have indicated that Bell Canada should receive what it is requesting because it is necessary to maintain a good telephone communications system in Canada. Even the president of Bell Canada has indicated that the money will not be used to the benefit of ordinary telephone users. He has said that it will be used to make considerable money for Bell Canada.

It has been suggested that the New Democratic Party is interested in nationalizing Bell Canada. That is correct; we would like to do that because it is a public utility. These funds should be used to provide a service to the entire Canadian population, rather than the many ventures Bell Canada is now involved in.

There is a great similarity between the financial report of Bell Canada and that of the Canadian National Railways. The CNR is nationalized, but parliament has exercised very little control over it for many years. There has been control exercised by cabinet, and quite often the CNR was asked to do things it was not compensated for and did not wish to do. This was not the case with Bell Canada. That company has done things it wished rather than things which were requested by the cabinet or parliament. Bell Canada has had a greater interest in the role of the shareholder than that of the subscriber.

It has been recommended that the CNR should reduce its phony paper debt, a debt it was not capable of handling. That debt should have been written off a long time ago as any other such debt would have been. There have been very few years when the CNR has shown a profit. This year Canadian National is bragging about a $11 million profit. The last time the CNR debt was studied in committee, there was a deficit of $40 million and the interest on that debt was approximately $60 million. If the CNR had written off that debt, in that year the corporation would have earned $28 million in clear profit. Hon. members opposite have not paid much attention to the financial aspects of agencies under their control. This is also true of the agencies which have handled the rate structure of Bell Canada.

This year Bell Canada is requesting a 25 per cent increase. What is that company saying to the average person in Canada? Frankly, the public is not interested in giving Bell Canada that increase, but representatives of Bell Canada have said: "If you do not give it to us, none of the new suburbs will have telephones; we will not make any installations; and if you want to upgrade your telephone service, we will not do it".

The subscribers in rural areas are the worst abused by Bell Canada, and they will suffer even further if Bell Canada does not receive its increase. It has been argued that it is costly to supply rural telephones, which is not true. For example, the majority of the expense involved in providing a telephone system to the rural areas of Saskatchewan took place a number of years ago, but that service was installed at a rate which was 100 per cent less than Bell Canada's rate for installing thousands of telephones back to back in an apartment building. In many instances Bell Canada is not required to use 20 feet of cable when installing telephones in apartment buildings.

In the city of Ottawa, where the lots are approximately 50 feet apart, Bell Canada requires approximately 30, 40 or 50 feet of coaxial cable per unit. That cable is buried in the ground and the contractor is required to do the installation during construction. All the telephone company has to do is to make the appropriate connections and instal the telephones. Yet some people in Ottawa have been waiting a long time for telephones. They are waiting for telephones because the company has indicated that it cannot make those connections until it is in receipt of the rate increase. The public is being blackmailed by this company.

What does Bell Canada tell the general public about its business? It tells them about the widows and orphans who own Bell Canada stock and, for that reason, the stock must be kept viable and the amount of dividends on those stocks must be in line with our national inflationary rate so that the poor widows and orphans will not starve to death. I should like to point out that I have a list of Bell Canada shareholders in my possession.

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

Mr. Peters: All I wanted to indicate was that the smallest shareholder who owns 25 shares is not a widow or an orphan.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I am sure hon. members are aware that the hon. member for Yorkton-Melville (Mr. Nystrom) comes from the province of Saskatchewan, which has a publicly owned telephone system, and I come from the province of Manitoba which also has such a system. Neither system was created by a New Democratic Party government or by a CCF government. In Manitoba the government telephone system was created by a Conservative government under Sir R. P. Roblin. The rates there are probably half the proposed rate of Bell Canada which we oppose. We oppose this bill, which would give Bell Canada much greater power to increase its rates and profits. Members of parliament from Ontario and Quebec whose constituents will be hit very hard are conspicuous by their presence in the chamber and by their silence in the debate. By their silence they demonstrate their approval of the increases Bell proposes.

● (1752)

Mr. Maine: Right on.

Mr. Orlikow: I presume, when the hon. member says "right on," he supports Bell in its usual request to increase rates.

Mr. Maine: It is a free enterprise system.

Mr. Orlikow: I am happy for that interjection. I invite the hon. member to interject more often because his interjections give me an opportunity to point out how badly the free enterprise system is working for his constituents. The hon. member does not want to listen. He is leaving the chamber.

Let us look at the record of the free enterprise system in which Bell Canada operates. I would like to quote some figures which were printed in the *Globe and Mail*. That newspaper is not a radical socialist journal. An article on February 3 of this year showed that the rate for an individual residential telephone in Winnipeg was $4.90 a month. In Regina it was $5.45, and in Calgary, $6.10. The present rate in Toronto for that same kind of line is $8.15 a month. If Bell gets the increase it is now asking for, the rate will be $9.80 a month. In Vancouver where there is also a privately-owned telephone company the rate at the present time is $9.75 a month, and in Halifax the rate is $9.95 a month.

Mr. Friesen: What are the labour rates in B.C. and in Manitoba?

Mr. Orlikow: I can assure the hon. member for Surrey-White Rock (Mr. Friesen) that the labour rate in Winnipeg is not one half the labour rate in Vancouver. That is not the reason for the sharp difference in price.

The hon. member for Yorkton-Melville (Mr. Nystrom) referred to rates in small towns. In Portage la Prairie the rate for an individual residential line is $4 a month. In Bolton, Ontario, a town about the same size, the rate is $10.20. If Bell gets the increase it is asking for, the rate at Bolton will be $12.25. Those figures demonstrate very clearly why even free enterprise governments in the western provinces realize that, when it comes to services people require, it makes sense to have a publicly-owned system rather than a privately-owned monopoly system like that of Bell Canada.

Bell Canada is asking for an increase of between 20 per cent and 28 per cent. Bell is able to get approval 90 per cent of the time from regulatory agencies. The old one was the Canadian Transport Commission, and the present one is the Canadian Radio-Television and Telecommunications Commission.

We in the New Democratic Party have been blocking this bill, and we promise members of parliament and the executives of Bell Canada that we will continue to block it as long as the rules permit.

This bill would make the increases Bell has been able to get almost every year since I came to parliament in 1962 look like small fish in a big tank. Bell wants to remove the limited authority parliament has to keep an eye on what it proposes to do. It wants to remove most of the power of the CRTC. The bill would give Bell the authority to do everything which private companies operating in a competitive market are able to do. Bell wants to be able to sell shares, set the price of the shares it sells, set up more subsidiaries, as it has already done, and operate with no government control at all. The company wants to increase its profit at a tremendous rate at the expense of the people of Canada. Bell Canada has a monopoly and is not in the same position as an ordinary private company which competes on the market with competitors here and abroad. An ordinary company risks losing money and going bankrupt but, being a monopoly, Bell does not.

This bill proposes a number of distinct amendments to Bell's act of incorporation. It would revise the act of incorporation relating to the company's ability and methodology of capitalization, including the removal of the scrutiny of the appropriate government regulatory body. That is something we will never agree to. If the bill is passed, it will give Bell the power to borrow and issue stocks, bonds, debentures or other securities that it deems necessary.

The Acting Speaker (Mr. Turner): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

RAILWAY ACT

MEASURE TO AMEND AND REPEAL CERTAIN STATUTES

The House resumed from Wednesday, February 8, consideration of the motion of Mr. Lang that Bill C-17, to amend the Canadian National Railways Capital Revision Act and the Railway Act and to amend and repeal certain other statutes in consequence thereof, be read the second time and referred to the Standing Committee on Transport and Communications.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, I hate to quote a remark made either today or yesterday, but I find that in respect to this bill I will have to repeat a phrase which the hon. member for Nickel Belt (Mr. Rodriguez) used in this House. The more I read about this particular piece of legislation the more it becomes curiouser and curiouser. If one took a walk through the fairyland of economics, this would be the boulevard of all walking areas when looking at the history of the CNR.

• (2012)

It seems rather strange that people still ask for crown corporations in view of the history of this organization. How

many times it has been refinanced is a matter of some minor dispute. Some say four and some say five. I suppose it depends on whether you refer to the assumption of debt as the various lines were incorporated into the CNR and whether there was a little written off then. Anyway, I find it very startling to take a look at the record of write-offs which the CNR has experienced.

While it may be repetitive, it is significant to note that governments of Canada in their wisdom of four different occasions have chosen to relieve the CNR of debt to a degree that should make it competitive with other instruments of transportation. On each of the three times prior to this one it has failed utterly. For example, in 1933, under the guise of one excuse or other, we forgave the CNR a debt of $1,230 million. At that time the CNR was supposed to be competitive.

In 1937 we eliminated a debt to the tune of $1,000,825. That is quite a hunk of change. It was particularly large coming just four years after the forgiveness of $1,230 million. In 1937 we therefore had nearly $3 billion of indebtedness that had been forgiven for a Crown corporation. To those who plead for Crown entities operated and financed by the taxpayer, that ought to be an initial lesson of its total lack of vision and capability.

In 1952 there was a further forgiveness of debt and interest which amounted to $2,845 million. In 1978 we are forgiving an additional $808 million, which will bring us to the point of having forgiven $6,708 million.

There is another Crown corporation owned and operated by the government of Canada which is building up a comparable structure of debt which was also forgiven by this government. I refer to the Seaway, which is another example of where the taxpayers have had to fork over in order to keep a Crown corporation in operation. I am just sick of Crown corporations. I submit there is a better way.

Thirty years ago rail rates were giving the Atlantic area problems in two ways. They were going up so fast that it made it difficult for producers to ship westward to Canadian markets. The Atlantic area was not developing at that time. We have had a meteor-like rise in rates in the past 30 years to the point where the income of producers in the Atlantic area has been further diminished. Our competitive position, particularly as it relates to agriculture, has been virtually wiped out. The advantages of expertise, soil in agriculture, yield and climate, have been literally totally wiped out. We now find ourselves in a position of disadvantage. Producers of those commodities which at one time were profitable are now at a disadvantage by virtue of the fact that this Crown corporation has led the way in the increment of freight rates from the Atlantic area to western markets.

We are now forgiving another $800 million indebtedness which brings the total relief given by the taxpayers to the CNR to $6.7 billion. Yet we still do not have a competitive position for our products in the Atlantic area.

There is a further problem. Not only has our income been reduced by virtue of railway tariff increments, but our cost of living has increased as charges levied by one Crown corporation after another in the movement of goods from west to east have increased. Therefore, we are getting it both ways; there is a reduction in income on that which we ship, and there is an increasing demand on our income and cost of living to pay for goods which cost us more because of freight charges which are increased on about a six monthly basis. As a maritimer being taken both coming and going, I am not really very happy about forgiving a further $800 million to the CNR.

I am particularly unhappy when I look at the CNR financial statement. It shows a long-term debt of $2,238 million. We are going to forgive $808 million of that. CN will still be $1.4 billion in debt.

I am even more unhappy when I look at remarks made at an earlier date when one of these forgiveness festivities took place. A gentleman known to many people in this House by the name of Mr. Donald Gordon said in a message to CN employees after the forgiveness of 1952 that we are now in a position where we have nothing to hide behind, nothing to block the road to success. He stated that we have a fighting chance of paying our way in the world and that, counting the bad years with the good, we ought to be able on the average to pay all our operating expenses, our fixed interest charges and income taxes and still have something left to return to the owners as a dividend on preferred stock.

In the 25 years since that assessment of its prospects, the CN system incurred net debts totalling $670 million, paid by the government, despite an infusion of $768 million of capital through government purchase of preferred stock which added more than $1 billion to its long-term debt, separate and apart from the financing of Air Canada. CN's fixed charges grew from $25 million to $132 million in the period 1952 to 1957.

I remember a very heated debate on a bill surrounding the establishment of the CN Tower in Toronto. At the time that tower was being proposed and while it was being constructed, it was criticized for taking money away that was badly needed for rolling stock and other items in the business of CN. It may or may not have been a profitable structure. I am not able to determine whether it is, except for a few government words and a few railroad official words which indicate something about it. In any event, whether it is profitable is not yet clear.

What is clear is that CN has been interested in a great many things other than transportation. When it was incapable of managing its principal business, it was permitted to go afield into real estate, towers, airplanes, hotels and a multitude of different services. It does this despite the fact it was not even capable of running the railroad first. The government has encouraged and allowed this structure to become diversified although this Crown corporation could not manage what it already had. This Crown corporation had proved itself incompetent ever since it was incorporated as such. I predict this will probably not be the last time members of the House will be asked to discuss refinancing the CNR and making further sums available to the company.

● (2022)

I would point out that the indebtedness remains at $1.4 billion. In earlier times when forgiveness was sought from parliament, it was said that the company had inherited massive debts, that it had been asked by government to do things which a private corporation would not be asked to do and it was therefore necessary to ask parliament for a little more money to put the railway back into competitive shape. But the historic debt has more than been forgiven, Mr. Speaker. The existing debt of the CNR is probably comparable to that of other corporations operating in Canada. It is said the company has no equity capital. But why should it need equity capital when the government will pour into its coffers every nickel the company loses in a year's operation? Why should it need equity capital when the government is always ready to buy preferred shares upon which no interest is ever paid? It might be accrued but it is never paid. I contend it has befuddled the minds of Canadians by failure to adopt proper accounting procedures over the years. Why did the government not insist on knowing on an annual basis just how badly this corporation was operating as compared with private companies of a similar nature?

The country has been hoodwinked by the government and by the executive structure of the CNR into believing the company was nearly making a profit as taxpayers poured their millions into the sustenance of this corporation. Now we are being asked to forgive another $808 million, making $6.7 billion in total.

Reading various commentaries on the CNR one finds that people are making statements with respect to the extravagance of the capital expenditure. I have no instance of this extravagance. Every shipper of farm goods, whether he lives on the east or the west coast, knows that the car situation has been critical for years. The Government of Canada, in addition to the $6.7 billion, has had to buy cars to move grain though it has refused to buy cars to move perishable goods. It is a sorry record.

I am of the opinion, Mr. Speaker, that during the consideration of this bill no one to your right should urge us to hurry this legislation through so as to get the CN on its feet. Do not hurry this time. We want an accurate accounting study to show us what is the true position of the CN in comparison with that of its principal competitor, CP. What is the competitive position of the CNR in the area of road transportation? What is its competitive position in the area of water transportation? Until such time as the minister is prepared to give us authentic figures of this kind I do not think it would be fair to the taxpayers that any member on Your Honour's right should say at any point in time that a member of the opposition is holding up this bill. It is time the government and its child, the CNR, levelled with the people of Canada. We need to know these facts from experts who might have some idea what they are—and I mean from sources outside of government.

Another piece of legislation we are considering, the Aeronautics Act, shows that the Department of Transport has no idea what is going on. Take a look at the report. You will find out we collected certain funds from aircraft operations and then reimbursed them again. We are trying again to collect them now and we probably cannot win, because according to the advice the Department of Justice received, a regulation may not have been correctly worded or the act was improperly framed. Sure as anything it was improperly administered; the story is that for ten years the department wanted to get an amendment through, but the government has not given time or space in its schedule for a new aeronautics bill to be brought in. So the position with regard to that is one of total confusion. If the administration of the CNR and the Department of Transport is as dismal as it has been in the case of Air Canada, then Canada needs to know. We need to know what is the competitive position.

We do know that there will be demands on the CNR for cars for the shipment of perishable goods. There will be demands for cars for the prompt shipment of frozen foods, demands for cars for the prompt shipment of all kinds of goods and commodities. What is the total of these anticipated demands likely to be? What are likely to be the capital requirements of the CNR? Will the company be able to buy these cars and haul goods from one part of Canada to another at a price we can afford? What impact will this have on rates? As a maritimer I am concerned about this aspect.

In our last discussion of the cost of transportation in the Atlantic area my remarks involved a comparison of rates for the movement of wood products in the maritimes, particularly in New Brunswick, as compared with the cost of moving comparable products in British Columbia. I showed that in New Brunswick the CN was charging us anything from 25 per cent to 100 per cent more than the British Columbia railroad was charging to move such products in B.C.

At that time the B.C. railroad was making a profit. I admit there was a so-called government out there leaning a little to the left; it almost caused that enterprise to flounder, too. The only two governments which could be compared in business management would be that government and the one on your right, Mr. Speaker. We are now in a position where producers of wood, wood products and paper in New Brunswick are taking a look at competitive rates in the state of Maine. We find that in Maine there is an even wider differential when it comes to the movement of wood products than there was between rates in New Brunswick and British Columbia. It is even more unfavourable.

The CNR does not look very good, Mr. Speaker, and I can see no point in giving the company $808 million if this House is not assured by the minister and the department that there is likely to be in the foreseeable future sufficient management capability to ensure that we shall not be asked again to forgive a large portion of the railway's obligations. The Bible tells us we should turn the other cheek. Mr. Speaker, we have turned it, turned it and turned it—and we got slapped every time we turned. The minister from Restigouche can grin but he has potato producers in his constituency who are just not competitive with producers in central Canada today because of unfair freight rates charged by the only railway running through his

constituency, the CNR. So the minister had better be prepared to tell us some facts and give us some prospects for the future which would justify the taxpayers forgiving $808 million.

What a dismal history for a Crown corporation. Why do members opposite not stand up and cheer? I remember going to the railway station in my community thirty years ago. It had a roadbed with no grass then but there were some good ties and a crew of men went along its length repairing it. Today the grass in that road bed is so high that you could not tell whether there were any ties unless you took the trouble to dig. The speed limit on the line is 15 miles an hour. It is ten miles an hour in Prince Edward Island. There are not many rail points in Prince Edward Island where heavy produce can be loaded, and even at those you cannot be sure what kind of car will be used and whether the load will be safe. Yet this government takes no action and the CNR takes no action.

● (2032)

Just recently the Minister of Agriculture (Mr. Whelan) received a telegram from the New Brunswick Potato Shippers Association about the situation in that industry. When the Minister of Transport (Mr. Lang) was in Grand Falls he received a deputation which stated that the industry could not be competitive if the CNR and the CPR did not take a realistic look at the value of transportation to industry, supply it with equipment and give it a rate that would enable it to survive.

Let us assume, Mr. Speaker, that you want to export potatoes from the constituency of Madawaska-Victoria. You might have the choice of loading them in Maine and shipping them through a port there or loading them in New Brunswick and shipping them through either Saint John or Halifax. The charges for going through the state of Maine would be somewhere between one-third and one half of the charges imposed by the CN or the CP. Now we are asked to forgive this debt and to smile while doing it. Mr. Speaker, it makes you cry crocodile tears.

It used to be the case that when you loaded a perishable commodity on the railway they had the responsibility to see to it—whether the weather be too hot or too cold—that the produce arrived at its destination in good condition. Now the government in its ignorance—and please note that I said ignorance, Mr. Speaker—has allowed the railroads to remove the priority for the movement of perishable products. Cars of potatoes, fruit and vegetables have been left sitting along the sidings in Canada until they rotted or froze, depending upon the weather. The CNR takes no responsibility for this. To the best of my knowledge and belief it is the only service in Canada for which the people have been asked to pay more and from which, on an annual basis, they have received less in the form of quality of equipment and service.

More and more producers in Atlantic Canada, agricultural or otherwise, are buying their own trucking outfits to move their goods to the markets of central Canada. This is not necessarily because it is cheaper or because they are making money on transportation—although they claim they are not losing—but rather because the railway system cannot deliver to the satisfaction of the customer. When you cannot satisfy your customer, Mr. Speaker, you do not have any business. Small businesses are going into trucking because the railroads, particularly the CNR, cannot deliver to their satisfaction.

I am looking forward to the day when CNR officials will appear before this committee, and I hope the minister will insist that we be given an opportunity to get an in depth accounting of present conditions. I should like the company to explain why wood products can be moved more cheaply in Maine than in New Brunswick, for instance.

I want also to know what is the cost structure. A blind man could tell that the Problem is not only the difference in equipment, though ours could not deteriorate any further. Does the problem lie with despatching? History shows that we have forgiven all debts, so they do not have to worry about money.

On many occasions I have inquired if the Department of Transport has ever made a study of other railroads in the world that managed to make a profit and compared them with the CNR, but I have not been able to get answers. Just this morning I put a question to an official of the department and he began his reply "I would conjecture—". Mr. Speaker, we have had a lot of conjectures and they have been costly. I think it is time we had some definitive and accurate answers.

We believe we have placed great men in executive positions in the CNR. Is the present situation their fault, or the fault of the government which has imposed constrictions upon the CNR? Is it because of bad management? Where is the weakness, Mr. Speaker, that causes producers to turn to trucks?

I hope the minister will also explain the competitive position between rail and water transportation. Other carriers are being put at a disadvantage. We know that the Post Office has discriminated against part of the trucking industry through adopting a plan to carry small packages. I do not think it has done very much for the Post Office but it has taken business away from private enterprise.

Mr. Speaker, this type of transportation is important to Canada. There is not much use, however, in the government investing in DREE and other aid projects if there is no transportation system to take goods to market at a competitive price. It does not make any difference whether the money is invested in Prince Edward Island, Newfoundland, New Brunswick or Nova Scotia, the product must go to market. If the goods cannot go through our ports at a price competitive with Maine, then they are not going to be competitive on the international market. If they cannot be moved to central Canada at a price competitive with other jurisdictions, then they are not going to be competitive with goods produced in the state of New York or the state of Washington.

I should like now to turn to CN Marine. As far as I know it is the only water transport structure that does not offer reasonable insurance protection for the vehicles it carries. The automatic coverage for a tractor-trailer carried on the CN

marine ferry on the east coast is $500. To recover more than that one must sue the Crown. No matter how you try you cannot get marine insurance for travel on that ferry because all too often the tractor-trailers are not secured well enough. Not long ago when the ferry hit a big wave, a tractor-trailer tipped over and crushed three cars. Then when they got it off those three cars it went the other way and crushed two more. This is not hearsay, this is fact. There were five automobile owners who were in a jam when they tried to collect insurance, and there is no truck owner who can get insurance which will come anywhere near covering the loss of upsetting his load first left and then right. They did a good job on that one! This is what makes one wonder about Crown corporations.

● (2042)

CN Marine has insurance, but the only way you can collect from that insurance is to sue the Crown of Canada. It is not good to operate a ferry in such a fashion. Companies cannot afford to pay marine insurance for the loads they put on that ferry and have to take the liability into their own hands and sue the Crown, or buy insurance at such a rate that a maximum value load might cost you $15,000 in freight to move it from Cape Breton to Newfoundland. It could actually cost as much as $15,000 to move one load. Therefore, the people who use that ferry service are paying their own bills or, if they are big enough, bold enough, patient enough, and have money enough, they sue the Crown.

Why do we as taxpayers have to forgive for a fourth and maybe a fifth time? Why do we not have a Department of Transport with the capability of extending businesslike management to a Crown corporation? That is what it needs. I am not accusing this government as a government, I am accusing all governments of Canada historically for contributing to this situation. I am pleading with this government—and I hope the people of Canada will insist on this—to put this corporation on a paying basis. We in Canada cannot afford to allow the CNR or any other railway to neglect its road bed because it cannot find the ties. Canadian producers do not have the money to produce products when they cannot find cars to ship them. Canadian taxpayers are being abused by the Department of Transport and its minister in a very great way. A boulevard of fantasy to a fairyland of economics is what this tragedy of economic history would seem to be.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker—

Mr. Paproski: Twice in one day! This is the sunshine socialist.

An hon. Member: Tell us about that sun tan.

Mr. Nystrom: I have a great fan club over here, Mr. Speaker, and I note that they are all informed.

An hon. Member: We are jealous of your tan.

Mr. Nystrom: When I spoke earlier today there were only three members of the Conservative party here. They heard that I spoke so well there are now 13 or 14.

[Mr. McCain.]

An hon. Member: Just talk for a while and we will be back to three.

Some hon. Members: Hear, hear!

Mr. Nowlan: You are too young to know what a train is. Have you ridden one?

Mr. Nystrom: We now hear from the very articulate member from Nova Scotia. I hope he will get up during this debate and tell us how the transportation system should be organized so it will be more economical for all Canadians.

An hon. Member: I thought you were well trained.

Some hon. Members: Oh, oh!

An hon. Member: Let's hear from the hon. member from Manitoba.

Mr. Nystrom: I am not a Manitoban, I am a Saskatchewanian, and I point this out in reply to that interjection from across the floor.

In any event, the bill before us today gives us a very good opportunity to talk about transportation and the way the economy and the industries of our country should be organized, and it gives us a chance to talk about some of the inequities that exist in Canada. The transportation system is really a vital key to how one organizes the country.

The bill before us is to recapitalize the CNR by writing off $808 million of a debt of around $2 billion that the CNR had accumulated at the time it was formed. There are three different things I want to refer to tonight in the remarks I intend to make. The first is that our party supports the move. We believe that writing off the debt of the CNR is a good thing. We believe the CNR should be on an equal footing with the CPR so it can give that company some real competition.

The second thing I want to concern myself with is the real fear I have that this move, even though it is a good move, is the first step toward privatization of the CNR, turning it into a private company by selling it off piece by piece, particularly the profitable areas, to private concerns and companies. I think that would be very wrong, Mr. Speaker.

My third concern when talking about a bill of this sort, to which I have already referred, is that we also talk a little about the transportation system of our country, how we plan it; we should talk about industrial strategy and how we want our country to be organized.

Let me have a look at the history of railways in our country. As I have said already, the move in itself is a good one. The CNR has been criticized very unfairly for a number of years as being a very inefficient corporation. The CNR has really been very efficient. If you go back to the time of World War II, Mr. Speaker, you find that the CNR really made a profit in almost all of those years; that is, if you take away some of the horrendous debt it has and the interest it had to pay on that debt which it inherited.

The CPR has always been in a different situation. It was subsidized very heavily by Canadian governments over the years, and as a result of that it is basically debt free compared to the CN.

An hon. Member: What absolute crap.

Mr. Nystrom: When the CPR was formed—

Mr. Nowlan: Absolute historical crap.

Mr. Nystrom: Let me look at some of the facts. When the CPR was formed it was given $25 million in cash on an outright gift basis; it was given some 25 million acres of land; it was given other private railways that became part of the CPR in our country, and it was given all kinds of various rights and gifts by the federal government of this country. It is now worth about $5 billion, which is a lot of money.

The CPR has also been able to expand into several other businesses in our country. It is involved in land development through Marathon Realty; it is involved in the airline business through CP Air; it is involved in the resource industry through Cominco; it is involved in oil through CP Oil; and it is involved in the financial world through CP Investments.

When we consider the CN we see the reverse situation. Instead of being given all kinds of gifts and subsidies, as was the CPR, we find that the CNR was really formed when five railways in this country went bankrupt—the Intercolonial Railway, the National Transcontinental Railway, the Grand Trunk Railway, the Grand Trunk Pacific Railway and the Canadian Northern Railway. In 1919 these five railway companies as well as a few tiny branch railways or companies were formed into the CNR. So that when the CNR was formed it was loaded down right away with all kinds of debts. As a result it has always been in a very disadvantageous position in terms of competition with the CPR.

I want to say at the outset that I am in favour of this bill, which will take away much of that debt from the CNR and put it on an equal footing with the CPR, giving it an equal chance to compete right across this country.

Let me now say a few words about my fear regarding the privatization of the CNR. From the statements I have heard from the president of the CNR, the Minister of Transport (Mr. Lang) and other officials of the railway and the government, one of the objectives is to gradually sell off the CN. They will start doing that by selling off the more profitable aspects of the railway; that is, by taking away some of its profitable branches. They have already set up VIA Rail and are now talking about reorganizing other branches of the CN, such as the hotel end, for example. They are talking about prying this aspect away from the company. I maintain this should not be done.

One amendment I should like to see would result in the shares of the CNR not being traded publicly but remaining 100 per cent owned by a Crown corporation. This would result in its being operated as a Crown corporation in a similar fashion to the Saskatchewan Power Corporation, the Saskatchewan government telephone company, the Saskatchewan insurance corporation and all kinds of other companies. This is the manner in which I would like to see the CNR operated, but it will not be done in that way.

● (2052)

There are many reasons why the CNR should remain a publicly-owned corporation. In fact, the CPR should be nationalized as well in order to have one national railway system in Canada. A transportation system should provide a basic service to people. It should not be in existence simply to provide a profit to its shareholders. If the railway system is publicly owned, then decent transportation will be provided to the various regions of our country. If that system is privately owned, its main concern will be the making of a profit. I do not believe in that, but it is the motivation of the free enterprise system.

Transportation should not be organized in that way. If it is, there will be greater concentrations of people in the huge urban centres such as southern Ontario, metropolitan Montreal and the lower mainland of British Columbia. At the same time there will be fewer people living in the farm regions, the small towns, the Atlantic provinces, the north and the other areas which are distant from the urban centres. People will gravitate toward the large centres if there is a privately owned transportation system, because transportation and freight rates will be lower.

If the hon. member for Annapolis Valley (Mr. Nowlan) and myself wanted to set up a shoe factory, we would do so in Toronto because it has the market and the freight rates are lower. Transportation should be organized in the opposite sense. It should be operated under a philosophy similar to that which governs the postage stamp. The postage stamp philosophy does not discriminate against people because of where they live. If a person lives in Inuvik and wants to send a letter to Ottawa, the cost will be the same as that for the person who wants to send one from Montreal to Ottawa: Some of that philosophy should be ingrained in the Canadian transportation and freight rate system.

If there was an equalization of freight rates in this country, a lot more would be done for the Atlantic provinces and the outlying areas than the DREE program is doing, for example. The DREE program is only good as long as the carrots or the gifts are there. When Santa Claus runs out of gifts, then there is no reason for DREE to stay in the place where it was established. Often it will fold up, or certainly it will not expand. If the freight rates were equalized from coast to coast, then there would be a reason for industry to stay and to expand.

I, as well as many other hon. members from the prairies, can give various examples of discriminatory freight rates and their effect upon the prairies provinces. Some commodities can be shipped more cheaply from Toronto and Hamilton to Vancouver than they can be shipped from Toronto to the prairies provinces. It is cheaper to ship certain goods overseas than it is to ship certain goods to the prairies because the transportation

system is in the hands of large companies which are interested in making profits. There is no competition for those companies in the prairies. Thus, they have a monopoly and can charge what the market will bear. That is another reason why I believe the Canadian transportation system should be publicly owned and operated on behalf of all people.

I hope parts of the CNR are not sold off. If they are, the ones sold will be the profitable ones and the ones retained will be those which are losing money. The Liberal government has viewed Crown corporations over the years as follows: if it is profitable, sell it because it can be looked after by private companies; but if it is not profitable, then it should be subsidized by the treasury.

The transportation system should be an integrated system. It should be involved in the hotel business and be integrated with trucking companies, but companies and airlines. That would result in a national plan, and within the national transportation system, cross-subsidization could take place.

When the CCF took power in the province of Saskatchewan in 1944, one of its priorities was to ensure that small communities received bus service. Many villages, communities and hamlets received bus service because of that. They do not receive that service from Greyhound or some other private bus company because it does not pay to go into these small communities. They receive their bus service from the Saskatchewan Transportation Company, STC, which has been set up as a Crown corporation and is owned by the people of Saskatchewan.

The STC makes money on some of its lines, such as the run from Yorkton to Regina, which are large population centres. They are 115 to 120 miles apart. The STC is losing money on runs from Regina through little villages and hamlets, stopping every eight or ten miles. Sometimes the bus stops to pick up an old age pensioner who is going into the city; sometimes the bus stops to drop off a passenger who is going to visit someone in the next village or town. The Saskatchewan Transportation Company loses money on rural runs, but it uses the profits made on the busier runs to subsidize them. Without STC, rural communities would not have a bus service and they probably would be smaller today because there would be one less service for the people. But as a result of the publicly-owned bus system, these people have service. The only way that service could be profitable would be to charge excessively high rates, and then no one would use the service because of the cost. The example of the Saskatchewan Transportation Company could be expanded right across Canada.

In Yorkton and from time to time in Brandon, as is the case in Dauphin, Manitoba, there is a problem with inadequate air service because of the lack of population. Private companies do not want to provide air service to Yorkton and Dauphin because it does not pay. Thus, they cannot make a profit, nor can a dividend be paid to shareholders. The only way these communities will receive good air service is for a private company to be heavily subsidized, or for Air Canada to provide it. If a private company is going to be heavily subsidized, it might as well be publicly owned.

If the CNR and the CPR were amalgamated and operated as a Crown corporation, then it could be used as a major planning device for our economy and would assist in diversifing our population. Most Canadians live in three or four of the larger population centres. This creates all kinds of problems in terms of crime rates, the noise of the big city, transportation problems, and hustle and bustle. Most of our big cities are built on the best farmland. Only one half of one per cent of Canada is class one farmland. If the urban centres are expanded, then more farmland is paved over. By taking away the grain and oilseeds industries, Canada will not be self-sufficient in the production of food.

● (2102)

For many reasons it makes sense to have a publicly owned transportation system which has as its motivation service to people and service to outlying areas instead of making a profit. Those are some of the matters which concern me about this bill.

Another conern is that if we do not have a publicly-owned transportation system, we will have to adopt the philosophy of the Minister of Transport (Mr. Lang) of user-pay. If that philosophy is adopted, outlying areas will have to pay the bill. Farmers on the prairies will have to pay the bill for transporting their grain. The Crowsnest rate will probably disappear, and farmers will then have to pay the full cost of transporting their grain.

Mr. Hnatyshyn: Never.

Mr. Nystrom: Many of us on the prairies say "never" and "over our dead bodies." I am sure it would be over the dead body of the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) as well as mine, but the Minister of Transport does not say "never". Sometimes he says "maybe," particularly right after an election. Perhaps as we go into a campaign he says "never", but reading through his speeches I have found that he is seriously considering getting rid of the Crow rate. He says that perhaps farmers will be given the benefit of that rate in some other way, but the user pay philosophy means that farmers themselves will pay the full cost of shipping their grain.

One of the benefits the country was supposed to have reaped from the CPR when that company got concessions from the public years ago was that the company was going to ship farmers' grain at a reduced rate forever. I am afraid that if we adopt the user-pay concept, that will not happen.

I want to discuss the issue of rail line abandonment. If we want railways to make money, we are obviously talking about abandoning unprofitable rail lines, rail lines which service small communities and which might not haul as much grain as rail lines which service communities in the big grain growing areas of the prairies. This issue affects many people in my area, and I want to spend a few minutes giving some specific examples.

The minister has talked for a long time about abandoning some rail lines. A commission chaired by Mr. Hall produced a

report on grain handling and transportation in western Canada. The Hall commission report was tabled a few months ago. It recommended a number of things with regard to railways and the prairies.

There are three lines in my riding which can perhaps illustrate the point I want to make. Mr. Hall divided railways into three categories. He said that about one-third of the rail lines should stay as part of the basic network. About another one-third are rail lines which it is suggested should go between now and the year 1981. The third group of lines is a group upon which the commission could not make a decision. They might be commercially viable but they might not. The commission feels that they should be the subject of further study. The commission recommended that those rail lines be put under the proposed prairie rail authority. The prairie rail authority is to make up its mind about the future of those lines. However, the minister has not yet established a prairie rail authority. He set up a committee, which is really an extension of his office, chaired by an individual in Saskatchewan, which is going to make recommendations on the future of rail lines in the country.

One of the prime factors in determining whether a rail line will go or stay is whether it is profitable. Because the Minister of Transport believes in the user pay concept. If the user is not paying enough, then the rail line will go. I would like to give three specific examples of what I mean.

There is a rail line in the northern part of my constituency which runs through the towns of Preeceville, Lintlaw, Nut Mountain and Kelvington and which hauls a lot of grain. That rail line should stay. The ten-year average on that line is about 73,000 bushels per mile. That is a lot of grain, and yet the minister is considering abandoning that line. A local committee from those communities was established a few months ago to save the line. They received a letter from the minister. If I remember correctly, that was on December 28. It was certainly toward the end of last year. That letter stated that in the following year a recommendation would be received from the prairie rail action committee about the future of that line. Unless the members of those communities fight really hard, my guess is that that line will go since the minister believes in the philosophy of user pay.

That philosophy discriminates against small towns and small communities. As Saskatchewan members know, places like Preeceville and Kelvington are not small towns, and when you haul 73,000 bushels of grain per mile on a railway track, that is not a small haul. It is a significant amount of grain. That line should stay, and it would stay if we had a rational transportation system, a system concerned about service to people rather than profit.

What is happening now—and I suspect that the minister is an accomplice to this—is that that line is being allowed to deteriorate. Snow is not being cleared off the line. It is getting run down. It is more and more difficult to argue that the line is viable, but that is part of the plan. The plan is to eliminate many rail lines in this country.

There is another line in my constituency which runs from the town of Canora through to the little town of MacNutt, which is near the Manitoba boarder, close to the riding of the hon. member for Dauphin (Mr. Ritchie). That is another line which might be going between now and 1990. There are about ten elevators on that line. In the years in between 1967 and 1975, 1975 being the year the Hall commission was appointed, about 1.6 million bushels of grain moved along that line. That is about 42,000 bushels of grain per mile of track. The line is some 37.8 miles long, and it services a number of small communities. They are very fragile communities because they are located quite close to larger centres like Dauphin, Yorkton, Kamsack and Canora. In the small centres, if the railway goes, their elevators go. If the elevators go, so go the agents and their families. Where there are schools, they might be the next to go. If the elevators go, the reason for farmers to come to these communities also goes. Farmers will shop elsewhere and those communities will die. I do not want to see that happen. It is already happening too much on the prairies and in rural Canada; it does not have to happen.

A third line in my riding to which I want to refer is not as fortunate as the previous two. According to the Hall Commission report and all the indications I have received from the minister, it will probably be abandoned some time between now and the end of 1981. This line services two small communities, Jedburgh and Willowbrook, and hauls about 34,000 bushels of grain per mile. Both these communities are small, but they are communities. They have community halls, stores and post offices. They have grain elevators, and if the elevators go—and according to the minister they will—it is only a matter of time before the communities die. It is only a matter of time before some of the small farmers go, because if they have to haul their grain further to get to an elevator, they will not survive in business. Larger operations will, but the small ones will be squeezed out. Large operations can afford to haul grain longer distances.

In many of these places the taxpayer will have to foot the bill. These communities are on roads which are not built to carry large amounts of grain in large trucks. If large trucks are used on these roads, the roads will be damaged and municipalities will have to spend much more money upgrading them and keeping them in shape. Once again, the ordinary people of those communities will be hit the hardest.

That is an example of the tragedy which will be caused by the user pay concept. It is an example of what I mean by the tragedy of always trying to make a profit, instead of having a transportation system which will serve the people of this country. If we had a transportation system that had as its priority service to the people, we would not have wholesale rail line abandonment across the prairies, and there would be some hope for the small prairie communities which are gradually going to dwindle away and disappear.

• (2112)

We now come to the question whether we can believe the government. Transportation has been an issue in our part of

the country for years. Before the debate this evening I searched for some statements made by the Minister of Transport and the Prime Minister in the last election campaign. This was in an effort to find any statement of hope for the people who live in those small communities I referred to in my riding and, also those who live in the ridings of almost any rural member from the prairies sitting in this House. I found that in the election campaign of 1974 the Prime Minister and the Minister of Transport certainly fiddled and sang to a different tune than the tune they are singing now.

I will quote some statements that will prove that without any shadow of a doubt. First of all, I quote from the issue of the Winnipeg *Free Press* of June 8, 1974. I am sure this will be of interest to all Conservative candidates, and it is of interest to our candidates. It reads as follows:

> Justice Minister Otto Lang told a public meeting Friday night that if the Liberal government is re-elected not one railway branch line on the prairies will be abandoned as long as producers deliver to elevators on the line and the elevators continue to operate.

In the same meeting he said, and I quote again:

> Countering opposition that he is out to close the many small grain elevators situated close to farmers . . . he declared that the smaller elevators will, in effect, remain as long as farmers want them.

I serve notice on the Minister of Transport that in my riding there are three "save our rail" committees. In each of these three communities where these rural lines travel the people want those elevators, they want those branch lines, and the farmers will continue delivering to those elevators as long as the elevators are there. The elevator companies in some of these places have assured me that they have no intention at all, Mr. Speaker, of closing down the elevators. They will be there as long as the Minister of Transport makes sure the rail lines are there. I say to him: "Let us make sure that you live up to your promises". With another election coming the Minister of Transport will probably make those same promises again, so I remind him of the promises which he has made to the country.

Again, another statement from the Winnipeg *Free Press* of June 11, 1974:

> Otto Lang said, "as long as the Liberal party forms the government and as long as producers wish to continue to deliver to the elevator of their choice, not one rail line will be abandoned."

Now I wish to quote from the Winnipeg *Free Press* of June 15, 1974, under the headline "Prime Minister Outlines Farm Policy". I did not know that the Prime Minister (Mr. Trudeau) knew one cow from the other, but he was in Winnipeg and on June 15 he outlined the government's farm policy, according to this newspaper. The Prime Minister said:

> He also reiterated his party's pledge to end any freight discrimination on the movement of meat, livestock and feed grains across Canada. This would not affect the Crowsnest special rates to aid the movement of grains for export to the west coast.

In that particular instance the Prime Minister is talking about saving the Crowsnest rate. I now quote from the Toronto *Globe and Mail* of June 15, 1974:

> Justice Minister Otto Lang promised to pay farmers premium rates if they volunteer to take longer hauls, and to allow smaller grain elevators to stay in use as long as farmers want them.

As long as farmers want to use the grain elevators, they will stay in use, according to the Minister of Transport. I have a further quote from the Prime Minister saying approximately the same thing. This statement is also taken from the Toronto *Globe and Mail* of June 15, 1974:

> He also added another plank to a transportation policy . . . He promised yesterday (June 14, 1974) not to abandon rail service on branch lines as long as elevator companies considered that continued rail service was warranted.

These are examples of campaign promises that were made in June, 1974, all of them to the effect that if farmers wanted to continue delivering grain to the elevators on the branch lines as I am sure they will in all of our ridings, not one elevator would be closed by the government of this country.

Let us make sure that the people who live in those areas know what the Prime Minister and the Minister of Transport have said. When the election campaign gets under way these promises will be heard again. The Minister of Industry, Trade and Commerce (Mr. Horner) will be adding his promises as well. We must be certain that the people do not make the same mistake again and re-elect those members to the House of Commons. If they do, abandonment of the rail lines on the prairies will come to pass.

All of us can pick up a copy of the Hall report, and we can see the maps of the railways, we can see the different colours of the lines and we can see quite visually which rail lines will be abandoned. When Mr. Justice Hall tabled his report, so clearly and well presented, it seemed to me that he did not want all of those rail lines abandoned; he wanted a prairie rail authority set up to study them further.

The indication I am getting is that most of those rail lines will be abandoned. I say to the people of Canada: "Let's put pressure on the minister for the few short months that he is going to be on his job". We must try to have him make a commitment to the effect that those rail lines will stay.

I see the hon. member for Crowfoot and the hon. member for Timiskaming (Mr. Peters) sitting across the way.

Mr. Horner: We're old friends.

Mr. Nystrom: I know the minister in charge of industry, trade and commerce would not make a statement like the one the Minister of Transport has made. I know that he is a man of much more integrity than the minister from Saskatchewan. I am sure the minister from Crowfoot is ashamed of these old Liberal campaign promises of 1974.

Mr. Horner: I am not ashamed of anything I have ever done.

Some hon. Members: Oh, oh!

Mr. Nystrom: He says he is not ashamed of anything he has ever done.

Mr. Horner: I have many friends on the opposite side of the House and I have many enemies. They are still the same.

Mr. Nystrom: The minister is saying that he is not ashamed of the statements his colleagues in the cabinet have made. He must be embarrassed by what has been said by the Minister of Transport. I think it was the Minister of Industry, Trade and Commerce who said at one time that the Minister of Transport should be tarred and feathered. I am sure he still believes that, and that he is a little embarrassed.

I return to this quote from the Winnipeg *Free Press* of June 8, 1974 which states:

> Justice Minister Otto Lang told a public meeting Friday night that if the Liberal government is re-elected not one railway branch line on the prairies will be abandoned as long as producers deliver to elevators on the line and the elevators continue to operate.

The Minister of Industry, Trade and Commerce must be embarrassed by that statement. He knows the Minister of Transport intends to abandon some lines. It must turn his stomach to sit in the cabinet with a minister who so blatantly breaks his campaign promises and so coolly will say to the people in my riding that their rail line must go. I know the hon. member for Vancouver-Kingsway (Mrs. Holt) must be disgusted with that type of dishonesty. Once the Minister of Transport is re-elected he will forget all about his promises. He sets up smokescreens by setting up studies and he teases the people and pretends that their lines will be saved. But when the time comes the lines are not saved. I hope the people who live in the prairie provinces will realize this same Minister of Transport, and his new "Tonto" over there are making promises out of both sides of their mouths.

I submit that our whole transportation system should be pulicly owned and controlled. The prime aims of this system should be to provide a service to the people of Canada, not to make a profit for the shareholders. That should be the prime need to which we should be addressing ourselves.

● (2122)

I say to those in this House who are firm and passionate believers of free enterprise, such as the hon. member for Annapolis Valley (Mr. Nowlan), that there are other areas in which profits can be made. There are other areas in which people can invest their money, rather than investing it in the transportation system to make a profit. If you do, Mr. Speaker, you are shafting your neighbours in the poorer parts of the country. Your are saying that rail lines in Saskatchewan should be abandoned. Small communities in my province would disintegrate because it does not pay to keep the rail lines open to some of these communities.

We should not just look at the ledger sheet. There are social conditions to take into account. If some of these lines do not pay, as long as they serve a good number of people, haul a good amount of grain and other freight, they should be subsidized.

In the future, more and more people may become alienated from the big cities and urban life. There may be more and more energy problems. Perhaps more people will return to the farms and the small communities. Perhaps some day we will have a government that is sensible about industrial strategy and which tries to help business locate in small communities. If that happens, maybe those communities will grow and perhaps those rail lines will pay for themselves.

They surely will not do that if we take the opposite approach and say the user must pay, that they must be economically viable, that CN must be a commercial corporation and operate like any other corporation. If we take that philosophy, we will all be losers in this country. There will be a few large population centres, but they will not be in Nova Scotia or Saskatchewan. The people are going to congregate in other areas. That is wrong, dead wrong.

Mr. Friesen: Mr. Speaker, I wonder if the hon. member would permit a question.

Mr. Nystrom: Yes, Mr. Speaker.

Mr. Friesen: I noted the hon. member's remarks regarding debt forgiveness. I cannot help but wonder what this would do to the competitive advantage it would put the railways in with respect to the trucking companies. Can the hon. member tell us whether the truckers' union, the Teamsters, would be in total agreement with what he is proposing?

Mr. Nystrom: Unlike the hon. member for Surrey-White Rock (Mr. Friesen), I do not have many close personal friends in the teamsters' union. However, I am sure that if we had a rational transportation system in this country, the members of the teamsters' union would agree. Trucking is only one part of it. Railways are another very important part. My experience with trade union people, the working people of this country, is that they are concerned, not just about a fair deal for themselves, but about a fair deal for their brothers and sisters, in fact for all of the country. I am sure that if the hon. member consults the teamsters' union, he will find they are in favour of the general philosophy I have talked about, which is a publicly owned plant and a rational transportation system in our country that will service all the communities, not just those who happen to live in the big centres.

Mr. Whiteway: Mr. Speaker, I wonder if the hon. member would entertain one more question.

Mr. Nystrom: Yes, Mr. Speaker.

Mr. Deputy Speaker: Order, please. The hon. member's time has now expired. This would require unanimous consent, not only the consent of the hon. member. Is there consent to allow the hon. member for Selkirk (Mr. Whiteway) to ask a question?

Some hon. Members: Agreed.

Mr. Whiteway: Mr. Speaker, the hon. member talked about public ownership of transportation. Does he have in mind to expand public ownership to the building of means of transportation such as airplanes and buses, possibly modelled after the recent Manitoba experience under former Premier Schreyer?

Mr. Nystrom: Mr. Speaker, I am afraid I do not know the examples in Manitoba to which the hon. member is referring. Perhaps he can shed some light on the good government of Mr. Schreyer in that province for many years. To answer his question in general, there is a case for having public ownership of the building of aircraft in this country and the building of buses in some cases. As I said, we have to plan the entire transportation system. If in that planning it makes sense to have the factories which manufacture the airplanes publicly owned, that should be the case. It is part of the overall planning one must look at.

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I certainly welcome the opportunity to participate in this debate on Bill C-17, another recapitalization of a recapitalized debt of a national railway which has obviously had financial problems right from the start.

It has been most interesting listening to the various comments. Certainly the hon. member for Yorkton-Melville (Mr. Nystrom) gave a very interesting and entertaining speech. Some of his historical perspective was obviously a little coloured because of his political perspective.

The hon. member said some kind things about me. I would not want to be unkind about him. However, one part of his speech that entertained me was the latter part, when he read off political promises of the 1974 campaign. I would be the last to try and pull rank in terms of chronological years or even years of seniority in this House, because we both came here at relatively the same time. I may have been here a little longer, but he has been here long enough to know that political promises from the other side, and especially those of the Prime Minister (Mr. Trudeau), with regard to transportation during an election campaign are only worth the paper on which they are written, a couple of cents and nothing more.

I do not want to be unkind on this interesting night in the latter part of the week. However, the hon. member for Yorkton-Melville almost shed crocodile tears when speaking about these broken promises. There was another election in 1972. I did not see too many crocodile tears between 1972 and 1974 when his party was supporting and buttressing a government that was abandoning rail lines all across the way. It was doing all the things about which the hon. member sincerely said he was concerned. He did not show that much concern nor did any members of his party between 1972 and 1974 when they voted yea, yea, yea every time Pierre Trudeau said yea, yea, yea.

Some hon. Members: Hear, hear!

Mr. Nowlan: They said: "You jump and we will jump higher." The parliamentary ploy monster in the front row from Winnipeg North Centre dusted the cobwebs off the parliamentary rules in order to support this government which has brought ruination not only to transportation but to the unity of this country.

Some hon. Members: Hear, hear!

[Mr. Whiteway.]

Mr. Nowlan: I do not want any more crocodile tears from parliamentary salamanders who slither over to the opposite side for parliamentary power.

Some hon. Members: Hear, hear!

Mr. Nowlan: It is interesting that we are debating Bill C-17. I want to be most ecumenical before I get to the merits of the bill because, quite frankly, the hon. member for Yorkton-Melville gave a gosh darned good parish pump speech for his constituency and for a lot of other constituencies in the west.

The hon. member for Vegreville (Mr. Mazankowski), the chairman of our transportation committee, when speaking last Tuesday gave a detailed assessment of the facts, figures, computations and compilations on the refinancing of refinanced capitalization deals. He could not get into all the details of constituency problems. He gave an overview. I hope to repeat some of it. Quite frankly, I read his speech of Tuesday and found it most informative.

The hon. member for Yorkton-Melville gave a gosh darned good parliamentary constituency speech. He did not talk about Bill C-17. As I listened to him and other speakers, I found it a little bit paradoxical. Perhaps it is not the time to say this, but I have sat in this House for 12 years and I have heard about some of the fundamental problems of this country. One of them that I do not accept is that because of the historical situation, having, in effect, two founding races, we do not possess a distinctive Canadian personality which makes us very different from other countries. I, for one, pay respect to the Francophones, to the Quebecois, who have a fantastic pride in their history and culture; mainly, it may be, for self-preservation, but they have it, and there is homogeneity there.

• (2132)

We all know, whether we listen to Jean-Luc Pepin, John Robarts or any of the other speakers on the unity commission, that the Anglophone dimension seems to be muted. It is muted in the Mazankowskis of Vegreville or in the McCains of Florenceville. We find a heterogeneous contribution to the Canadian scene which perhaps lacks individuality of culture because we are many cultures and many races. But, Mr. Speaker, I refuse to accept the defeatist attitude of some of the Anglophone politicians and political leaders in various parts of the country who say that, should unthinkable things occur, the Anglophone community, comprising basically nine provinces out of ten, is going to wither and die. You know, Mr. Speaker, there are institutions in this country apart from the House of Commons. There are institutions in this country which are neither Anglophone nor Francophone but Canadian. One of them is the CNR. Another is Air Canada. Another is the CBC. And my young friend to my left, who has not got on a choo-choo train, most likely does not appreciate this in terms of politics.

The hon. member for Winnipeg North Centre (Mr. Knowles) is aware of the contribution, in terms of political parties, which the Conservative party made to the establishment of the CBC and other institutions in this land. There are

Canadian institutions with Canadian characteristics which transcend language. I don't care if you are a francophone on the north shore or on the south shore of the St. Lawrence river, or whether you live in the West in the prairie bowl, in the great sky land or in the Rockies; when you hear that old choo-choo of a train you feel Canadian. They do not have that feeling in the United States. There is no nationalized state railway running side-by-side with a private enterprise line from coast to coast. There is no state-owned airline.

As a Conservative, as a member of a party which was responsible for some of these things historically, I agree there are obviously places for state-owned corporations. Perhaps part of the dilemma in which Canada finds itself today is because an institution which has helped bring this country together, the CNR, is not in the state of health it was, and perhaps does not enjoy the respect and confidence of Canadians from coast to coast as it did, when some hon. members on this side and across the way, including the Acting Speaker (Mr. Turner), worked for that company.

It is not the only institution in which Canadians perhaps lack confidence. Indeed, the situation reminds me somewhat about the riddle of the hen and the egg. Which came first? I am sorry the Minister of Industry, Trade and Commerce (Mr. Horner) has left the chamber. I certainly would not care to think he did so because he knew I was going to speak. I assure hon. members that I would be the last to suggest anything to him that he hasn't said before.

Some hon. Members: Oh, oh!

Mr. Nowlan: The hon. member for Yorkton-Melville (Mr. Nystrom) is quite right. The hon. member for Vegreville (Mr. Mazankowski) and the hon. member for Carleton-Charlotte (Mr. McCain) are quite right. This country was never built on a user-pay concept. There would never have been a Nova Scotia, there would never have been a Saskatchewan, a British Columbia or a Northwest Territories if a user-pay concept had been followed. How many members of parliament could afford to come to Ottawa on the basis of user-pay? This country was not built on the user-pay concept and it cannot stay built on such a concept. While a user-pay objective might be followed where there are competitive, compensatory rates, you do not bring the periphery into the centre and make it part of the whole when you have a minister of transport, from whatever part of the country, defining government policy as "user-pay".

There are some odd paradoxes here. The CN helped pull this country together. But the CP helped pull us together, too. Was the Canadian Pacific, with all the things which the hon. member to my left said was given to it, built on a user-pay concept? Who would ever have started it on such a basis? When my right hon. friend from Prince Albert (Mr. Diefenbaker) built the Pine Point Railway, that wasn't done on a user-pay concept. There was a natural resource to be developed, though. So in this respect I agree with the hon. member in some things.

I shall certainly not repeat what my hon. friend from Selkirk (Mr. Whiteway) has said, but I will say this: the longer I am here, Mr. Speaker, the more cynical I become, in a sense. Yet I become ever more confident that government through Crown corporations is just not as economical or as efficient as when private enterprise, governed by the marketplace, tries to run the show.

As I say, the CPR also helped build this country, and that is where I differ from my young friend to my left both in terms of historical perspective and political philosophy. However, to paraphrase what Winston Churchill said many years ago, if you are not a socialist before you are 30 you are a damned fool; but if you are a socialist after 31 you are even more of a fool. And now there are a lot of old fools over there.

I do not want to talk about them tonight because doing so would not change their spots, but there is a fundamental difference between nationalization and rationalization. I am aware that some telegraph offices were closed down in my part of the country, but the telegraph service was hardly used enough to justify its continuance. I do not like phone calls coming from Montreal wishing well to my constituents. I do not like good wishes coming by long distance phone from Saint John or Montreal because there is no local telegraph service; it has been rationalized. These are inconveniences. If you ask people when they last sent a telegram you find they haven't sent one for years.

In my area, they have tried to close down the spur line of the CP, the DAR, for years, while this government was just playing around with rapid transit and the mass movement of people. Perhaps they will try again to close down this spur line which goes from Halifax into Digby, the heart of my riding. It is a natural way of moving people from the valley to the city. I would love people to stay in small towns. I myself am from a small town. I also know that as farms get larger there are fewer people needed on the land, so there is migration. We would like to rationalize, but obviously, where you have a captive shipper and compensatory rates are not being charged, you become very concerned about the consequences. I remind hon. members that this party was in office when this country was put together. We agree, basically, that transportation has to be a tool of national development.

I was amazed about two years ago when the then minister of transport, Senator Marchand, convened a conference called WEOC. There was some hesitancy in recognizing that transportation was a tool of national development. We wasted a lot of time before that principle on which this country was built was invoked and used from coast to coast. This House created the CTC and gave the job of chairman to the then minister of transport. At that time compensatory rates were to be the be-all and end-all. I am all for a transportation policy that has business guidelines and is a tool of national development.

• (2142)

I am amazed at some of the history I hear from my friends to my left. It reaffirms my view that there should be consolidation of school curricula. We have some fundamental problems in this country. I am not trying to downgrade them but sometimes a note of levity does not hurt. It is not just a

question of anglophone history or francophone history and who won the battle on the Plains of Abraham. I guess each province has different schoolbooks. When I hear about the history of the CN from my friends to the left, I am amazed. Some members of that party, especially the hon. member for Regina-Lake Centre (Mr. Benjamin), have a sincere personal interest in railways from their experience in earlier days, and I would not compete with him on that basis. But when he tries to tell me the history of the re-capitalization of the CN and implies that its problems today result from its still carrying the load of the Grand Trunk Railway, the Northern Railway and all the consolidations of railways in the 1920s and 1930s, I say that is a lot of hogwash.

A short, simple pithy name for this bill would be "the third train robbery." You might even say it is the fourth train robbery. The first was the capitalization of all the lines that went belly-up back in the 1970s. My friends are correct, they went bankrupt and the CN grew out of the problems of too many rail lines and disordered systems. They finally got some order out of chaos, though not complete order, of course.

There was a forgiveness of debts in 1933. According to the information given by the hon. member for Vegreville (Mr. Mazankowski), $1.2 billion was forgiven at that time. We had the first forgiveness of the other operation in 1937 when under the Capital Revision Act something like $1.8 billion of debt was forgiven. This is when the train robbery really began.

An hon. Member: Watch out, Horner is back!

Mr. Nowlan: I am not worried about "Old Crowfoot". I have dealt with "Old Crowfoot" in more intimate circles than the formality of this Chamber. Whether it is intimate contact, formal contact or parliamentary contact, I do not worry about my scar tissue. Before I come to the user-pay aspect I should like to ask my late venerated friend, the Minister of Industry, Trade and Commerce (Mr. Horner), what he thinks about it and how he reconciles his view with that of the Minister of Transport (Mr. Lang).

Let me get back to the train robbery, Mr. Speaker, because this is a serious matter. The history given by some members of the NDP is astounding. We should check the social study classes in this country and send some parliamentarians to the library to get their facts straight.

In 1952, when some of the present members were around, a bill was presented to this House. I do not fully understand the system of debt equity and I do not want to get into that. I have great respect, however, for Mr. Bandeen. I think he is a dynamic businessman who wants to put the CN on a profitable footing; but when, to justify this bill, he says that this is the first time the CN is in a position comparable to the CP and will have a chance to compete, I say that is hogwash.

In 1952 there was a debt capitalization bill when the debt equity ratio of the CN minus parliament was forgiven to the tune of $2 billion and the debt equity ratio of the CN was almost identical to that of the CP. As the hon. member for Vegreville said in his speech on Tuesday, the then president of the CN, Mr. Donald Gordon, said in a private speech to employees and officers of the CN: "Look, we have had this debt forgiven; we are now in the same position as CP, but that entails the obligation to compete with them. We cannot now use the excuse that we have to pay interest on this heavy debt which makes it impossible for us to compete."

That is why I call this the second or third great train robbery. I agree with the hon. member for Yorkton-Melville (Mr. Nystrom), and especially with the hon. member for Carleton-Charlotte (Mr. McCain), that we cannot keep on doing this—in 1952 there was a ten-year plan, and then in 1953 they were getting into debt again—there has to be an end to this somewhere. This time we are forgiving about $800 million.

I hope this bill goes to committee, Mr. Speaker, and that officers of the CN tell us how they will run the railway so that five or ten years ahead there will not have to be another recapitalization. There were three recapitalizations—1933, 1937 and 1952. The first was of the original debt, so there have really been two recapitalizations since the beginning. This is the refinancing of the recapitalized debt of a bankrupt outfit.

The hon. member for Surrey-White Rock (Mr. Friesen) raised the question of the problems of teamsters and the trucking industry which is most relevant. This company is a national institution and the parliament of Canada, another national institution, obviously has to bail it out. There comes a time, though, when we must ask why this should be. The hon. member for Carleton-Charlotte said we will forgive this time. There is an old song that says "forgive and forget", but I think parliamentarians had better not forget. We are being asked to do the same thing today that we were asked to do in 1952 and in 1937. We want to know the guidelines that will prevent this from happening again.

In 1952, after the debt was recapitalized to the tune of $2.8 billion, the then president of CN, Donald Gordon, entered upon a massive dieselization program almost overnight. Within a year the old steam locomotives were almost all recapitalized. Where is the private enterprise benefactor of all the largesse others have talked about today? They knew they could not accomplish this, and they would not be responsible for doing so overnight. They had to phase in the program.

• (2152)

In addition, after 1952, as I understand history and as I have been informed, because of recapitalization a blank cheque was given to start anew and the CN rushed into the trucking industry. That is why the question of the hon. member for Surrey-White Rock is very relevant. CN rushed into the trucking industry and bought trucking firms in some cases at outrageous prices—because the company knew its backup was the power in the presence of the mint down here on Sussex Street. Even I could almost sing that song "I forgive"—with qualifications—but I cannot always forget, and nor should we forget.

There are serious things to be considered. For instance, we must consider the passenger service that is supposed to be

changed or eliminated; the Crowsnest pass rates are to be changed; and there are other matters the president of the CN says will happen under this bill. I agree with what every other speaker has said in this House—and I do not care what side of the political spectrum a member might be on—that by this sort of performance we are chopping off the debt on the one hand and starving as a result. This is what happens when you have a regional economic policy that is not integrated with transportation policy.

Perhaps I am on the periphery of such change, as is the hon. member for Vegreville (Mr. Mazankowski), the hon. member for Yorkton-Melville (Mr. Nystrom) and the hon. member for South Shore (Mr. Crouse), who, incidentally, so ably handled our party's position in respect of Bill C-2 on fishing and recreational harbours. He talked time after time about the problem of getting the products of the sea to the marketplace.

As I have said, the trucks have taken over to a large extent, but when you talk about fish and agricultural products in my part of the country you cannot do so meaningfully unless you also talk about transportation to get those products to the market place. I have plants in my riding that have been expanded through the DREE program, but because of successive and cumulative effects of freight rate increases around the Lakehead, where we used to have markets, they again experienced difficulties. There was a kraft paper plant at the head of my riding that received a DREE grant one month of about $200,000 to $300,000 to expand plant facilities. Before that expansion was completed there were two freight rate increases which effectively prohibited that company from servicing its customers, let alone expanding. This was some three years ago, but that is the type of thing that is happening.

I will conclude from the point whence I started, Mr. Speaker.

An hon. Member: Where was that?

Some hon. Members: Oh, oh!

Mr. Nowlan: I am awfully sorry to see that my friend, the Minister of Industry, Trade and Commerce (Mr. Horner), has disappeared again. He is elusive, a will-o'-the-wisp, a Kilroy; he is here today and gone tomorrow. I think it is poetic that the Minister of Industry, Trade and Commerce is one of the ministers in charge of tourism. I can relate this comment to the railway bill by referring to the tourist package that he has propounded. There has never been a minister travel farther in such a short distance than the hon. member for Crowfoot. He is a master, Mandrake the magician, travelling so far by going just about 15 feet. I do not know if that comes under a tourist plan, walking across the floor and changing your political spots. Do you get a premium for that or a discount? Is it a family package deal or a DREE grant?

I think it is very appropriate that the Minister of Industry, Trade and Commerce is responsible for tourism, because every tourist finally has to come home; every tour finally ends and the vacation is over. It will be a sad thing in a way because the hon. member for Crowfoot is a personal friend of mine, though I cannot say a great political colleague at the moment. But great political and poetic justice will take place, or might, at the next election. Obviously there will be a change of government, and can you imagine the turmoil in the opposition ranks if the hon. member for Crowfoot ever bubbled forth and won and had to sit in opposition with the Liberals when we took over the government?

Some hon. Members: Oh, oh!

Mr. Nowlan: I think that would be political and poetic justice. I almost wish it would happen, even though it would mean one of my colleagues would have to be defeated.

An hon. Member: You are dreaming.

Mr. Nowlan: The hon. minister for consumer affairs or whatever department he is with at the moment is not with it, because I am not dreaming. On the basis of the facts as I know them, Alberta will obviously continue to be pretty true blue. If I could only protect the one colleague who might have to bite the dust for this type of thing to happen, I think it would be tremendous. Members of the opposition, as they then would be, would have to learn to handle the hon. member for Crowfoot in caucus. That would be an education that would give any tourist guide the right to a special rate at any time.

Now, Mr. Speaker, back to the main issue.

An hon. Member: You were never on it.

Mr. Nowlan: Yes, I was speaking to Bill C-17. Let me say in conclusion that I hope this bill gets to committee. I still think it is paradoxical, and perhaps ironic, that one of the national institutions which has helped bring us together is in difficulty. Now we have Bill C-17 I hope that Bandeen and others come to the committee and give us firm guidelines indicating how we are going to avoid going through this procedure again and again and again. You can only refinance or re-capitalize so often. I hope many of these problems will be clarified. Obviously there is much interest in what will happen to Crowsnest pass rates. There is also much interest in the ferry system run by the CN. We are deeply concerned about the status of the ferry system in Atlantic Canada. The hotel operation is another facet that is of interest. I will leave that subject to my tourism friend. There are such things as "at and east" rates for the export of grain.

When we get back to fundamentals, it seems our transportation policies did not necessarily work cohesively. They grew a little bit like Topsy. The government has gone through recapitalization like this from time to time. These things helped build this country.

Perhaps if we can put some strength, vitality and better debt financing into the CN, making it a very vibrant part of the country, we will get it back as a national institution. Perhaps this will alleviate some of the problems of this country. Obviously they will not all disappear. Maybe this will become a company we can be proud of as an institution. We will then not have to take a hangdog, defeatist attitude because of René

Lévesque and the power of *la Grande allée*. We have many things to be proud of in this country in terms of national institutions. These problems do occur, but they come and some of them go.

I do not know, Mr. Speaker, but I think it is time for me to go, so let me call it ten o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

HEALTH—GOVERNMENT ACTION TO FIGHT CARDIOVASCULAR DISEASE

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, on February 1, when the traditional heart month was launched, I asked the Minister of National Health and Welfare (Miss Bégin) what new initiatives she had taken to help Canadians fight cardiovascular disease. What prompted me to ask this question was the statistics concerning the epidemiology of this disease in spite of improved medical and surgical technology. Although a perceptible decrease in mortality from cardiovascular disease has been noted, it is still the number one cause of morbidity and mortality in Canada. In fact, cardiovascular disease accounts for approximately 77,000 deaths in our country. Recent statistics also reveal that there are about 2.5 million Candians suffering from some form of cardiovascular disease.

● (2202)

This kind of incidence is of epidemic proportions, and yet government health authorities do not consider cardiovascular disease to be an epidemic. That is why initiatives at all levels of government are few and inadequate. Cardiovascular disease in our country causes absenteeism, reduced productivity, wage loss, chronic disability and death which in economic terms alone amounts to a loss to Canada which exceeds $200 million annually. Above that, the human tragedy and suffering are incalculable.

Arteriosclerosis is known to be a multifactorial disease with many risk factors, such as obesity, hypertension, tobacco smoking and so on. To date medical research has achieved a great deal to cope with some forms of this disease. But it is clear that coronary heart disease, in particular, has a multifactorial origin. Many factors are related to it in relatively consistent but unknown ways. Many of these factors can be controlled or prevented. Therefore, there is hope to develop a fairly effective preventive approach.

This approach can become more effective if appropriate investigation into these factors is carried out. This means more research and better public education in cardiovascular disease are needed. In this area, the Canadian Heart Foundation has taken many initiatives and its members and volunteer workers are doing a tremendous job for which they are to be commended. Any increased financial assistance from all levels of government and from the public would be beneficial and appreciated by health workers and especially those people directly or indirectly affected by cardiovascular disease.

It has been well known for many years that most deaths due to acute myocardial infarction, the most common cause of death in Canada, occur within the first two hours of the onset of symptoms and are specifically due to disturbances in cardiac rhythm. Effective electrical and drug treatment of arrhythmias has reduced the hospital mortality, but not the home or community mortality. Therefore, if mortality from acute myocardial infarction and other causes of sudden unexpected death is to be reduced substantially, a major reorganization of emergency medical services is needed. Public education in basic life support procedures, such as cardio-pulmonary resuscitation, is a necessary primary task.

Next, rapid delivery of highly trained ambulance personnel should be available. For this type of case, more public education and trained personnel are necessary. This means more financial resources. But above all, coherent provincial and national policies are necessary.

Therefore, the Minister of National Health and Welfare (Miss Bégin) can take greater initiatives and allocate more resources to meet this new challenge. A vigorous campaign of federal leadership is urgently needed. The minister could call an early meeting with provincial health ministers and the medical profession to launch a co-ordinated comprehensive program at all government levels to fight this insidious epidemic. Mobilizing all the necessary resources could do a great deal to diminish the incidence of cardiovascular disease.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I congratulate the hon. member for Parkdale (Mr. Haidasz) on his very comprehensive representation. The hon. member is highly regarded as a doctor of medicine and as one who is very concerned about his constituents and Canadians generally.

● (2207)

I am pleased to be able to reply that the government has taken a number of new steps which I hope will help Canadians fight cardiovascular diseases. Several parts of the Department of National Health and Welfare are carrying out activities which we expect will have an impact on the prevention and control of heart attacks, strokes and other problems of the cardiovascular system.

How we live often determines when as well as how we die, and in no condition is the influence of lifestyle more important than in the case of heart attack. Consequently the prevention of premature death as a result of heart attacks is a major goal of the department's expanded efforts to assist Canadians to adopt healthful lifestyles.

On the subject of cigarette smoking, one of the major risk factors for heart attack, I am pleased to inform the hon. member that a series of activities is being developed or is under way as part of a new comprehensive tobacco and health plan. I want to mention especially that the department plans to expand efforts to encourage children to avoid smoking; to focus on smoking by young women among whom, until recently, smoking was increasing rapidly; to review smoking cessation programs and encourage those which are most effective; and to persuade manufacturers to reduce tar, nicotine and other constituents of cigarette smoke.

In a news release on February 2, the minister announced the launching of a nutrition program being carried out by the department in co-operation with provinces, heart foundations and other groups. The program is intended to reduce the impact of cardiovascular disease. Recommendations are designed, among other things, to deal with another of the major risk factors for heart attack, elevated blood fat levels.

I am also pleased to announce that a new departmental publication, "Food and Your Heart", is now available from provincial health departments, local health units and heart foundations.

The newest departmental activity to promote physical fitness is the exercise break package to help fitness leaders and health professionals conduct active breaks for employee groups, elementary and secondary school children and the elderly. Funded by the Federal Labour Intensive Project, the exercise break package will cost some $1.1 million, from a total departmental FLIP allocation of $1.4 million, and will create more that 200 jobs across Canada.

In addition to the above, a working group of Canadian physicians who are experts in the field of high blood pressure are preparing for the department, with the department's co-operation, a therapeutic monograph on this subject. This document will discuss the drugs used in treating high blood pressure and should help physicians in the selection of drugs.

Finally, I want to mention two new developments intended to sharpen the focus of our efforts and to assist in the co-ordination of various departmental activities in the field of cardiovascular disease. The first of these new developments is the establishment of a focal point on lifestyle and health promotion. The main purpose of the focal point is to assist in developing greater collaboration among governments and other agencies in lifestyle and health promotion activities and to bring about better co-ordination of activities within the department. The second development is the establishment of a co-ordinating mechanism for programs concerned with cardiovascular disease within the health protection branch.

Before I close I wish to correct a misprint in *Hansard*. The minister's reply on February 1 should have stated that the 1978 campaign target for the Quebec Heart Foundation is $1 million, rather than the $6 million recorded.

I have much more to say, but time does not permit. I will provide my hon. colleague with a complete copy of my notes.

Adjournment Debate

LABOUR CONDITIONS—LAY-OFFS IN NICKEL INDUSTRY—GOVERNMENT ACTION TO ALLEVIATE

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, this afternoon I asked a question of the Minister of Energy, Mines and Resources (Mr. Gillespie) regarding his response to the report and recommendations of the Ontario legislature's select committee looking into the Inco and Falconbridge lay-offs. I pointed out to the minister that the select committee proposed some very practical suggestions, such as a 60-day moratorium on the lay-offs, a 30-day stockpile of nickel, with the two levels of government providing interest-free loans for the stockpiling, a job-sharing program, a retraining program and an improved pension plan which alone would save some 1,000 jobs. I pointed out to the minister that this select committee comprised members of all parties of the Ontario legislature and that in fact the Liberals on the committee all voted for the recommendations without hesitation.

I also pointed out that the committee held a press conference yesterday afternoon at 5 p.m. and released its report and recommendations at that time. However, in answer to my question the minister said he did not know what the recommendations were but that he had requested such information from the Ontario government and was hoping to have the recommendations later on. I asked my question 17 hours after the report was made public. There was a headline story in the *Globe and Mail* this morning. There were reports on every radio and television broadcast last evening and this morning. The minister rose in the House of Commons this afternoon and said that he has not yet seen the report or the recommendations.

● (2212)

Is this the action and attitude of a concerned minister and of a concerned government? Absolutely not. I have never in all my 40 years seen such callousness and disinterest for people's well-being as I saw displayed, particularly this afternoon, by the Minister of Energy, Mines and Resources (Mr. Gillespie). For four months this House has been bombarded with questions about the impending lay-offs at Falconbridge and Inco. A special day of debate was held in this House of the question. Thirty thousand cards of protest were tabled in the House by myself. There were two demonstrations on Parliament Hill by Inco and Falconbridge workers in an attempt to make the government aware of the problems facing these workers.

There were innumerable meetings between ministers of this government, the United Steel Workers of America and the mine mill union. Practically every day for the last four months I have raised the matter in the question period in order to make this government and its minister aware of the problems facing the workers in the Sudbury basin. And for four months, Mr. Speaker, all we have heard in reply is how concerned the minister and this government are about the impending lay-offs. They have stated they were on top of the situation. He was as on top of the situation today, as he was when he heard the night before the official announcement made by Inco of the lay-offs.

What should a concerned minister and a concerned government have done under the present circumstances? Considering the fact that this government and the Minister of Energy, Mines and Resources have made no positive proposals, upon hearing of the committee's proposal last evening he should have flown this morning to Queen's Park, on the jet the Minister of Transport (Mr. Lang) uses to travel to and from football games and all the rest of it, and asked to meet with the minister of mines for the province of Ontario. The Minister of Energy, Mines and Resources should have asked to see the report and the recommendations. He should have asked if this problem could be solved by working together.

Even if he had not flown to Toronto, had he forgotten about the telephone system? The House of Commons has all sorts of party lines for members. There is a government Telex system and a member for one of the ridings across the way uses it for his own personal congratulatory messages to constituents. It could have been used in this instance. How callously the Minister of Energy, Mines, and Resources treats the people of Canada when he stands up in the House and brushes off the problem, as he has for the last four months.

He owed this House and the people of Canada, including the workers of the Sudbury basin, a knowledgeable response this afternoon. But, Mr. Speaker, the minister and this government have not displayed a sense of urgency. The lay-offs take effect in four days—Monday. In the Sudbury basin we support the recommendations of the select committee and we demand a positive response from this minister and government. Anything less is a dereliction of duty. This government should resign and let the people deal with them accordingly. I have little respect for them, and the least respect of all for the Minister of Energy, Mines and Resources.

• (2217)

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, that is a hard act to follow.

Mr. Rodriguez: It is no act.

Mr. Maine: Mr. Speaker, the Minister of Energy, Mines and Resources (Mr. Gillespie) has just this evening concluded a meeting with Mr. Sidney B. Handleman, MPP, chairman of the Ontario select committee dealing with the Inco Limited and Falconbridge Nickel Mines Limited lay-offs. Mr. Handleman was accompanied by the hon. Mr. Miller, minister of natural resources for that province, plus other representatives and officials.

The program as proposed by the select committee consists of two components; first, for the first 30 days, the excess production, being that production which would be a direct result of not carrying out the proposed lay-offs, would be financed by interest-free loans provided by the government of Canada and the province of Ontario, as agreed upon by them; and second, for the second 30 days, there would be the implementation by Inco and the United Steelworkers of America of an agreed upon work-sharing program.

[Mr. Rodriguez.]

The purpose of the 60-day program, according to the select committee report, is to, first, enable Inco to reconsider its early retirement and severance programs and, second, enable Canada and Ontario to develop and introduce a retraining program for Inco workers.

In the meeting previously mentioned it was made clear to the Minister of Energy, Mines and Resources that the Ontario government does not support the recommendation of the select committee regarding stockpiling. Additionally, several members of the select committee submitted dissenting opinions on stockpiling. Indeed, the chairman of the select committee viewed the stockpiling program as counter-productive. The Minister of Energy, Mines and Resources would also draw to the attention of hon. members that the financing arrangement suggested in the select committee report is in essence a stockpiling program.

The position of the federal government has been stated on several occasions in this House by the Minister of Energy, Mines and Resources and other ministers. On February 8, in this House the Minister of Energy, Mines and Resources stated:

> —the department and I have met with senior officers of both the corporations, Inco and Falconbridge, to examine the question of whether or not a stockpiling system would, indeed, assist that industry. Quite clearly, the conclusion of those discussions and that study is that it would increase the problems of the industry, that there is a significant overhang of nickel inventories in this country and elsewhere in the world, and by adding to that overhang we would be delaying the period of adjustment and therefore keeping more people out of work longer than would otherwise be necessary.

The Minister of Energy, Mines and Resources would again draw to the attention of this House that world nickel inventories are at an all time high. At this time Inco's inventory exceeds 340 million pounds and Falconbridge's over 50 million.

Additionally the cutbacks now being implemented by Inco are not sufficient to stop an increase in their stockpile. For example, Inco's stockpile of nickel, even in the face of production cutbacks, will increase during 1978.

The government of Canada strongly supports the concept of work sharing providing the union and Inco agree to the concept and make a joint proposal to the appropriate federal department.

The Minister of Energy, Mines and Resources would also hope that Inco would re-evaluate its early retirement programs and that retraining programs for Inco workers would be utilized.

CAPITAL PUNISHMENT—REQUEST FOR REINSTATEMENT

Mr. A. D. Alkenbrack (Frontenac-Lennox and Addington): Mr. Speaker, I rise tonight pursuant to a question I asked of the Minister of Justice (Mr. Basford) on January 24, 1978. I asked him at that time:

> Since the legislation of this government abolishing capital punishment has obviously resulted in an increase in capital murder, particularly the murder of police officers, will the minister immediately bring in legislation amending the

Criminal Code to reinstate capital punishment, which is the ultimate, permanent and effective deterrent to capital crime?

As I expected, the minister answered "No". The first response from the Liberal side of the House was from an unknown member who said:

That is not true; the rate has gone down.

That man does not know what he is talking about. We have lost ten policemen since the infamous incident last year in Moncton, New Brunswick where two policemen were forced to dig their own graves before they were executed by gunfire by their murderers. In less than the past two months we have lost four policemen, in Manitoba, Thunder Bay, New Brunswick and Toronto. The latest brutal crimes are the murder of prison warden Michel Roy in front of his home in Montreal, and also the premeditated capital murder of Miss Healther Zematis by a hold-up gang at the Chalet BBQ on Decarie Boulevard in Montreal. I include this case of capital murder along with the capital murder of policemen and the prison warden because the murder of Miss Zematis was premeditated.

We have got to get back to basics in this country in that any person who arms himself to commit armed robbery is guilty of capital murder if the armed robbery results in a death. Capital punishment was abolished in July 1976 by this House. The Prime Minister (Mr. Trudeau), the cabinet and the Liberal party made sure it would be, because as the vote neared they scrounged around and organized themselves sufficiently to get a six-vote majority. Yes, they have abolished capital punishment in law, but it is still retained by the underworld and the outlaws of this country. They practice capital punishment upon their victims.

● (2222)

Of all the arguments advanced against capital punishment the most specious and phony is that which pretends to equate the taking of life by judicial execution with the criminal act of a murderer. By the same lunatic logic, then, punitive fines are simply theft and imprisonment is kidnapping. To be consistent, the abolitionists should also want to abolish punitive fines and punitive imprisonment. Indeed, since all forms of punishment are unpleasant actions which it would be criminal for one individual to inflict unjustifiably on another, they should all be ruled inadmissible.

Not all taking of life is murder. The distinction lies in the qualifying word "justifiable". The act of a victim killing in self-defence is not the same as the act of a cold-blooded murderer.

Judicial execution has always been regarded as justified and its justification cannot be swept away by disingenuous logic. To fail to see the distinction between the execution of the criminal and the murder of the victim is simply to be unable to tell right from wrong and is an ingredient in the obscene inequity between our solicitude for the rights of the criminal—though this is indeed a responsibility of society—and our neglect of the needs of the victim, which are nobody's responsibility. The ancient rabbis put it well: "Whoever is kind to the cruel will end up being cruel to be kind."

The expression of society's abhorrence of a crime is an important part of judicial punishment and should not be carelessly disregarded. It is an educational process. Our behaviour may not truly reflect our theoretical test of values but our ethical values will eventually come to reflect the way we act. By treating murderers leniently, our society has learned to take murder for granted and has accepted it as a perfectly natural accompaniment to robbery and organized financial crime. The need for a firm official stand is most urgent. The punishment should fit the crime.

If we fail to recognize these principles, the day is upon us when the recruitment of policemen and prison guards and officials will dry up. Protection of persons and property is the primary, yes, originally the sole reason for government. Without protection for persons and property we lapse into anarchy.

We noted today the answer given by the latest of a long string of solicitors general when the hon. member for Perth-Wilmot (Mr. Jarvis) asked him a question regarding the murder of Mr. Michel Roy. He said the government was thinking about providing protection for penal officials and guards both on and off duty. Mr. Speaker, we have reached a pretty pass when the government is thinking about hiring security personnel to guard policemen and prison officials in their homes. Guards to guard guards! This is the result of the Trudeau government's betrayal of the people of Canada through lenient and foolish policies which fail to provide protection to persons and property. This is the result of the abolition of capital punishment, the ultimate permanent and effective deterrent to capital crime. Again, I say: Canada must get back to basics and make the punishment fit the crime.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, let me begin by reminding the hon. member that the vote on capital punishment in this House was a free vote of individual members of parliament. Let me also say to him that the statistics he quoted this evening are different from those I have seen published. In answer to the hon. member, the ministry is not prepared to accede to a request for the reinstatement of capital punishment in this country. Its position on this issue is well known. However, the Canadian public should be well aware of the concern of the government with the incidence of violent crime in Canada. Significant initiatives in the areas of wire tapping and gun control were the direct result of our concern with the growth of organized crime and the need to control its violent characteristics.

● (2227)

This House has only to look to its present agenda for further evidence of our concern. The relationship of violent crime to the flow of narcotics in this country is undeniable. Our proposals, which would allow law enforcement officials subject to legislative controls to open mails in order to curb the flow of narcotics within Canada, is directed at combating precisely this situation.

In the not too distant future, the next Criminal Code omnibus bill will contain a package of provisions dealing with

increased penalties for the crimes of hostage-taking and extortion, as well as wider powers to deal with the problems of the defilement of children and the distribution of pornographic material which portrays the defilement of children.

It should not be forgotten that in the very legislation whereby this House abolished capital punishment, new rigorous provisions were added to the Criminal Code concerning the eligibility for parole of persons convicted of first and second degree murder. The present law of the land decrees that individuals convicted of first degree murder are to be sentenced to imprisonment for life without eligibility for parole until 25 years of the sentence have been served. With respect to accused persons found guilty of second degree murder, we have now entrusted the jury with the task of recommending to the trial judge whether he should substitute for the ten-year period which the law would otherwise require the accused to serve before he is eligible to be considered for release on parole, a number of years that is more than ten but less than 25 years.

In summary, the record of this government in responding to the challenges posed by violent crime in Canadian society is, I suggest, unimpeachable. The government is cognizant of the problems posed by violent, organized and serious crimes. It has dealt with and will continue to deal with them in order to best ensure the safety and security of our people.

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the House adjourned at 10:28 p.m.

HOUSE OF COMMONS

Friday, February 10, 1978

The House met at 11 a.m.

● (1107)

ROUTINE PROCEEDINGS

[*English*]

LABOUR CONDITIONS

GOVERNMENT PAPER ON UNEMPLOYMENT—REQUEST MINISTER CORRECT INACCURACIES—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a question of pressing and urgent necessity, under the provisions of Standing Order 43. The Minister of Employment and Immigration has provided his colleagues on the government side with a 28-page paper on unemployment for use in speeches, mailing and other misguided propaganda efforts by the Liberal party. This paper, which contains a long list of excuses for the government's failure to solve the unemployment problem, was prepared at taxpayers' expense by civil servants in the minister's department; a practice not unknown to the Liberal party. I would, therefore, move, seconded by the hon. member for Northumberland-Durham (Mr. Lawrence):

That this House strongly condemns yet another example of the Liberal party wallowing at the public trough, requests ministers to stop using civil servants for political purposes and, furthermore, demands that the "minister of unemployment" correct the large number of factual inaccuracies and gratuitous comments contained in the document, and that this be carried out at the expense of the Liberal party.

Mr. Speaker: Under the terms of the Standing Order, such a motion can be presented for discussion only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

EMPLOYMENT OF MORE EFFECTIVE ICE-BREAKING VESSELS—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the report that another fishing vessel is trapped in ice in one of Nova Scotia's small harbours, the second such report in less than a month, and since Canadian Coastguard officials in Halifax are unable to respond to this type of emergency because they lack adequate ice-breaking capability, I ask leave to move, seconded by the hon. member for South Shore (Mr. Crouse):

That this House urge the Minister of Transport to take immediate action to ensure that the Canadian Coastguard service in Halifax is equipped with effective ice-breaking vessels, preferably of the hovercraft type.

Mr. Speaker: Such a motion can be presented, under Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

SUSPENSION OF SALE OF CANDU REACTORS TO ARGENTINA—MOTION UNDER S.O. 43

Mr. John Gilbert (Broadview): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the denial of basic human rights in Argentina, and the continuing record of murders, torture and military intervention by the military regime there, and in view of the sale of the Candu reactor and nuclear technology by Canada to Argentina, I ask leave to move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas):

That this House urges the suspension of the sale of the Candu reactor and nuclear technology by Canada to Argentina until

1. New elections are called under the provisions of the constitution

2. Full trade union rights are reinstated

3. All political prisoners are released

4. Adequate assurances are forthcoming that nuclear technology will be used only for peaceful purposes, including the signing of the International Nuclear Non-proliferation Treaty, and

5. Basic human rights are restored.

Mr. Speaker: Hon. members have heard the motion. Is there unanimous consent for the motion to be presented for discussion?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*Translation*]

ENERGY

NORTHERN PIPELINE—REQUEST NATIVES BE EMPLOYED IN CONSTRUCTION—MOTION UNDER S.O. 43

Mr. Gérard Laprise (Abitibi): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and important matter.

Considering that pipeline builders and unions have said that natives do not have the necessary skill to obtain specialized jobs in the construction of the pipeline, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the government order that specialized training courses be made available to natives so they may benefit from employment stemming from the construction of the pipeline.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

TRANSPORT

PRINCE EDWARD ISLAND-NEW BRUNSWICK FERRY—COST-COMPARISON OF SERVICES—MOTION UNDER S.O. 43

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Bearing in mind the extreme importance of the ferry service between Nova Scotia and Prince Edward Island, the provision and maintenance of such a service being one of the original conditions of confederation, and having regard to the degree of public concern over the rising cost of utilizing the service, I would move, seconded by the hon. member for St. John's East (Mr. McGrath):

That the Minister of Transport report on the cost of the ferry service from Borden, P.E.I., to Tormentine, N.B., presently provided by the CNR, as compared to the cost effectiveness of the Wood Island to Caribou run provided by Northumberland Ferry Limited, and in the meantime provide increased subsidies so that rates on the Borden route do not jeopardize either the maximum utilization of the service, nor the jobs of the employees who provide it, both considerations being of vital concern to the area at the present time.

Mr. Speaker: Under the provisions of Standing Order 43, such a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

• (1112)

VETERANS AFFAIRS

COMPENSATION TO PRISONERS OF WAR AND ESCAPEES IN WORLD WARS—MOTION UNDER S.O. 43

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, pursuant to the provisions of Standing Order 43, I request the unanimous consent of the House to present a motion concerning an important matter of pressing necessity respecting the limited number of Canadian citizens who are not now eligible under the provisions of the prisoners of war legislation. I therefore move, seconded by the hon. member for Halton (Mr. Philbrook):

That this House urges the Minister of Veterans Affairs to consider introducing appropriate amendments to the prisoners of war legislation so that compensation provided therein will apply to those who are Canadian citizens and were prisoners of war or escapees in World War I or World War II and who fought alongside the Canadian armed forces.

Mr. Speaker: Such a motion can be presented for discussion at this time, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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CANADIAN BROADCASTING CORPORATION

EQUAL BROADCAST TIME FOR POLITICAL PARTIES—MOTION UNDER S.O. 43

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the CBC refuses to televise live the question period across Canada, and in view of the fact that this week it did televise "The Champions" and this morning's press conference by the Prime Minister (Mr. Trudeau), which rated a big zero in terms of quality, news value and legitimate public service, I move, seconded by the hon. member for Oxford (Mr. Halliday):

That this House reminds the Canadian Broadcasting Corporation that its mandate is to provide the Canadian people with balanced programming, and not to serve as a propaganda arm of the Liberal party and, furthermore, that the CBC offer all parties equal time in the future when it decides to broadcast live a press conference by the Prime Minister.

Mr. Speaker: Standing Order 43 requires the unanimous consent of the House for the presentation of such a motion for debate. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

GRAIN

CONDEMNATION OF MINISTER FOR PUBLICATION OF "WESTERN GRAIN STORY"—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, grain farmers on the prairies are now receiving a booklet, which I have here, extolling the Minister of Transport (Mr. Lang) for his so-called decade of challenge and achievement of the Wheat Board. Because this is such an outrageous example of electioneering at the public expense, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House severely reprimands the minister for using public funds to produce the odiously partisan "Western Grain Story".

Mr. Speaker: Such a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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FISHERIES

AUDIT OF FRESHWATER FISH MARKETING CORPORATION AND TABLING OF FINDINGS—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the deteriorating financial position of the Freshwater Fish Marketing Corporation, as exhibited by the corporation's inability to make the final payment to the fishermen, and in view of the questionable marketing practices which have been taking place recently, I move, seconded by the hon. member for Winnipeg South Centre (Mr. McKenzie):

That this House direct the Minister of Fisheries to conduct a full, independent financial audit of the FFMC, and that their findings be tabled in this House within 90 days.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

LABOUR CONDITIONS

ATTITUDE OF GOVERNMENT TO HIGH LEVEL OF UNEMPLOYMENT—EFFECT OF DREE PROGRAMS

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of Employment and Immigration. Apart from what has been described by the

Hon. Walter Gordon as the degrading and soul-destroying nature of the present high level of unemployment, my question is prompted by the following facts which by now should be well known to the minister. Given the fact that as of January 26 more than 37 per cent of the unemployed have been unemployed for three months or more and we have arrived at a point in time where half of the unemployed no longer qualify for unemployment insurance, and given the fact that this represents an additional burden on the provinces, some of whom have had to cut back on welfare payments, is it the government's position that unemployment no longer represents a financial disaster in this country?

● (1117)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member uses figures with the cunning of a con artist.

Some hon. Members: Oh, oh!

Mr. Cullen: The situation, in fact, is that these particular figures are incorrect. The hon. member and, I believe, the Leader of the Opposition were citing 40,000 as the number of people who had gone off unemployment insurance and had, therefore, gone on to the welfare rolls. This information was made public. The fact is that about 4 per cent represents the number of those who actually use up their benefits and end up on the welfare rolls of the provinces. The figure 30,000 is more appropriate to something over the course of a year, rather than the course of a month, as the hon. member's figures will bear out.

I think high unemployment is tragic, and we are doing what we can at the federal government level, with myriad programs, to alleviate the situation. But the situation is not helped by using figures in this particular way.

Mr. McGrath: Mr. Speaker, I can take a lesson from the hon. minister in being a con artist, because he tried to con his own colleagues in this scurrilous, misleading document which he circulated to them. It says, among other things, that "unemployment no longer represents a financial disaster".

My next question to the minister—again I quote from this document, dated February 7, to members of the Liberal caucus, produced at public expense—refers to his statement, among others, that the present "UI program is well conceived and administered". If that is so, will the minister please tell the House why it is necessary to spend over $1 million on an advertising campaign warning Canadians against the abuse of unemployment insurance?

Mr. Cullen: Mr. Speaker, here, again, the hon. member is making a selective choice from the particular document.

Some hon. Members: Oh, oh!

An hon. Member: They are your words; it is your document.

Mr. Cullen: In comparing the situation, the paper goes on to make it very clear that the unemployment situation today is

not the same as it was during the disastrous 1930s, when there was no unemployment insurance under the Tories.

Some hon. Members: Oh, oh!

Mr. Cullen: It talks about the impact of unemployment not being the disaster it was during the 1930s, when there was no unemployment insurance and when there were, in fact, no welfare schemes such as we have in place at the present time. That was the point of that statement. Of course, the hon. member, again—for whatever purpose—is being very selective in the information he takes from the document.

Secondly, Mr. Speaker, the document is very honest. If the hon. member will read it, he will see it indicates where the unemployment is, that it is extremely high among the youth—about 15.2 per cent. Nothing is hidden; that information is available to the opposition, if they are interested in facts. But they are interested in hyperbole.

Mr. McGrath: Mr. Speaker, the only honest and straightforward statement in that document is this one in the final conclusion:

> We have not got perfect answers to the unemployment problems facing Canada.

That is the only statement in this document I can agree with, or any other Canadian could agree with, for that matter. Is it now the policy of the government, notwithstanding ten years of a multimillion, indeed, a billion dollar DREE program, that the serious unemployment situation in the five eastern provinces is the result of, and I quote, "a . . . combination of cyclical, long-term structural and, to a lesser extent, seasonal factors"? After ten years of DREE the government now admits that we have structural problems in the Atlantic provinces. Is that the view of the government? If so, what steps does it intend to take to improve DREE programs, given the fact that the five eastern provinces, with less than half the population of Canada, have more than half of the unemployment?

Mr. Cullen: Mr. Speaker, that simply points out the honesty of the particular statement which was made available, and is available, to the opposition. The fact of the matter is that neither DREE nor any other program can overcome some of the seasonal factors that are in place in the Atlantic provinces. The fact is that this was recognized some time ago, and it was this government which brought forward the Department of Regional Economic Expansion, which is an indication that help is required there. The fact that the heaviest emphasis of the Young Canada Works funding, and all other funding, takes place in the Atlantic provinces is another recognition by this government of the structural problems in that area. If the hon. member has better schemes and better ideas, we have yet to hear them.

Mr. McGrath: Would the minister table the document; and if not, why not?

[Mr. Cullen.]

GOVERNMENT PROGRAM FOR JOB CREATION

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a couple of questions to the minister regarding this very shameful propaganda document delivered to the Liberal caucus, which dismisses lightly the traumatic experience of our more than one million unemployed. I quote from the document as follows:

> The design features of a program to use UI funds for direct job creation have yet to be completed.

This is a shocking revelation, in light of the fact that the minister led this House to believe he had a design and a plan. Why has there been this foot-dragging? When can we expect the design to be completed, given the fact that in February and March more people will be on the unemployment rolls?

● (1122)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, this is a fantastic conversion. It was the hon. member and his party, and the hon. member for Nickel Belt, who moved amendments to take job-creation and work-sharing out of the bill which I brought in last year.

Some hon. Members: Hear, hear!

Mr. Alexander: That is a lie. Withdraw that remark.

Mr. Cullen: If the hon. member will remember, I indicated that there were difficulties with the administration, and putting that program in place would be difficult. Rather than waste taxpayers' money on a program which was not carefully thought out, we felt it was better to work very hard on the design features. In the interim, there are over 675 people working in Canada today who would not have been working if we had listened to the opposition parties and removed that provision from the bill.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Alexander: Mr. Speaker, the hon. minister is deliberately misleading the House, because this party supported job-creation. That outfit was the one that did not go for it. I want the minister to withdraw that comment, now.

Some hon. Members: Withdraw.

Mr. Alexander: Given the fact that in this rotten document the minister has indicated there are no perfect answers to the unemployment problems facing Canada—which in my view means the government has no answers whatsoever—and given the fact the OECD, the Economic Council of Canada and the Conference Board of Canada have answers, unlike the minister, his department and the government, is it the intention, now—did you see what the Prime Minister did? He is using another gesture of derision when we are talking about a very serious subject.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. It seems to me the hon. member has put a question.

Mr. Alexander: I do not like the Prime Minister making light of a very serious subject.

Mr. Clark: He laughs at the unemployed.

Mr. Alexander: I ask the Minister of Employment and Immigration whether it is the government's intention to take the advice of these very respected bodies, which in my view can bring some relief to the unemployed and assist the economic development of this country.

Some hon. Members: Hear, hear!

Mr. Cullen: Mr. Speaker, the hon. member knows that he, in fact, moved an amendment to withdraw the work-sharing provision from the—

Mr. Alexander: That is a different story; don't talk about that.

Some hon. Members: Oh, oh!

Mr. Cullen: The hon. member was so negative about every innovative feature we attempted to build into that act that it is tough to remember those he supported and those he did not. Certainly he was opposed to work-sharing.

Mr. Clark: Are you withdrawing your false statement?

Mr. Cullen: I have already indicated that the hon. member made the amendment.

Mr. Clark: Are you withdrawing your false statement?

Mr. Cullen: I am withdrawing my statement on job-creation, but not on work-sharing.

Mr. Clark: Are you withdrawing your false statement?

Mr. Cullen: Does the hon. Leader of the Opposition think the hon. member is not capable of handling his own argument? The hon. member is a very competent and capable guy; he does not need help from the hon. Leader of the Opposition.

Some hon. Members: Hear, hear!

Mr. Alexander: You are right.

Mr. Cullen: Mr. Speaker, as I have indicated in that particular statement, we do not have perfect answers. We have some of the answers. Obviously, they are not perfect.

Mr. Alexander: You have no answers.

Mr. Cullen: Obviously, they need improvement. Only the opposition, according to them, can take any credit or find the funds necessary for improving this situation. They have all the perfect answers. We have some of them. They are not perfect. We are trying to be honest with the Canadian public in our approach. We are not holding out false hopes, as has been done all too often by the opposition.

REQUEST PRIME MINISTER ASK FOR RESIGNATION OF MINISTER OF EMPLOYMENT

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my supplementary question is directed to the right hon. Prime Minister of Canada.

Mr. Clark: The smiler.

Mr. Alexander: In light of the fact, with all due respect, that the Minister of Employment and Immigration does not seem to have any ideas, and perhaps we need a fresh face, will the Prime Minister ask for the resignation of the Minister of Employment and Immigration and give some of the competent backbenchers an opportunity to bring in fresh, new and innovative solutions for the plight of the unemployed?

Mr. Speaker: Order, please.

* * *

● (1127)

ENERGY

NORTHERN PIPELINE—SIZE OF PIPE TO BE USED IN CONSTRUCTION—CANADIAN CONTENT

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the Minister of Employment and Immigration should not be too hard on the hon. member for Hamilton West, because before long the hon. member will be voting for the government's iniquitous pipeline bill.

Some hon. Members: Oh, oh!

Mr. Alexander: I turn my back to you, sir.

Mr. Broadbent: I have a question for the Deputy Prime Minister. When the National Energy Board announces its decision on the pipe to be used for the Alcan pipeline, particularly the portion between Whitehorse and Caroline, which is the principal part of the Canadian section, will it be stating a specific type to be used, or will it simply be recommending tests on two or more alternative kinds of pipe? I ask this question in light of the assertions made by President Carter when he recommended the Alcan pipeline to the U.S. Congress. One of President Carter's assertions was the following:

> The choice between larger-diameter and thicker-walled pipe will be made at the conclusion of a testing program to assess the safety and reliability of the two alternatives.

As the Deputy Prime Minister knows, the decision as to what kind of pipe will be used involves perhaps hundreds of thousands of Canadian jobs. Will the Deputy Prime Minister answer the question?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have not received,

nor has the government received, from the National Energy Board a recommendation on pipe size. It is expected that a recommendation will follow reasonably quickly after we have received the final results of the United States study which is under way and is near completion. I hope we will get these results within a few days and that it will be possible for the National Energy Board to study them and make a recommendation to the government.

With respect to testing, it is not my expectation that there will be burst tests in order to resolve this question, nor do I think it is the intention of the government of the United States, at the present time, to propose further physical testing. The word "test" which is used in the Canada-U.S. agreement is subject to various interpretations, but in the present context it is not expected that we will be faced with further physical burst tests.

Mr. Broadbent: Mr. Speaker, as the Deputy Prime Minister knows, the precise answer to my question is extremely important in terms of jobs created in Canada. I would like him now to answer my question. I grant that there might be some possibility of misunderstanding it. Will the recommendation which is coming from the NEB be for a specific kind of pipe for the Canadian portion between Whitehorse and Caroline, or will the recommendation be that further tests or consideration be applied to one or more alternative kinds of pipe?

Mr. MacEachen: Mr. Speaker, I have not seen the recommendation of the National Energy Board and I do not want to prejudge what the NEB will do. However, I will tell the hon. member what I expect. I expect to receive, in the form of advice to the government, a very specific proposal with respect to pipe size.

Mr. Broadbent: The minister had indicated that he hopes the NEB will be making its decision within a few days, and I understand from other conversations that it may be a week from Monday. If it is going to come as early as a week from Monday, and since the recommendation is absolutely central to parliament's decision on the pipeline as it affects the cost of the pipeline and Canadian jobs, Canadian content, why in heaven's name is the government going ahead with second reading debate on the bill next Monday, in advance of the NEB recommendation?

Mr. MacEachen: There has been a request from hon. members opposite to bring forward this bill.

Mr. Broadbent: From where?

Mr. Trudeau: All last fall you were asking for it.

Mr. Broadbent: Don't give us that.

● (1132)

Mr. MacEachen: In fact, there has been criticism about delay in bringing the bill forward.

Mr. Broadbent: From whom? Be specific.

[Mr. MacEachen.]

Mr. MacEachen: I said, members of the opposition.

Mr. Broadbent: Not us.

Mr. MacEachen: If the hon. member wants me to give him chapter and verse at a later date, I shall; but he will not find that information in the *Wall Street Journal.*

Mr. Speaker, the hon. member has a very valid concern about reaching a decision on the bill before, for example, the declared intentions of the government are made known. I will certainly attempt to accommodate that concern in the handling of the bill. I believe it is quite possible, however, to begin discussion of the bill on Monday, admitting that the information should be before the House before a decision is taken, for example, on second reading.

[*Translation*]

NORTHERN PIPELINE—REQUEST NATIVES BE EMPLOYED IN CONSTRUCTION

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I wish to direct a question to the Deputy Prime Minister and President of Privy Council.

In view of the fact that the Deputy Prime Minister—I only hope he is listening to me—has already mentioned job security in connection with the northern pipeline, could he advise the House whether its purpose is to hire native people, as they are directly affected by the environmental, social and economic aspects of this project?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, it will certainly be the intention of the pipeline company and the government to employ the greatest possible number of native people and northerners in the construction of the pipeline. In the course of the debate I think it will be possible to indicate to the hon. member more detail as to what plans are under way to achieve this objective.

[*Translation*]

NORTHERN PIPELINE—TRAINING COURSES FOR NATIVES EMPLOYED IN CONSTRUCTION

Mr. Gérard Laprise (Abitibi): Mr. Speaker, I have a supplementary question.

In view of the fact that both the contractors and unions involved have already stated that natives lack the necessary know-how to perform specialized jobs, could the minister advise the House whether special training programs have been devised for northern natives so that once the construction project has been completed they may stay on to look after its operation.

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the plans are being developed within the Department of Employment and Immi-

gration, to provide the necessary training. As the hon. member knows, there will be a considerable number of permanent jobs once the pipeline is completed. But a large number of jobs will be available in the construction period. Obviously, it would be our intention to ensure that training is made available for potential employees once the pipeline is in operation.

* * *

LABOUR CONDITIONS

COST OF AND TIME SPENT IN PREPARING PAPER CIRCULATED BY DEPARTMENT OF EMPLOYMENT

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I should like to ask the Minister of Employment and Immigration about this secret piece of paper that is an excuse and an alibi and was distributed only to members of the Liberal caucus. It has 25 pages in both French and English, and was obviously prepared by officials within the minister's department.

Could the minister tell the House how many departmental man-hours went into the preparation of this and the other pieces of paper referred to in the foreword by the minister, and how much the preparation, printing and distribution of this material cost the taxpayers of the country?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it is not possible to give the hon. member an exact figure at this time. I suggest it is much less than the time and effort my department has to put out in order to correct some of the misinformation spread by opposition parties.

Mr. Lawrence: Mr. Speaker, a supplementary question. Because this is a further example of the confusion that exists in the minds of some people in the ministry respecting government interests and Liberal party interests, would the minister be prepared to table this piece of propaganda? As a further supplementary, I wonder if he would tell us why this paper was sent only to members of the Liberal caucus, rather than to all members of this House?

An hon. Member: They are more gullible, that's why.

Mr. Cullen: Mr. Speaker, I thought it was not necessary to table it. I gather that members of the opposition have a copy of it. They are doing a little bit of selective reading, and then calling it propaganda. I am quite prepared to make this paper available to all members of the opposition. The reason it was sent to Liberals is that they seem to be the only ones interested in facts, and not fiction.

EXTERNAL AFFAIRS

SUBVERSIVE ACTIVITIES BY SOVIET NATIONALS—TRAVEL PERMITS ISSUED TO SOVIET PERSONNEL

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, my question is for the Secretary of State for External Affairs. It refers to yesterday's revelations and actions regarding Soviet espionage activities in this country. Could the minister tell the House if the government has received any assurances whatsoever from the Soviets and/or the RCMP that no further subversive activities are going on in Canada by the Soviets? If he has not, would the minister consider discontinuing the issuance of special travel permits to all Soviet personnel operating in Ottawa until realistic assurances are received that all such activities by them are discontinued?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, it is not reasonable to expect that the Soviets would give me the kind of assurances the hon. member requests. I am sure they would say there is nothing improper going on. I think the hon. member knows that the RCMP has an ongoing role, and from time to time is undoubtedly investigating the various intelligence activities of foreign governments.

On the question of travel permits, I do not think it would be appropriate to end all such travel permits. I can assure the hon. member that when they are asked for the reasons, these are examined very carefully. I should also point out to the hon. member, as he ought to be aware, that in other countries we seek travel permits for our representatives in order that they may carry out very important duties, including work on some family reunification cases in which the hon. member is very interested. I do not want to be self-defeating in this exercise.

Mr. Jelinek: A supplementary question, Mr. Speaker. I should like to remind the minister that the government issues roughly 1,000 travel permits per year.

REQUEST FOR INVESTIGATION INTO SUBVERSIVE ACTIVITIES IN CANADA

Mr. Otto Jelinek (High Park-Humber Valley): My supplementary question is for the Solicitor General. In view of the seriousness of this matter, and the numerous allegations that subversive espionage activities are far more widespread than is generally presumed, will the minister indicate whether he will consider initiating a far more extensive investigation into subversive espionage activities in Canada as a whole, and at the same time make the screening of foreign diplomats working in Canada far more stringent than has been the case up to now?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, in reply to the hon. member's question, I would point out that the facts made public yesterday reveal the high excellence of the security service of the RCMP.

Some hon. Members: Hear, hear!

Mr. Blais: I am satisfied that the service is one of the most excellent, in terms of that sort of counter-espionage work, in the western hemisphere, and I am encouraging them in any way I possibly can in fulfilling their responsibility.

RCMP—REQUEST SECURITY RESOURCES BE ENLARGED

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a supplementary question for the Solicitor General. In view of the fact that some estimates place the number of personnel in the RCMP security service at a mere 400 operatives engaged in counter-espionage activities, is the minister giving immediate consideration to providing the resources, personnel and otherwise, so the RCMP can more adequately cope with increased espionage activities?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am not going to comment on the hon. member's information. The information relating to our security service is highly confidential, and hon. members on that side should recognize the necessity of keeping it confidential.

Mr. Nielsen: Mr. Speaker, the minister misunderstood my question. I am suggesting that he should give immediate consideration to increasing the number of officers operating in that field within the RCMP, so that it might cope more adequately with what appears to be ever-increasing espionage activity in this country.

Mr. Blais: No, Mr. Speaker, I did not misunderstand the question. I indicated that I am not going to comment on the number because it is classified information.

In reply to the hon. member for High Park-Humber Valley, I indicated that I am satisfied the operation is one of the best in the western hemisphere and that it is discharging its duties in accordance with the mandate this government has given it. I am mindful of the need to review, from time to time, the total personnel engaged in this sort of operation. I can judge as well as the hon. member when additional requirements are made known.

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● (1142)

INDUSTRY

REQUEST EDC NOT ASSIST CUBA IN BUILDING STAINLESS STEEL MILL

Mr. S. Victor Railton (Welland): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce, or the Prime Minister. Since it is now evident, in spite of previous representations, that Cuba is going ahead with its plan to build a stainless steel mill with a very large capacity, and since this mill will be in direct competition with Atlas Steels in Welland and Tracey, Quebec, and since the world market for stainless steel does not need the influx of this product, will the minister assure the House that no Canadian government money or money from the Export Development Corporation of Canada will be used to assist this project?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I should bring to the attention of the House that my former seatmate and colleague, the hon. member for Saint-Denis and the hon. member for Laurier, are today celebrating 14 years as members of parliament.

An hon. Member: Hear, hear!

Mr. Hnatyshyn: This must be a retirement party.

Mr. Horner: Some are more fortunate than others. In reply to the hon. member's question, if Cuba decides to build a stainless steel mill, that will be their decision, not ours.

Some hon. Members: Oh, oh!

Mr. Horner: The Export Development Corporation does not give assistance to the building of steel mills or plants; it gives assistance to the sale of Canadian-made goods. Most of the time those Canadian-made goods create a good deal of employment in this country.

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FINANCE

BRITISH COLUMBIA—RELIEF FOR STEEL FABRICATING INDUSTRY

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, in the absence, again, of the Minister of Finance, I will direct my question to the President of Privy Council. It is now over a week that the cabinet has had before it the statement of damages submitted to them by the province of British Columbia concerning the Algoma appeal on wide-flange steel beams. The Minister of Finance told us in the House that the matter was under consideration. Is the President of Privy Council in a position to announce the relief requested by the province of British Columbia in order to save 2,000 jobs in the steel fabricating industry? If not, when will he make such an announcement?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the matter is still under consideration by the government. We hope to be able to make a decision and an announcement in the near future.

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NATURAL RESOURCES

NICKEL INDUSTRY—GOVERNMENT ACTION TO AVOID LAY-OFFS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is to the Minister of Energy, Mines and Resources. I hope that he has found his tongue today.

Mr. Jamieson: You have never lost yours.

Mr. Rodriguez: On Monday next, three days from today, 3,000 workers in the Sudbury basin will lose their jobs. An Ontario select committee came down with a report on Wednesday which offered several solutions to the problem of the 3,000 people being laid off in the Sudbury basin. This report was supported by all the Liberals on the select committee of the legislature.

When I raised this question in the House yesterday, the minister had not bothered to obtain a copy of the report. In view of the fact that a meeting was held last evening, can the minister now tell this House his government's position with regard to the Ontario select committee's proposals to save these 3,000 jobs?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I do not think it is a crime to wait until you have seen the information before you express an opinion. There are occasions when it seems the hon. member is prepared to shoot from the hip without knowing the facts. If he had looked at the record or listened to the reply of the distinguished Parliamentary Secretary to the Minister of Public Works and Minister of State for Science and Technology last night during the adjournment debate, he would have found a very full and complete answer. It dealt with the meeting I held yesterday afternoon with the minister of resources of the Ontario government, and the chairman of the select committee.

If the hon. member had read the record, he would also have discovered that the chairman of the select committee disclaimed any support for the stockpiling proposal which the select committee made. When they came to see me yesterday, they told me clearly that the Ontario government does not support the select committee's report. It is not an Ontario government document. We did agree that the most profitable way to proceed would be to try to get the two parties together, that is to say, the companies and the unions, to look at the work-sharing project.

I understand the hon. member is against work-sharing. At one time he moved a motion to remove work-sharing from the UIC. I suppose he is now being consistent in trying to cover that up. It might be worth trying to explain to his constituents why he did that, because I believe it offers the best chance to try to work out a very painful and grim situation in Sudbury.

Mr. Rodriguez: Notwithstanding the horse manure preamble of the minister—and it is interesting to note that the minister has not disputed this fact—the Ontario select committee estimated that the social and material costs to the taxpayers of Canada will, conservatively, be between $150 million and $200 million through such programs as UIC and Manpower retraining. Is the minister telling this House that he is prepared to trade-off the human cost against the few million dollars it would cost to stockpile, along with all the other proposals, including work-sharing? Is he prepared to trade-off the human cost and material cost for the interest-free loan proposal of the select committee?

Mr. Gillespie: Mr. Speaker, I thought I made it very clear, in answers in this House, that we are interested in trying to ameliorate this situation, not create greater problems. All the work that has been done indicates that any additional stockpiling program would create greater, not lesser, problems.

Mr. Rodriguez: This minister and this government have rejected all suggestions for preventing the lay-offs which were put forward by members on this side of the House, the trade union movement and local municipal officials. It has not even responded to the immediate and specific proposals of the United Steelworkers of America which were sent to the Minister of Labour on December 18. What does the government intend to do, specifically, to prevent the lay-offs of 3,000 workers in the Sudbury basin from taking place on Monday next?

Mr. Gillespie: Mr. Speaker, we have gone over this ground many times. We have done everything in our power to try to ease a very difficult situation. I am not sure the hon. member is as interested in easing the situation as he is in trying to make some political capital out of it. Quite frankly, I find that terribly offensive at this time. His efforts might have been much better devoted to trying to bring together the two sides, the company and the union, in order to work out something to help the workers.

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NATIONAL DEFENCE

BUILDING OF DEFENCE RESEARCH CENTRE IN WINNIPEG

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is to the Minister of National Defence. For the past four years the minister and his department have been negotiating with the city of Winnipeg for the purchase of 111 acres on which a new defence research centre is to be built. This is an unusual length of time to be negotiating the purchase of a piece of property. Can the minister bring us up to date? Does the government intend to purchase this property? If no final agreement can be reached, will the hon. gentleman abandon the plan and seek an alternative site in Winnipeg, since the present situation is causing no end of problems for the city, for residents in the area affected and for developers?

• (1152)

Hon. Barney Danson (Minister of National Defence): It is true that these negotiations have taken a long time. The municipality is encountering difficulties in obtaining easements for the land. However, the negotiations are continuing and alternatives are being pursued.

Mr. McKenzie: I might point out that the federal government has the power to remove the obstacles to the purchase of that property. Has the minister, or have any of his officials, spoken with the mayor, offering another proposal, that if the request for the defence research centre were dropped, the

department would build a new air command headquarters at the air base?

Mr. Danson: Several alternatives are being explored, Mr. Speaker.

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COMMUNICATIONS

FEDERAL-PROVINCIAL DISCUSSION ON COMMUNICATIONS POLICY

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Communications. It is interesting to note from recent press announcements that the minister is finally communicating with the minister of communications of Quebec and intends to have further talks with Mr. O'Neil. Does the hon. lady intend to hold talks with other ministers of communications across the country, so as to arrive at a cohesive policy of co-ordination with respect to communications, particularly cable communications?

[*Translation*]

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, I offered the Quebec Minister of Communications that together we look into the ways in which we could share the authority in the field of cable television. I offered him no less than I did the communications ministers of the other provinces. The hon. member surely knows that I have already started discussions with Saskatchewan and Manitoba, where I signed an agreement, as well as with Ontario. At the federal-provincial conference of communications ministers to be held at the end of next March in Charlottetown, we should be able to take stock of the situation; in other words, the file is being dealt with. I am trying, of course, as suggested by the hon. member, to evolve a cohesive policy of co-ordination between the provinces for, as everyone knows, their requests vary.

[*English*]

Mr. Nowlan: With reference to the latter part of that answer, does the minister intend to delay discussing with the House leader the introduction and second reading of the communications bill, so that these discussions and/or the ministerial conference can be concluded before we begin debate on the bill?

[*Translation*]

Mrs. Sauvé: No, Mr. Speaker, not at all. The bill I introduced 15 days ago is an integral part of the discussions and the atmosphere in which they are taking place now with the communications ministers. The hon. member will remember that in that bill a provision allows the governor in council to delegate powers to the provinces; it indicates the flexibility we have proved in that particular field, as we think we have in other sectors.

[Mr. McKenzie.]

[*English*]

THE CANADIAN ECONOMY

ALLEGED GOVERNMENT MISHANDLING OF ECONOMIC SITUATION

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister, who has strongly and vehemently claimed that the government is handling well the economic problems facing the country. Since the Gallup poll produced last Wednesday states that only 27 per cent of the people believe the government is handling the economy properly, while 59 per cent believe the economy is being handled poorly, and since this is the key issue upon which the people will decide the outcome of the next election, will the right hon. gentleman screw up his courage and slip out to the Governor General's this afternoon and let the people decide who is doing what to whom?

Right Hon. P. E. Trudeau (Prime Minister): Yes, Mr. Speaker.

Some hon. Members: Oh!

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EXTERNAL AFFAIRS

EXPULSION FROM CANADA OF MEMBERS OF SOVIET DIPLOMATIC CORPS—EFFECT OF NEWS SCOOP ON RCMP INVESTIGATION

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is addressed to the Secretary of State for External Affairs. It is relevant to the announcement made yesterday concerning the expulsion from Canada of 13 members of the Russian diplomatic corps. In view of the fact that the reporter Paul Jackson claims a scoop and broke the story at 11 a.m. on Thursday in Edmonton, could the minister tell us whether, as a result, the RCMP was compelled to interrupt this crucial investigation, thus preventing full and further disclosures of crimes against Canada?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): No, Mr. Speaker; I think the record speaks for itself in that regard. There is nothing to that suggestion.

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ENERGY

CANADA-U.S. PIPELINE AGREEMENT—INPUT OF PROVINCES

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is for the President of the Privy Council. It has to do with the Canada-United States pipeline agreement. As the agreement requires the acquiescence of provinces which will be affected by the pipeline, and since the co-operation of British Columbia was conditional upon certain demands made in a telex of August 15, 1977, would the President of Privy Council

be prepared to table that telex in the House of Commons, as we do debate the bill on Monday?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I will consider that suggestion. Usually, the consent of the province concerned is required before tabling such communications. I might add that discussions with British Columbia are continuing. I had a meeting with the minister concerned, in December, and I hope to see him again at an early date.

Mr. Oberle: Since the concurrence of the province is very crucial to this project, can the minister tell us whether this telex has been discussed with United States officials and whether they are happy with the demands made by the province in its communication of August 15?

Mr. MacEachen: No, Mr. Speaker, we have not discussed matters of concern to Canada and British Columbia with American officials.

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FISHERIES

AUDIT OF FRESHWATER FISH MARKETING CORPORATION

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. It has to do with the Freshwater Fish Marketing Corporation and very serious problems which could affect thousands of fishermen in all three prairie provinces. Is the minister now prepared to tell the House whether or not he will order an independent audit of the financial affairs of the FFMC?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): The hon. member, surely, owes it to the House and the Canadian people not to smear a corporation which is trying to help fishermen, by talking about "serious problems" without identifying them. If the hon. member is referring to the slowness in the movement of fish, he should know—and if he does not, he is not representing his riding properly—that we took in a large quantity of fish, which we would not normally have been taken in, in order to try to help the fishermen. Market conditions have improved, and I expect the Board will be able to make a final payment soon.

As far as the accounting of the corporation is concerned, the Auditor General examines its books, and I have full confidence in the Auditor General. I would point out, too, that the board includes representatives of the provinces and of the fishermen: four or five fishermen are on the board. I hope that before smearing the corporation, the hon. member will check his facts.

Some hon. Members: Hear, hear!

Mr. Whiteway: Perhaps the almost indifferent attitude the minister has shown toward the FFMC—

Some hon. Members: Oh, oh!

Mr. Whiteway: Is the minister suggesting that it is irresponsible for the new minister in the province of Manitoba to ask for an independent audit of the books and financial affairs of the corporation? Is it not remarkable that a provincial minister should be talking about withdrawing from the FFMC? Is it being suggested that he, also, is being irresponsible by making such a statement?

Mr. LeBlanc (Westmorland-Kent): The answer to that, Mr. Speaker, is yes.

Some hon. Members: Oh, oh!

Mr. Clark: The Minister of Fisheries has shown there is no limit to his venal politics.

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THE MINISTRY

PRIME MINISTER'S QUESTIONS TO MEMBERS OF CABINET BEFORE APPOINTMENT

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I direct a question to the Prime Minister in the hope that he may have reconsidered his decision to hide from public view information about the standards he follows when appointing hon. members to the cabinet. My question is simple and direct. Before appointing the present and previous solicitors general to the most sensitive security portfolio in the government, did the right hon. gentleman, personally, ask each of them whether there was anything in their background which might lead to blackmail or otherwise compromise the ability of that person to carry out his responsibilities as Solicitor General?

• (1202)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, you will recall that this question was asked yesterday, and I answered it to the satisfaction of all reasonable people.

Mr. Clark: Mr. Speaker, will the Prime Minister tell the House of Commons whether, before appointing ministers to the most sensitive security portfolio in the government of Canada, he asks questions, personally, to determine whether or not there is anything in the background of the person he is appointing to this sensitive portfolio which might compromise the ability of that person to carry out that responsibility?

Mr. Speaker: Order. The hon. Leader of the Opposition will realize that in his special capacity, yesterday I hesitated to interfere in the repetition of questions. I am sure that when he examines the record, he will see he was pressing the same question several times. I did not stop him yesterday. However, after its being asked twice today and four times yesterday, I must say there has been repetition of the same question.

Tabling of Documents

POINTS OF ORDER

MR. McGRATH—REPLY GIVEN BY MINISTER OF EMPLOYMENT AND IMMIGRATION

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise on a point of order. I hesitate to take the time of the House on a point of order but it is merely for the sake of accuracy in the record. Today the Minister of Employment and Immigration (Mr. Cullen) accused me of making inaccurate and misleading statements. I want to say for the record that I can stand behind and document every statement I have made in this House, which is more than the minister can do, having already admitted misleading the House.

MR. HNATYSHYN—PARLIAMENT HILL—USE OF FACILITIES FOR LIBERAL PARTY CONVENTION

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a point of order. In view of the substantial interest in the topic and the understanding we have that the government House leader was to discuss the matter respecting the use of the premises on Parliament Hill for the forthcoming Liberal convention, I wonder if Your Honour can tell the House whether the government House leader has had those preliminary discussions and whether you will be in a position to report to the House in the near future or make a decision with respect to the point of privilege which was raised.

Mr. Speaker: Order, please. As I indicated in dealing with the question in a preliminary way on the matter of privilege raised by the hon. member for Edmonton West (Mr. Lambert) I said I would keep the matter under reserve while I had consultations with the government House leader, who is the Deputy Prime Minister and President of the Privy Council (Mr. McEachen). I can tell the House that I have had some preliminary conversations and it seems to me to be useful that the matter should be the subject of further consultations and conversations between us. I will endeavour to finalize the matter and report to the House as soon as possible. I have reason to believe that will be within the next two or three days.

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT

TABLING OF SECOND VOLUME OF SNAVELY REPORT ON GRAIN TRANSPORTATION

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, pursuant to Standing Order 41(2) I wish to table, in both official languages, copies of the second volume of the Snavely Report on Grain Transportation.

[Mr. Speaker.]

FEDERAL-PROVINCIAL CONFERENCE

TABLING OF CORRESPONDENCE AND OF AGENDA FOR FIRST MINISTERS' MEETING

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, under the provisions of the same standing order, Standing Order 41(2), I should like to table correspondence, in French and English, with the provincial premiers concerning the first ministers' conference next week, including the agenda for the meeting which has been approved now by all premiers.

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AUDITOR GENERAL

TABLING OF OFFICE AUDIT FOR YEAR ENDING MARCH 31, 1977

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, pursuant to Standing Order 41(2), and in accordance with section 22 of the Auditor General Act, I have pleasure in tabling the audit report of the office of the Auditor General, in both official languages, for the fiscal year ending on March 31, 1977.

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DIPLOMATIC AND CONSULAR PRIVILEGES AND IMMUNITIES ACT

MEASURE TO AMEND

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo) moved for leave to introduce Bill C-419, to amend the Diplomatic and Consular Privileges and Immunities Act.

Some hon. Members: Explain.

Mr. Beatty: Mr. Speaker, I will be pleased to accede to the request to explain my bill. The purpose of the bill is to amend the Diplomatic and Consular Privileges and Immunities Act to require the government twice yearly to publish a list by country of all alleged infractions against Canadian law for which diplomatic immunity has been claimed. While the vast majority of foreign diplomats in Canada are honourable guests in this country, a small portion of them are systematically abusing their diplomatic immunity.

I believe my bill is unique because it was researched and prepared by a number of political science students attending Wilfrid Laurier University, nine of whom are seated in the south gallery.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 797, 973, 974, 975, 989, 990, 1,026, 1,030, 1,031 and 1,245.

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

[*Text*]

TOTAL NUMBER OF HOUSES BUILT UNDER SECTION 40 OF THE NATIONAL HOUSING ACT

Question No. 797—**Mrs. Pigott:**

1. What was the total number of houses built under Section 40 of the National Housing Act (a) nationally (b) in each province?

2. What amount, including start-up funds, sustaining grants and bridge loans, was allotted for such construction (a) nationally (b) in each province?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: 1 and 2. See table following:

Activity Under the National Housing Act, Section 40[1]

1950 - October 1977[2]

Province	No. of Units	$
Newfoundland	2,989	48,989
Prince Edward Island	819	10,638
Nova Scotia	11,970	157,931
New Brunswick	2,067	34,360
Québec	796	7,997
Ontario	7,432	80,730
Manitoba	1,551	25,306
Saskatchewan	7,821	134,152
Alberta	1,199	17,903
British Columbia	7,910	119,437
Yukon Territory	78	1,901
Northwest Territories	222	4,747
Canada Total	44,854	644,091

[1] Includes rental, sales, co-operative, and rural and native housing.
[2] Data for 1950 - 76 are net, data for 1977 are gross.

AMOUNT SPENT UNDER NIP IN FREDERICTON

Question No. 973—**Mr. Howie:**

What was the total amount spent under the Neighbourhood Improvement Programme in Fredericton, New Brunswick by (a) Canada (b) New Brunswick (c) Fredericton, in the fiscal year ending March 31 (i) 1977 (ii) 1976 (iii) 1975?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: the following loans and grants for the Neighbourhood Improvement Program under the National Housing Act have been approved for Fredericton, New Brunswick:

Grants	Section 27.2	Loans	Section 27.5
	$000		$000
1975—	20	1975—	—
1976—	27	1976—	—
Jan.-Oct. 1977—	131	Jan.-Oct. 1977—	—

Grants made under section 27.2 may not exceed 50 per cent of the cost of selection of a neighbourhood, acquisition of land, construction or acquiring and improving recreational or social facilities, developing occupancy or building maintenance standards; and not exceed 25 per cent of the cost of improving municipal and public utility services for the neighbourhood. The municipality and/or the province provides the remainder of the funds required.

NOTE: The calendar year is the fiscal year of CMHC.

AMOUNT SPENT UNDER RRAP IN FREDERICTON

Question No. 974—**Mr. Howie:**

What was the total amount spent under the Residential Rehabilitation Assistance Programme in Fredericton, New Brunswick by (a) Canada (b) New Brunswick (c) Fredericton, in the fiscal year ending March 31 (i) 1977 (ii) 1976 (iii) 1975?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation (a) The following loans were approved under the Residential Rehabilitation Assistance Program, Section 34.1 of the National Housing Act, in Fredericton, New Brunswick:

		Loans	Units	$000
	1975	40	68	333
	1976	256	426	469
January-October	1977	109	200	292

NOTE: The calendar year is the fiscal year of CMHC.

(b) and (c) Neither the province of New Brunswick nor the city of Fredericton contributes to the Residential Rehabilitation Assistance Program.

NIP AND RRAP IN AREAS OF FREDERICTON

Question No. 975—**Mr. Howie:**

Is consideration being given to extending the Neighbourhood Improvement Programme and Residential Rehabilitation Assistance Programme to Marysville, Barker's Point, Nashwaaksis and remainder of Devon areas of Fredericton, New Brunswick?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: the government of the province of New Brunswick has not participated in the Neighbourhood Improvement Program in 1976 and 1977, and does not intend to participate in 1978 even if the programme is extended beyond its scheduled expiry date of March 31, 1978. Marysville, Barker's Point, Nashwaaksis and the remainder of Devon areas of Fredericton will, therefore, not be able to participate in the Neighbourhood Improvement Program and the associated Residential Rehabilitation Assistance Program during 1978.

Order Paper Questions

AHOP LOANS IN FREDERICTON, YORK COUNTY AND SUNBURY COUNTY

Question No. 989—**Mr. Howie:**

Since January 1, 1977, how many loans were made under the AHOP programme to persons in New Brunswick in (a) Fredericton (b) York County (c) Sunbury County?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: in the first ten months of 1977, loans made under the direct and private AHOP programs in New Brunswick are shown below:

Location	Loans	Units	$000
AHOP Section 34.15			
New Brunswick	43	43	1,192
Fredericton	—	—	—
York County	—	—	—
Sunbury County	—	—	—
AHOP (Private)			
New Brunswick	449	451	14,190
Fredericton	40	40	1,290
York County	50	50	1,619
Sunbury County	31	31	1,043

LOANS MADE FOR SENIOR CITIZENS PROJECTS IN NEW BRUNSWICK

Question No. 990—**Mr. Howie:**

Since January 1, 1977, how many loans for senior citizens housing accommodation have been made for projects in New Brunswick in (a) Fredericton (b) York County (c) Sunbury County?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: in the first ten months of 1977, CMHC approved the following loans for senior citizens projects in New Brunswick: one loan under section 15.1 of the National Housing Act for 30 units and $462,000 and three loans under Section 43 for 30 units and $647,000. (a) Fredericton, nil; (b) York county, nil; (c) Sunbury county, one loan under section 15.1 for 30 units and $462,000.

HOUSES BUILT UNDER NIP IN CONSTITUENCY OF RICHMOND

Question No. 1,026—**Mr. Beaudoin:**

Were any houses built in the Constituency of Richmond under the Neighbourhood Improvement Programme and, if so (a) how many (b) what was the dollar value?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: the Neighbourhood Improvement Program is intended for the improvement of the amenities of neighbourhoods and the housing and living conditions of the residents of such neighbourhoods and not for the construction of housing.

[Mr. Ouellet.]

APPROVAL OF PROJECTS FOR FAMILY HOUSING—PROVINCE OF QUEBEC, CONSTITUENCY OF RICHMOND

Question No. 1,030—**Mr. Beaudoin:**

On December 6, 1977, did CMHC approve projects for the financing of family units ($500 for the new owner) in the (a) Province of Quebec (b) Constituency of Richmond and, if so (i) how many (ii) what was the dollar value?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: the program of the $500 federal government grants to first-time purchasers of new homes was in effect between November 1, 1974 and October 31, 1975. There was, therefore, no activity under this program in 1977.

HOUSING CO-OPERATIVE PROJECTS—CANADA, PROVINCE OF QUEBEC, CONSTITUENCY OF RICHMOND

Question No. 1,031—**Mr. Beaudoin:**

Did CMHC take part in housing co-operative projects and, if so, what amount was allocated in (a) Canada (b) the Province of Quebec (c) the Constituency of Richmond?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation: in the first ten months of 1977, CMHC financed co-operative housing projects under Section 34.18 of the National Housing Act, as follows: (a) Canada—33 loans for 842 units in a total amount of $26.3 million, (b) province of Quebec—12 loans for 162 units, for a total amount of $2.5 million, (c) Municipal counties of Richmond and Wolfe, Quebec—nil.

NOTE: Data on activity under the NHA, compiled by CMHC, are based on municipalities and municipal counties in Quebec and not on federal electoral constituencies.

PAYMENT OF INSURANCE MONIES

Question No. 1,245—**Mr. Herbert:**

Does the Superintendent of Insurance ensure that monies payable to an estate upon the death of a policy holder be payable upon request at any point in Canada?

Hon. Jean Chrétien (Minister of Finance): Being a contractual matter, the place of payment of insurance is subject to the terms of the insurance contract itself and the laws of the province in which the contract was made. The federal insurance acts do not empower the superintendent of insurance to take any action that would bear upon the place of payment of insurance money within Canada.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—PENITENTIARY REFORM

Mr. Erik Nielsen (Yukon) moved:

That this House deeply regrets the failure of the Solicitor General to adopt and implement the sixty-five unanimous recommendations of the Subcommittee on the Penitentiary System in Canada, and therefore directs the government to adopt and implement forthwith the whole of these recommendations to promote meaningful penitentiary reform and to prevent further hostage incidents.

Mr. Speaker: Members will note that pursuant to Standing Order 32(1)(k) and Standing Order 58(11), proceedings on this motion will expire this afternoon at the ordinary hour of adjournment.

Mr. Nielsen: Mr. Speaker, before embarking on the main points which I will make in this debate, I would like to outline how the subcommittee on penitentiaries was set up.

In August, 1976, after a rash of prison violence across the country, our leader and his caucus decided the situation was so serious that it required action on the part of the government, which was dragging its feet in meeting the horrible situation that existed. The Leader of the Opposition (Mr. Clark) prior to the assembling of the House that year set up a special committee of our own caucus on this side to inquire into and bring forth solutions to settle the unrest in the penitentiary system in Canada. Some three weeks after that decision which was made by our leader, the then solicitor general approached me and suggested that there should be a parliamentary committee set up in order to cope with this problem which was rapidly getting out of control.

Throughout my time in this House I have not been hesitant in showing my partisanship in the debates in this House. But because of the serious nature of the problem in the penitentiary system confronting the country, in my view it was crucial that a unanimous report be presented and accepted by the government to provide for the implementation of the recommendations of the committee. With some considerable difficulty I attempted to convince or, rather, I urged hon. members who were chosen to serve on that subcommittee to work by crossing party lines to ensure there would be no partisanship in the work of the committee. In all of my time here I have never seen any committee of parliament operate in the unanimous fashion in which that subcommittee worked. That says something about our committee system generally which, in my personal viewpoint, is rather useless as the system is now operated.

● (1212)

The single, shining example of an exception to the uselessness of the general commitee system is the work of that subcommittee on penitentiaries, operating under the aegis of the Standing Committee on Justice and Legal Affairs.

In 1975-76 there were no less than 69 major incidents in Canadian penitentiaries, including 35 hostage-takings. This was pointed out in the evidence before our subcommittee, but it was even more lucidly and eloquently pointed out on more than one occasion by the distinguished hon. member for Windsor-Walkerville (Mr. MacGuigan) who chairs the Standing Committee on Justice and Legal Affairs, and who chaired the subcommittee on penitentiaries. I think I speak for all members who served on that committee when I applaud the manner in which the hon. member for Windsor-Walkerville conducted those meetings, and mention his subsequent papers, prepared and delivered to various organizations across the country.

Some hon. Members: Hear, hear!

Mr. Nielsen: I commend the reading of those papers to hon. members. Being the honest and forthright person that chairman is, he had some very critical things to say in those papers he wrote. I am going to refer to two of them now. The first is contained in a speech he made to the Canadian Association of Provincial Court Judges in Halifax, Nova Scotia, on October 1, 1977. I quote from page 8 of the text which states:

As I sense the state of mind of members of the subcommittee, we are not prepared to accept anything less than the full implementation by the government of any of the important recommendations of the report.

He sensed our feelings correctly. That report was passed to the government with the full intention of all committee members that it was a package, and that it would serve no useful purpose to pick away at the report, adopting and selecting a recommendation here and a recommendation there. There were 65 recommendations in that report and the general sense was correctly stated by the hon. member for Windsor-Walkerville, our chairman, that the package had to be adopted as a whole if meaningful reform was to be achieved.

The other quotation to which I wish to refer hon. members is from the same speech made on the same day, at page 12, where the hon. member had some complimentary things to say about the then solicitor general. As an aside at this stage I might say that in my personal view the then solicitor general exercised good judgment, paid a good deal of personal attention to the recommendations of the report, and put forth a genuine effort to ensure that its major recommendations were adopted. He was not entirely successful in that, and that is wherein lies my disappointment, I am sure, a disappointment shared by several others on the committee.

The quotation I wish to put on the record from page 12 of the hon. member's remarks on that occasion is as follows:

Since I have already complimented the minister where it was his due, perhaps I may be permitted to say, without fear of misunderstanding, that his initial response to recommendation 29 is not entirely satisfactory. Of course, the important point is that the the system be operated in a manner consistent with the principles of natural justice, and this is fully accepted by the minister's failure to unambiguously endorse the proposition that all penitentiary directives should be recognized as regulations have the force of law (thereby giving rise to rights owed to inmates as well as duties owed by them) can only reinforce the tendency of penitentiary administrators to evade the rule of law in this area. Two parliamentary committees within a few months have now insisted that commissioner's directives can no longer be allowed to subsist as a species of sub-law

within penitentiaries. I hope that the minister will announce his agreement at least with the principle.

In order to achieve the unanimity in that committee of which I spoke a few moments ago, and there were many of us who thought that the recommendations should go much further than they did, and others who thought they went too far, we reached a middle ground, a compromise on all of these 65 recommendations in the hope, which is not entirely unreasonable, that having unanimity, with the government members sitting on the committee united with members of other parties, the government would have no recourse but to implement those recommendations. If they are not adopted and implemented, this only points out the uselessness of the committee system even more strongly than I feel it to be now.

Some hon. Members: Hear, hear!

Mr. Nielsen: There can be no purpose in members travelling throughout Canada visiting almost every maximum-security institution, almost 25 per cent of the medium and minimum security institutions, as well as half-way houses, and travelling into other countries as a committee and as individuals to examine penal systems outside Canada, in order to come up with fresh ideas for the purpose of assisting in the reform of our system, spending all that time and taxpayers' money, if in the face of that unanimity the government rejects that package of recommendations from the committee.

Other members on this side, notably the hon. member for Oxford (Mr. Halliday), will be addressing themselves to some shining examples of our own provincial systems where procedures and methods are working that do not exist in our federal system. The hon. member for Surrey-White Rock (Mr. Friesen) will be speaking in respect of specific incidents at the British Columbia penitentiary, past and recent. Hopefully there will be time for the hon. member for Central Nova (Mr. MacKay) to engage in the debate as well.

Members receive a great deal of reading material during the normal course of business here, but I hope they will read that report and the recommendations contained therein, because I think if they do so, particularly the government members, they would add their urgings to the government to implement those recommendations.

I want to speak for a moment on the extent to which I and my party believe the recommendations should have gone. As I said, we compromised in order to achieve unanimity in the committee.

In the area of the system itself, based on the observations that we made and the conclusions we came to in the committee, it would be our recommendation that we look at some alternatives to incarceration. When dealing with non-violent offenders against property, greater use should be made of such sanctions as restitution, fines and sentences to community service. The Criminal Code should be amended to allow far greater flexibility for the use of such measures.

[Mr. Nielsen.]

● (1222)

With respect to the scope of the system, the government should commence early discussions with the provinces with a view to merging the federal and provincial correctional services under suitable federal-provincial cost-sharing arrangements. Adequate cost-sharing arrangements should be worked out, along with standardization of training, pay, and benefits. A ten-year program should be established whereby the merger may be accomplished in phases. In that fashion, a standard treatment would be achieved for those unfortunate enough to be incarcerated in the present system. Under present constrictions there is a double standard existing throughout Canada. This is because each province is responsible for the treatment of its inmates within its jurisdiction. We should strive toward the standardization of the entire system in the country.

During my visit to Europe in January of last year, I saw examples of standardization. Because of the nature of the countries I visited, it was easy to achieve standardization. The benefits of the system in those countries were manifested wherever I travelled, whether it was Germany, France, Denmark or Holland. I was impressed with the progress being made and the approach being taken in Denmark where I visited several prisons. I was convinced that the penal system and our approach in Canada are in the dark ages compared with that country's policies and approach.

With respect to the operation of the penal system in Canada, the government should adopt in the policy-making process the concept of a penitentiary board. Other than just the necessary secretarial record-keeping staff, as was recommended in the report, that board should have no fulltime employees attached to it. It should function as a vitalistic structure and not just another level of bureaucracy. That is one of the difficulties the minister's department is facing at the present time when considering this report. It is having difficult accepting the recommendation of establishing an independent advisory board and policymaking body.

Citizens advisory committees can play a more functional role in the system. These committees should attempt to solicit the support of business and labour for institutional work release programs. An example of this plan can be found in Prince Albert where inmates have formed a committee and exercised discipline on their fellow inmates who were permitted to go out into the community and work on projects with the co-operation of labour and the community. Approximately 30 inmates were released daily to work on projects, and none of them have failed to return. There was an unimportant exception to that, which is not relevant to what I am discussing now.

This program worked well. It contained the highly desirable system of internal disciplining of inmates. Work was being parcelled out by that inmates' committee. Because of a ridiculous regulation which prevented back-to-back absences, the program was discontinued on the recommendation of the Parole Board. I do not know whether that situation has been corrected, but I hope so.

With respect to the operation of the penal system, we heard disappointing evidence from inmates with regard to parole and mandatory supervision. The decision of the Parole Board to revoke paroles should be reviewable by the courts. Minor violations of the terms of parole should be punishable by temporary reconfinement, during which time the inmate would not lose time served on his sentence. This measure as well should be reviewable by the courts.

With respect to our position vis-à-vis staff, it is our belief that the system is sadly lacking in good policies concerning recruitment, career opportunities, and discipline. One of the major reasons for hostage-taking incidents is the fact that there is constant conflict between inmates and staff because of improper attitudes on the part of both. A shining example of how that can be corrected existed in the institutions we visited in the United States.

The Canadian penitentiary service should be withdrawn from the jurisdiction of the Public Service Commission. It should establish hiring, career planning, and dismissal procedures of its own, using the standards of the Royal Canadian Mounted Police as a model. Recruitment standards for the service should be raised, and all applicants should undergo appropriate personality testing to determine their suitability for correctional positions. Also they should be subjected to security clearance.

Further, the Canadian penitentiaries system should provide regular upgrading courses and educational leaves to improve the quality of its staff and make it possible for employees to rise in the service. In this connection, an attempt should be made to generate personnel trading-off programs with other countries. If that were implemented, Canadian personnel in the penitentiaries system could work in the Danish system or in the American system at places like McNeil Island, San Diego, etc. This exchange will result in benefits to the system. There are several further recommendations with respect to staff which I do not have the time to put on the record.

The next matter I should like to deal with is the care of inmates. Despite assurances that the committee's brief is being accepted by the government with respect to a building program, I have some doubt. All we are doing is building more warehouses, the police are arresting more people, and the courts are sending more people to jail, when diversionary programs could prevent that kind of growth of prison populations. The Criminal Code must be looked at in order to achieve changes and have other methods of sanction employed. With respect to the ongoing building program, it should be brought to a conclusion as quickly as possible. This may mean that there will have to be more flexibility on the part of the government in its policy of constructing new institutions close to large urban areas. The report speaks of work communities and the like.

Generally wherever we went we found that the feeding and clothing of inmates was bad. The hon. member for Windsor-Walkerville has pointed that out on more than one occasion. We found some serious deficiencies with respect to medical services, about which the hon. member for Oxford will be speaking.

● (1232)

We found very serious deficiencies in the treatment of inmate grievances. We on this side urge the minister that inmate grievances should be handled at the first level by a board consisting of two inmates and two staff members, with a member of the administrative staff sitting as chairman and voting only to break ties. This board should have the authority to decide upon the validity of a grievance and to make recommendations to the institutional director regarding possible solutions to inmate complaints. We believe that an inmate should have the right to appeal the decision of the director or the grievance committee to an arbitrator.

In different words parts of these policies are in the recommendations of the subcommittee. The arbitrator should be a person drawn from outside the system and appointed by the director. Such a person should be of good standing in the community and be possessed of arbitration skills. If a resolution of an inmate's grievance cannot be arrived at, the inmate should be able to appeal directly to the commission. No inmate should have to wait more than six weeks before receiving a final answer to his grievance after it has been passed on to the board of review or the commissioner's office. If more time is required the inmate should be so informed, and the reasons for the delay should be fully explained. Some progress has been made in this direction, but far from enough. This kind of system is now operating, with good results, in other countries.

This package of 65 recommendations as a whole may look quite radical to the officials in the pentitentiary system. I think that attitude might be changing slowly. The in camera hearings with respect to the progress of the implementation of some of the recommendations made by the subcommittee have been very useful. They have brought the members of that subcommittee into direct communication with those responsible for advising the minister on policies. We feel that we are making some progress in changing their thinking, and I say this without any disrespect to the top echelon staff involved. We would like to avoid the assessment by them that these recommendations are truly radical.

There are further recommendations with respect to inmates which I will not have time to put on the record, but let me stress that it is my belief that the recent incidents in B.C. and at Dorchester are a direct result of the long delay—nine months since the government has had the report—in implementing some of the more crucial recommendations of the report as they apply to inmate reform procedures and staff reform procedures. We are back to square one. There was not a single hostage-taking incident or a single incident of violence during the entire time that the subcommittee was doing its work. The report was tabled last June. Nine months have gone by. I for one am extremely disappointed—and that disappointment is shared by other members of all parties who sat on that subcommittee—that we have not moved more positively, aggressively, and quickly to implement the recommendations.

Had we done so, it is my belief that these incidents could have been avoided. Only by the adoption of this package of recommendations will peace be restored within the system.

While I am not attributing the slaying of Michel Roy in Montreal directly to faults in the system, there can be justification for drawing the conclusion—perhaps speculation is more accurate—that the slaying occurred as a result of the conditions which still exist in the federal system, largely around Montreal, Quebec. Nothing is improving there, and hence the violence. I think the Solicitor General (Mr. Blais) can expect more of it unless the government ceases its foot dragging.

I want to emphasize recommendation No. 65, that is, for the ongoing work of the subcommittee. In response to a question asked of him yesterday, the Solicitor General said he had no intention yet of reconstituting that subcommittee. He could on his own initiative see to it that that is done by discussing it with the chairman of the Standing Committee on Justice and Legal Affairs, and I am certain that that standing committee would, with alacrity, accept its responsibility and reconstitute the subcommittee so that we could have a steady and ongoing review and exercise a monitoring input to assist the government to achieve a solution to this very serious problem.

One of the central features of the report is inmate labour. Idle hands turn only too often to evil intent. Inmate labour is essential to any well functioning penitentiary system. In Denmark, if I may draw a contrast again, a sanction against recalcitrant inmates is to take away from them the right to work. It is the reverse here. If they wish, inmates are allowed to sit around all day. They do not have to participate in any work programs, and much time is available for frustrations which they encounter in the system to seep to the surface and to break out into violent incidents.

I recommend to the Solicitor General a close study of that Danish system. A state corporation has been set up to market on a worldwide basis prison products made by inmates within the prisons. Essential to the success of the Danish scheme, the labour union movement there is deeply involved. That labour union co-operation must be had in order to achieve success. We are moving far too slowly on the recommendation of the subcommittee with respect to inmate work programs in this regard. The approach seems to be to get back into the market gardening business as an experiment. Some institutions are getting into the manufacturing business, but our suggestion is that all inmates who are physically capable of working should be required to work.

Some hon. Members: Hear, hear!

Mr. Nielsen: No more than 20 per cent of the inmate population should be employed in institutional maintenance, and those who are should be paid a reasonable wage for their labour. I think all subcommittee members were unanimous in their feeling that it is absolutely disgraceful to set up a wage structure in a prison which does not permit even the bare necessities of hygiene to be purchased on a daily basis. That wage structure is so niggling that it ought to be disposed of.

Under the Danish system inmates earn an hourly rate, plus bonuses for over production. The inmates have banks in their prisons. The system adopted over there not only pays inmates a reasonable rate for the work they do but also enables them to pay for their room and board, which prevents the state from having to pay that cost. Inmates are able to send money to their wives and children, but inmates' wives and children in this country are supported by welfare.

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. member because his time has expired. However, there may be unanimous consent for him to continue his remarks. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Nielsen: We suggest that the penitentiaries in this country be allowed to compete for contracts on the open market. In choosing its areas of production the system should bear in mind both the degree of job training a given industry will provide inmates, and the financial profits to be made from such industry. A Crown agency should be established. This is one of the heart and core recommendations of the report.

● (1242)

A Crown agency should be established to oversee the administration, accounting, sales and marketing operations of the prison industries. The individuals serving in this agency should be selected by the commissioner on the basis of their business enterprise.

Each individual inmate in prison industry should be paid on the basis of the amount he produces. There should be other, non-financial incentives offered as well, such as paid holidays and extra earned permission.

Vocational training programs could be vastly improved. Perhaps the minister will have an opportunity to visit the prison at Ringe in Denmark to view the beauty of that maximum security institution and its functions. The recidivism rate is less than half that of Canada because inmates leave there with a work incentive, able to cope with society, and make a useful contribution with far less chance of ever returning to prison. I believe the recidivism rate in Denmark is in the area of 40 per cent. One of our provincial institutions about which the hon. member for Oxford will speak later, has a similar rate because of policies adopted there which are applicable to highly dangerous criminals.

I charge the government with neglect, Mr. Speaker. I do so in the kindest possible way and in the hope it does not disturb the establishment of the subcommittee pursuant to recommendation No. 65 of our report. I want the attitude that was present in the committee to continue. If the committee is not reconstituted, if the recommendations are not adopted and implemented rapidly, the neglect which is apparent in British Columbia and Dorchester will get worse. I am sure this feeling is shared by all members of the subcommittee. Unless the government acts on this report with alacrity, I am sure the next time the committee embarks on this exercise we will be looking at ashes. I thank the House for the extra five minutes, Mr. Speaker.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, first of all I should like to congratulate the hon. member for the Yukon (Mr. Nielsen) for setting this motion down for debate. I should also like to thank him for the non-partisan way in which he has explained this problem, and I hope to speak in the same manner.

Some hon. Members: Hear, hear!

Mr. Leggatt: Members on every side of the House have some criticisms of this matter. We hope that the Solicitor General (Mr. Blais) will listen to them. It would be dangerous to the extreme if the crises that occur from day to day within the system were used for any narrow partisan advantage in terms of the continuing debate about the prison system in Canada.

The motion reflects the view of this party that there is disappointment and regret that the report of the subcommittee has not been adopted, has not been implemented, and that far too much time has passed since it was submitted. Those of us who sat on that committee did not get what we wanted in the report. Perhaps the Solicitor General has failed to understand that. A variety of views were expressed—views as different as my own, as those of the former member for Burnaby-Richmond-Delta, and those of the hon. member for Vancouver-Kingsway (Mrs. Holt), but there was a tremendous amount of good will among members, which is expressed in the first sentence of the report. It was there because of the description of the crises in the system. All members accepted that fundamental premise and decided, since that is the state of the system, it is more important than anything else. No one wanted to get a vote out of anything, but everybody wanted a change in the system.

Some hon. Members: Hear, hear!

Mr. Leggatt: I want to quote from the beginning of the report because it is vital to understanding the disappointment that is going to be expressed by members of this House. The very first recommendation on page 2 reads:

> A crisis exists in the Canadian Penitentiary System. It can be met only by the immediate implementation of large-scale reforms. It is imperative that the Solicitor General act immediately on this report as a matter of the utmost urgency.

The disappointment sets in when one examines the response of the former solicitor general which was as follows:

> While there are serious problems which must be resolved, doubt is expressed about use of the term 'crisis' to describe a situation which has been of ongoing concern for some time. It should also be noted that the subcommittee was established as a result of disturbances in three institutions in a system containing 54.

I am disappointed that the former solicitor general of that time did not read our report particularly carefully.

The history of the penitentiaries system and the acceleration of the crisis is outlined on page 5 of the report as follows:

> In the 42 years between 1932 and 1974 there were a total of 65 major incidents in federal penitentiaries. Yet in two years—1975 and 1976—there was a total of 69 major incidents, including 35 hostage-takings involving 92 victims, one of whom (a prison officer) was killed.

That is why the committee came to the conclusion there was a crisis in the system. It is not good enough for the then minister to say it is not really a crisis, that it is an ongoing problem. The acceleration of violence within the maximum security system is a crisis. I would have felt much less disappointment if he had accepted our proposition as stated. Then I would have believed that we were going to move quickly to adopt the report.

My second major regret concerns recommendation No. 65 on page 167, which reads as follows:

> The Standing Committee on Justice and Legal Affairs should have a permanent reference during the rest of the 30th Parliament and for the 31st Parliament to enable it to review the implementation of this Report in the context of the criminal justice system.

That recommendation was also rejected. Yet it seems to me it would not have been very difficult for the government to accept it if it was serious about implementing the report. It should have agreed to change the system and allow the committee to function as it has in a non-partisan way. What was the government worrying about with regard to the continuing operation of the committee, Mr. Speaker? What it was worried about was that it did not want to be pushed too hard with regard to making the tough changes. We in this party are ready to accept that there are some hard decisions that have to be made. As we indicated, none of us got all we wanted under the terms of the agreement.

● (1252)

We recognize that the changes, particularly with regard to the public service recommendations, the development of a Crown corporation and putting flexibility into the system, are going to be hard. You will have to fight the bureaucracy on them. One thing this government has to demonstrate is that it is willing to fight the bureaucracy.

Some hon. Members: Hear, hear!

Mr. Leggatt: It has to demonstrate that it is willing to take on the mandarins who have run the system for so long and who have resisted any change. If it would change that, the Solicitor General would have my whole support. However, I must say that we are getting very impatient. We are tired of waiting. We want to hear from that task force. We could have heard from them in this instance if the Solicitor General had adopted recommendation No. 65, which he has not.

I want to say something else about the crisis in the system. The Solicitor General and his officials must be the last people in Canada to believe still that there is not a crisis in the system. There is a question which the hon. member for Vancouver-Kingsway (Mrs. Holt) was instrumental in inserting in the report. It is a quote from Sir Winston Churchill in the House of Commons on July 20, 1910. We in this party have not been noted as great devotees of some of the statements of Winston Churchill, being a somewhat Conservative politician. However, what he said in 1910, as the hon. member for Vancouver-Kingsway pointed out, stands just as much today. He said the mood and temper of the public with regard to the

treatment of crimes and criminals are one of the most unfailing tests of the civilization of any country. By any measurement, this country fails that test completely.

Why do I say it fails that test? All I have to do is refer to the judgment of Mr. Justice Heald in the case of Darrell versus Heald.

Mr. Hnatyshyn: Darrell was his name.

Mr. Leggatt: The inmates of the penthouse at the British Columbia penitentiary decided to test whether the standards under which they were kept met anybody's level of civilization. I want to quote some of that judgment. It may tell us how low we have gone in terms of the way we are administering our prison system.

In that case, one of the famous or infamous inmates was Andrew Bruce. The other was John McCann. Before going into that particular case, I apologize to Mr. Justice Heald for including him in the style of cause.

Mr. Hnatyshyn: I hope it is not profanity.

Mr. Leggatt: I hope it will not affect my future in the law business. In any event, one of the individuals in that particular case was Andrew Bruce. Andrew Bruce has been in trouble all his life. He, out of a large family, is the one who has had the most trouble. He spent time in juvenile homes. By the time he got to be 17, he was sent to the B.C. Penitentiary as a result of some serious property crime. Then he got his first taste of the penthouse. He was subsequently released.

In 1970 Andrew Bruce committed a particularly vicious murder. He went back to the B.C. Penitentiary and spent some two years in a cell which, if I recall correctly, is about four by six. He has spent most of his adult life in that particular cell.

I do not say this to justify for one minute any of the vicious and horrible crimes that Andrew Bruce has committed against society. However, I do ask members of parliament and members of the public to ask themselves whether we have reduced the risk of repetition of crime by the way we have treated Andrew Bruce? Is he any less likely or more likely to commit a crime?

Let us look at John McCann who spent 754 days in that cell continuously, with a half hour of exercise. If you bring a man in as a bank robber and put him in the hole, you cannot release him. You can hang him, but you cannot release him. If you release him, he will come out a murderer.

We sit here worrying about rates of recidivism. That is where the rate of recidivism comes. We are not rehabilitating these people, but turning them into dangerous, vicious killers, every day that we allow these conditions to prevail in the solitary confinement areas of our maximum security prisons.

There is no question that this is a difficult subject in terms of the public. The public is rightly concerned and upset with the rate and viciousness of crime. However, I plead with members of parliament and the public to understand that when you get on the wheel of punishment, you do not reduce the rate of crime. You increase the rate of crime and the viciousness of it.

I recall visiting a prisoner in the psychiatric section of Laval. For two weeks this prisoner had pleaded for psychiatric help. He was in for bank robbery. We always get conned when we go through a prison. However, he said he felt he could kill someone when he gets out. We got him his psychiatric treatment, but I really worried about that particular individual.

You cannot examine the prison system just with statistics. You have to examine it in terms of the people living in the cages and what you are going to do with them when they get out, because most of them get out. One way or another, they find their way to the streets. The public is not protected. What is our answer, and what is the answer of the government?

One of the major recommendations we made in this was that we have to start diversion programs with regard to those who are convicted of criminal offences, particularly with regard to property crime. Fifty per cent of those who live in maximum security institutions such as the B.C. Pen, Laval or Millhaven, are there as a result of property crime, not violent crime. However, we have seen no changes to the Criminal Code which would give the courts the kind of flexibility to allow them to sentence prisoners to work in the community to pay off their debt to society, or to pay the victim and thereby work off their debt to society or, indeed, through fines.

We have to be more flexible than just putting people in cages and saying, "Now you are paying your debt to society". They are not paying their debt to society. We are paying $17,500 a year to keep them. That is the current price to keep an inmate in prison.

Mr. Nielsen: It is $20,000.

Mr. Leggatt: The hon. member for Yukon says it is $20,000.

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until 2 p.m.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Leggatt: Mr. Speaker, this morning I was discussing whether the Solicitor General should have responded to the assertion in the subcommittee's report that a crisis existed within the penitentiary system. I referred to the famous judgment of Mr. Justice Heald with regard to the infamous penthouse at the B.C. Penitentiary and I want to read into the record a portion of it which describes an area in the prison known as the penthouse. This is what the judge said after examining the conditions there:

> These cells with concrete walls, floors and ceilings have a steel door with a six-inch peephole that opens only from the outside. The prisoners sleep on a concrete pallet covered by a four-inch thick foam-rubber mattress. They have a foam-rubber pillow and a couple of sheets. A 116-watt bulb burns until about 10

p.m. when a 25-watt bulb is turned on for the night. The prisoners sleep with their heads one foot from the open toilet at the rear of their cell, so that the guards can see them in hourly checks during the night. If the guards cannot see their face, and evidence they are breathing, they will pound on the door until the prisoner moves. The guards said they did this to make sure the prisoners hadn't escaped or committed suicide.

It should be understood that there are some inmates who spend three years in such conditions. It is not just a matter of spending ten days, or 15 days, or 30 days there—for that length of time they might be tolerated. McCann spent 754 consecutive days in solitary confinement. Often one hears the argument, "Look at what they did to their victims." I agree that these men have committed atrocious crimes at the expense of society, but surely the standards we impose should not be those adopted by those who commit these crimes. Surely they should be civilized standards, because the way in which we treat the worst elements in our society reflects the standards which our society seeks to uphold. On this score, Canadians have a great deal about which to search their hearts.

The subcommittee recommended that in terms of the Criminal Code we should move into areas of diversion. I quote from paragraph 190 of the report:

Many witnesses testified that if Canada builds prisons, those prisons will be immediately filled. Conversely, if alternatives for prison can be found for the majority, who are not dangerous, some of the existing buildings will be emptied. Thus, before entering into a multi-million dollar construction program, less costly and more productive alternatives should be introduced.

Perhaps the Solicitor General would comment on the construction program proposed by his department. I realize that for him this is a new portfolio, but a number of figures have been put forward as to the extent of this program. My information is from a report which I would be happy to give to the Solicitor General. It states we are building 26 new institutions and that the estimated cost will run about $460 million over the next five years. We will be adding another 3,326 additional beds to the prison system. At the moment the total program will construct 4,712 new beds and we will be phasing out 1,386 old ones. The net figure is 3,326 new beds over a five-year period.

● (1412)

I would suggest that we are following a construction program which will be a self-fulfilling prophecy. When you provide beds inmates will be found to fill them and the courts and judges will continue the present archaic system of punishment without rehabilitation.

Mr. Deputy Speaker: Order, please. I have to interrupt the hon. member because his time has expired. If he seeks unanimous consent of the House I am ready to ask the House if it will allow him to continue. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Leggatt: I wish to thank the House, Mr. Speaker. This construction program is a self-fulfilling prophecy. I submit that if the Solicitor General would examine the demographic figures he would find that the crime rate curve has been flattening over the years, in spite of the violent crime which we have experienced in Canada. Take a look at the facts and the statistics. In 1974 there were 545 homicides. In 1975 that figure increased to 620. In 1976 the homicide rate was reduced to 597, that is, by 7 per cent over 1975. If you use the population base figures and, taking the crime statistics, fix them to 100,000, which is the way judicial statistics are usually calculated, we find there has been a decrease in the homicide rate of .3 per cent. All violent crime curves are now on a down trend. The high point on the curve was reached in 1968.

In Canada people who commit the most crime fall into the 17 to 28 age group. After the second world war when there was the baby boom, when the crime peaked on the curve in 1968, a large percentage of the population was in that age bracket. Since then, crime has been slowly declining. With proper planning the crime rate would probably flatten out. It may not decine further but the population will continue to increase at a faster rate than that of the crime rate.

Therefore, while we may need some emergency construction, I would urge the Solicitor General to re-examine this massive building program of some $460 million. I appreciate that some new institutions will have to be built to alleviate immediate problems, particularly in the British Columbia penitentiary area. However, in terms of the total cost we ought to re-examine what we are doing.

I would like to cite some other interesting figures to the Solicitor General. In 1970 the total cost of running the penitentiary service was $70.6 million. In 1976 to 1977 it was $256 million. We are spending a lot of money but I do not think we are spending it wisely. We have not examined the trends carefully enough. There is no point in building a lot of "warehouses" in this country. The way the bureaucracy operates in Canada they will find a way to fill those warehouses. They will fill them with humans. This is not the way to solve the problem of reducing crime and, in the process, of rehabilitating criminals.

At the beginning I wanted to state that I support the motion before the House. It has been most carefully worded. It is traditional that we in this party will amend a motion which emanates from the official opposition. In examining this particular motion I can see nothing to amend. They have asked for the adoption of the 65 recommendations. Those recommendations came from every political party in this House, and it is a non-partisan motion reflecting the political views of the public as represented by the members on that committee.

In the three major areas of failure in implementing the report comes first of all the question of staff training, salaries and pensions, the idea of upgrading service to the RCMP model, and improving the morale of the service. There is nothing like money to improve morale. If you provide pay increases for correctional officers you will improve the morale of those institutions right away.

The second disappointment was the rejection of a recommendation with reference to regions. We want the warden to run his institution; we do not want him second guessed by region. We want the highest paid official in the region to be

the warden. He has the toughest job. He has to be able to walk down the range and quell anger before it gets out of control. There is no point in promoting wardens in the region out of maximum security institutions. That is a trend that suggests the warden is not the most important man. The warden in maximum security prisons is the key man in the system. If he has the right philosophy and is tough enough, the institution will be well run. Having the bureaucracy located in a high rise in downtown Vancouver directing the region and second guessing the warden is a mistake.

Perhaps the key recommendation in the entire report was the development of a national prison industries corporation, a corporation that would change the structure internally in those prisons and would provide work, compulsory work. I am not against a person who has committed a crime being sentenced to work. We all have to work. The Prime Minister (Mr. Trudeau) told us there were no free lunches the other day. To sentence a person to work does not mean you are sentencing him to a ball and chain. It means that he will have the chance to make a productive contribution to society. Those inmates must be able to structure their day and put in eight hours like everyone else. The national prison industries corporation should be in place now. It is due to negligence and delay that this has not been done.

To those people in a community in the trade union movement and the business sector who object to the idea of their products competing with products made within a prison, I say that manufacturing can be tailored entirely to producing those items we buy abroad and that our own industries have not seen fit to make. That will not upset the general market area; if it does, it will be only slightly. It will provide wages for prisoners and compensation for victims as well as board and room for those who are sentenced. There is no reason why they should not pay for the cost of their keep or a significant part of it.

The Solicitor General has not agreed that we are in a crisis. We have had crisis management. The concern of the Solicitor General's department has been in the area of diffusing the next hostage-taking incident. We are asking the Solicitor General today to adopt the report so that long term strategy can be planned to change the atmosphere within the system. If that is done it will reduce the number of deaths, hostage takings and murders. We will be on our way to changing some of those statistics we were talking about earlier on rehabilitation.

I have tried to make this a non-partisan approach and I hope the Solicitor General will as well. I wish to take the opportunity of congratulating the hon. member for Windsor-Walkerville (Mr. MacGuigan) who did a superb job for the committee.

Some hon. Members: Hear, hear!

Mr. Leggatt: I am surprised that he is still outside the cabinet walls, and that is no reflection on our present Solicitor General. I do think new blood is always useful for a Liberal cabinet. I want to thank the House for its indulgence in listening to these remarks. I hope the Solicitor General now appreciates how vital and important it is that he adopt all the recommendations, and to show his expression of good will I expect him now to rise in this place and say, "I accept recommendation No. 65", that the committee be reconstituted so that we can get on with the job.

[Mr. Leggatt.]

● (1422)

[*Translation*]

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I want first of all to thank the hon. member for Bellechasse (Mr. Lambert) who has been kind enough to let me speak immediately after lunch, for which I am very grateful him. I hasten to add that I am anticipating with great pleasure the remarks he will make, I suppose, immediately after me.

[*English*]

In order to reply first of all to the comments of the hon. member for New Westminster (Mr. Leggatt), I might indicate I very much appreciate the tone of this debate. I was a bit apprehensive yesterday when I read the motion. However, I did recognize that it was brought forward in order to bring to the public's attention the very serious matters with which we are presently dealing, and I appreciate the motion having been advanced at this time by the hon. member for Yukon (Mr. Nielsen) who, as we all know, has a number of other irons in the fire.

Mr. Nielsen: With no embarrassing vote.

Mr. Blais: Yes, we are always happy to have votes in this place because we have a very good record in terms of results. Having said that, that is the only partisan remark I will be making.

I want to advise you, Mr. Speaker, that since assuming office about a week ago yesterday I have had some, albeit brief, opportunity to acquaint myself with the many important and difficult issues confronting the ministry of Solicitor General. As I stated very soon after my appointment, one of the principal areas of concern is that of corrections, an issue in which I have had a long-standing personal interest. I practised before the criminal Bar prior to my election and formed very strong opinions in that area.

My first week on the job has given me the occasion to see what is being done in this field right now, and what is being planned for the immediate future, and it is for that reason I welcome this opportunity, as I have indicated.

As a member of the House and, indeed, as a member of cabinet, I followed the work of the subcommittee on the penitentiary system in Canada with a great deal of interest, as I did in respect of the publication of the report itself and my predecessor's August response and the November progress report. I strongly endorse and let there be no question about that—I give my own personal endorsement to the statement of support made by my predecessor in respect of the general thrust and philosophy of the report, and I share his sense of urgent commitment to far-reaching, and I repeat that term far-reaching, reform in corrections.

The subcommittee's excellent report presents Canadian corrections with a unique opportunity, as well as a challenge, and I welcome the fact I can be at the centre of the action that is being announced. It is an opportunity I do not intend to let pass, and a challenge that, indeed, I welcome. I intend to honour the undertakings made last August, and renewed last November, before the Standing Committee on Justice and Legal Affairs by my predecessor. I fully intend to work closely with the committee on the implementation of reform.

The subcommittee may not be in existence, but that subcommittee reported to the Standing Committee on Justice and Legal Affairs and, as all hon. gentlemen know, there has been a very intimate exchange between members who prepared this report, my officials, and the Parliamentary Secretary to the Solicitor General, the hon. member for Lachine-Lakeshore (Mr. Blaker). In fact I will be tabling a detailed recommendation by recommendation progress report before that committee at the time of its consideration of the main estimates in the next few weeks. As was the case in November and December, I expect this forum will provide for a constructive and specific examination of the issues with which we are concerned.

Before describing in more detail the mechanisms which have been set up within the ministry for implementing the report, and giving an idea of the progress which has already been made, I would be remiss in failing to make reference to several recent events. Those events are, of course, the widely reported "threats" against CPS staff, the brutal and tragic slaying of Michel Roy in Montreal, and the hostage-taking incidents at Dorchester and the B.C. penitentiaries. I want to repeat today my expression of deep condolences to the family of Michel Roy, and also my application for the 15 years of dedicated service he gave to the Canadian Penitentiary Service.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Blais: Let no one, Mr. Speaker, make the mistake to believe that such criminal and unforgivable actions support the cause of the reforms we are dealing with today. It would rather be the opposite. As indicated last August, the permanent public support for reforms such as those suggested by the parliamentary subcommittee depends on the display of a responsible attitude on the part of both the inmates and those pretending to speak on their behalf. The efficient implementation of the important changes which I am going to describe requires a stable climate in our institutions. As regrettable as those incidents may be their only results are to build up tensions and fears thereby working against the prospects of positive changes.

Then I would like to point out, referring to Michel Roy, that a short time after the subcommittee's visit at the Archambault Institute there was a series of very deplorable incidents which showed that very serious measures would have to be taken. We then appointed Michel Roy who indeed managed within a relatively short period of time to bring back this institution under control. For this reason, I believe all subcommittee members should be grateful for that. Mr. Speaker, I must surely be speaking on behalf of all hon. members when stating as strongly as I can the government's adamant refusal to yield to intimidation or blackmail.

[*English*]

I think this bears repeating, and I am sure I am speaking for all hon. members in stating in the strongest possible terms the government's adamant refusal to be intimidated or blackmailed. While on that subject I want to take a moment to make it crystal clear that I fully endorse my predecessor's policy of "no deals" in respect of hostage takers, and I fully recognize where that policy originates. It comes directly from the subcommittee of the Standing Committee on Justice and Legal Affairs. As the Solicitor General stated last summer, and which has been amply demonstrated during recent incidents, in conformity with the no-deal policy, hostage takers will be charged under the Criminal Code and immediately upon disposition of those charges will be transferred to a special handling unit. There is one in place and we will have another one in Quebec in April of this year.

Again, let there be no mistake about the determination of the government on this matter. The recent incidents at the B.C. penitentiary and Dorchester took some time to resolve, but they were resolved and the no-deals policy was held firm. It is clear to me that this is the only way to handle such situations, and I applaud the efforts of the RCMP and Canadian Penitentiary Service officers who successfully brought the hostage takings to a peaceful conclusion.

Some hon. Members: Hear, hear!

Mr. Blais: I would now like to turn to an outline of the progress that is being made in respect of the implementation of the report of the parliamentary subcommittee. By the way, Mr. Speaker, members of the subcommittee are pretty well informed in terms of the progress that has been made to date. We have made it a policy of keeping them so informed, and I will be pursuing that policy as well.

In acquainting myself with the structure which has been set up within the Canadian Penitentiary Service to bring about this implementation, as well as with the recommendation by recommendation progress already made, I quickly came to see the truth of a recent remark by the chairman of the sub-committee, the hon. member for Windsor-Walkerville (Mr. MacGuigan), who has received the commendation of hon. members who have spoken today. In a speech to the national associations active in criminal justice, delivered on January 27, he said:

● (1432)

—It was abundantly evident in the November progress report that implementation was proceeding at a reasonable pace along lines agreed to in August.

[*Translation*]

Last August 5, my predecessor announced that he agreed wholly or partially with 53 of the recommendations of the subcommittee. In November, when we were considering the supplementary estimates, he tabled an interim report which underlined what had been done following each of these recom-

mendations. These matters were discussed in detail with the members of the standing committee during in-camera hearings held in December. As I have said, it is my intention to pursue my efforts in this area and to table another interim report containing an appreciation of each recommendation when the committee begins consideration of the main estimates.

Mr. Speaker, in the ministry of the Solicitor General, there is a senior co-ordination group under a new deputy commissioner for implementation. Working under him, there are co-ordinators for implementation in each region and representatives in each institution. Every month, the responsible co-ordination units submit implementation progress reports to the headquarters and to this main co-ordination group in order to ensure that rapid progress is achieved in the implementation. The deputy commissioner has just come back from a trip across the country during which he has met with the senior officers in each region to find out how we could accelerate this process.

[*English*]

On the basis of this information, I will be receiving a detailed monthly update. Again this morning I held a briefing to apprise me of the current status of implementation, and I intend that this should happen on a regular basis. That is a brief description of the mechanism by which implementation is carried out and monitored.

Now I should like to turn to the substance of the implementation itself. Of the 65 recommendations in the subcommittee report, 37 have been implemented or are in the process of being implemented as of the end of January. For example, independent chairmen are now hearing disciplinary cases in all maximum security institutions, in accordance with sub-committee recommendation 30. The selection of an inspector general is now under way, and the final choice will be made in the near future, in accordance with recommendation 28. Citizens advisory committees have now been established in almost all institutions, in accordance with recommendation 49. A pilot grievance project is under way at the Saskatchewan penitentiary, in accordance with recommendation 36. Again, a detailed and specific progress report is being prepared in readiness for the standing committee's review of main estimates.

In addition to these 37 recommendations, a further eight recommendations will soon be in the process of implementation. Another 14 recommendations are of a longer term nature and require federal-provincial agreements. Hon. members would agree that is an essential part of our function. Others entail extensive research, others involve the construction of new institutions and facilities.

In reply to the hon. member for New Westminster and in relation to our building program, I would not want him to leave the impression that the amounts being invested are somehow to be additional to those presently in place. The hon. member strongly encouraged a different attitude, a radical change in terms of the occupation of the prisoners. He recognized that the committee made a strong recommendation to have smaller institutions arranged in clusters, and that those institutions ought to be accommodated in order to provide additional facilities for industrial work, educational processes, and technological training. The hon. member is aware that we must invest in that area, but surely that is an area to which we are addressing ourselves. I am sure he will want to monitor it very closely indeed, and I invite him to do so. There are other changes that will require legislation, which is a relatively long process. That is not to say we will delay recommendations as a result of having to implement legislation. We will attempt to hasten legislation through the House as soon as possible.

With respect to that latter question, I should like to refer to several legislative initiatives which derive from the sub-committee report or are relevant to it. Legislative measures widening the availability of alternatives to incarceration, the diversion process of the Law Reform Commission, such as community service orders—are now being drafted in the context of an omnibus bill which is shortly to be introduced in the House by the Minister of Justice (Mr. Basford). This legislation bears on subcommittee recommendation 2, as does the proposed young offenders bill, which is also in the drafting process at the present time. A provision of the miscellaneous statutes amendment bill, which also will be introduced by my colleague, amends the section of the Parole Act dealing with sentence calculation, thus responding to subcommittee recommendation 35.

The subcommittee considered six recommendations to be at the "inmost core" of the report, to cite the chairman's words again. As hon. members are aware, my predecessor referred those recommendations to an interdepartmental working group consisting of senior representatives from the ministry, Treasury Board, the Privy Council Office and the Public Service Commission. Because the impact of those recommendations on the structure of government as a whole was so far reaching, it was clearly beyond the jurisdiction of the Solicitor General to give definitive responses on his own authority.

[*Translation*]

I have been informed of the progress which has been made since I have taken this portfolio, and it seems clear to me that it is really—and I repeat "really"—in agreement with the substance of the recommendations made by the sub-committee, namely the need to turn the Canadian Penitentiary Service into a service which is energetically administered, well disciplined and open to professionals while giving it the authority, and consequently, the responsibility needed to fulfil efficiently its difficult mandate. Because of the implications of the legislative, statutory and administrative measures which are suggested, it also seems clear to me that I should make a detailed and in-depth study of the final position which I shall recommend to my cabinet colleagues.

As I stated in the first eight—I repeat, eight—days I have been in this position, I could only familiarize myself with the main themes and not necessarily with all their ramifications. However, I hope I shall be able to make public the proposals relating to recommendations Nos. 26, 24, 27, 5, 11 and 18 of the subcommittee when the standing committee studies the main estimates. Mr. Speaker, some of these recommendations relate to areas in which I was interested when I had another

portfolio, namely matters relating to relations with the unions and relations with the Public Service Staff Relations Board.

[*English*]

Before concluding, I should like to stress again the fact that I heartily endorse the goals for corrections enunciated in the subcommittee report. The 65 recommendations affecting all areas of corrections provide us with an important opportunity. The recommendations with respect to the purposes of imprisonment, the correctional staff, the organization and management of the penitentiary service, justice within the walls, work, education and training, socialization, institutions, prerelease and parole, all represent the fruits of hard thought and dedication. All of our efforts toward the implementation of the reforms suggested are being carried out with the same degree of devotion and the same sense of urgency. Those reforms are fundamental. They will best be accomplished in an atmosphere of non-partisan interest.

● (1442)

I fully agree with the hon. member for New Westminster when he says that as we proceed with these changes there might be incidents from time to time. I cannot guarantee that there will not be some unfortunate incidents. It would be extremely regrettable if, in our deliberations, we should seize upon these events, which are dastardly and barbaric, to score partisan points. I thank hon. members for their attention.

Mr. Nielsen: Mr. Speaker, I would like to ask the minister a question. In view of the fact that while our subcommittee was sitting there was relative peace and calm in the system, and in view of the fact that the opposite seems to be returning to the system, would the minister give us some indication as to whether he will accept recommendation No. 65 for the reconsituation of the subcommittee in the hope that it can continue to accomplish what it accomplished when it was sitting?

Mr. Blais: Mr. Speaker, I would be belittling the members of that subcommittee if I were to agree with what the hon. gentleman is advancing, that because of the formal demise of the subcommittee there has not been a very active role played by its members. The hon. member knows full well that that is not the case. The subcommittee no longer exists, but the committee does. The committee is there to oversee, as it does with regard to estimates, the process of implementation. Surely that is what is important. If eventually it becomes evident that we have to reconstitute the subcommittee for the implementation of the program, I will take that recommendation very seriously indeed.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, the motion we are discussing in this debate is likely to invite all hon. members to study very seriously the great problem of penal institutions. Obviously, it would be desirable that we should not need such institutions but we must face the evidence. We are in a society which is not perfect because it is human, and it happens unfortunately that some individuals do not comply with the law or do not respect the rights of others, so they must be incarcerated for a given period of time.

That is what we call doing penance and it is probably the reason why they are called penitentiaries, because the people there are doing penance. However they are human beings who must be treated with humanity and I believe that if there are some upheavals from time to time in those penitentiaries, there must be some reasons for it. That is why the sub-committee undertook a very complete study of the situation by visiting many penal institutions throughout Canada. It submitted a number of recommendations. It also based its report on principles listed on pages 159 and 160 of the report. The motion blames indirectly, or rather regrets—for this is the most accurate word in the motion—the failure of the Solicitor General to implement the recommendations of the Subcommittee on the Penitentiary System. I do not want to blame too severely the Solicitor General who addressed the House a moment ago, not even his predecessor.

It is not easy to implement every recommendation made by the subcommittee. But we must act and do something as soon as possible.

In the recommendations, on page 161—and I agree with this paragraph of the report—we are told:

> A crisis exists in the Canadian penitentiary system. It can be met only by the immediate implementation of large-scale reforms.

I realize that the Solicitor General has plenty of work on hand to overcome the unfortunate situations which exist within penitentiaries, but still we should devote much more time to get to the core of the problem before the situation grows worse.

And the same paragraph goes on to say:

> It is imperative that the Solicitor General act immediately on this report as a matter of the utmost urgency.

"A matter of the utmost urgency" means just that. Why? Because nothing is better than going there personally to see what atmosphere exists, in order to make truly valid recommendations. I truly regret that my colleague, the hon. member for Richmond (Mr. Beaudoin), who sat on this subcommittee, was detained outside the House today, because he would certainly have taken part in this debate and would have expressed much better that I the views and wishes of our party, so that conditions may improve in all penitentiaries across Canada.

This week we witnessed the brutal killing of Archambault Institution Warden Michel Roy. Who was the culprit? I don't know. The inquiry will reveal it one day, but one thing is for sure, a feeling of anger and vindictiveness now prevails against those who are in a position of authority.

I for one believe that even inside a prison, and especially there, justice must reign. Inmates are inmates because they failed to comply with justice, but if they are to have a taste of justice, to know what it is when they are released, then they have to see that men can administer justice, even toward inmates.

The role of police officers is not an easy one and neither is the role of prison wardens and prison guards. That is why when we considered in this House Bill C-84 to abolish the death penalty, we asked that the death penalty be at least retained to ensure the protection of police officers and prison guards. However, such was not the will of parliament. I feel it is now advisable to reconsider this matter in order to ensure the full protection which a well-organized community is entitled to expect. According to the report, living conditions are unacceptable in penitentiaries. I realize that the inmates are not enjoying a holiday on southern beaches. However, they are entitled to the essential, that is cleanliness, food and lodging. I feel that we should look into the problem more fully and I urge the Solicitor General to examine my suggestion.

● (1452)

Some four of five years ago, if I remember well, our party put forward in this House the suggestion that inmates should be taught a trade according to their abilities and the products they made from day to day could be sold on the market, providing they did not compete with domestic firms. The revenue accrued to inmates would be put in trust, so they could collect it on being released. In this way, they could leave with some money and hope to remain in the straight and narrow path.

I believe this should be tried. There is nothing like work to keep someone's mind on the right track. When there is nothing to do, the only pastime is to listen to someone else boasting about his past deeds. In our penitentiaries those people talk and brag. Younger inmates are exposed not only to bad examples but also to brainwashing. They are led to believe that once out there is no way they can start anew, they are bound to slip up again.

If shop work were established, and I am sure this could be set up with adequate security, considering the means we now have, I believe this would be true rehabilitation. As I said, it would give some incentive to those at least for whom there is still hope, and when they got out they would have a certain amount of money, it would not have been a totally futile exercise. While doing their time they would maintain good working habits, they would enjoy doing something tangible that would bring them something. We must always leave some incentive. I do not mean paying a salary, not in the least. Only, by working they could expect to accumulate some funds that would allow them to lead a useful life.

Mr. Speaker, this is no joke. I do not want to dramatize, but the day after the director of the Institut Archambault was killed, in the Quebec area, which I know very well, two inmates are reported to have knifed a warden in the Orsainville prison, close to Quebec city.

What is an inmate doing with a knife? Where did he get it? How did it get there? Come on, it must surely be a lack of supervision somewhere. There is something wrong, because if there had not been someone close by to rescue that guard who was being held at knife point, I think we would be talking about another murder today.

I think it is important to hire competent staff which could develop a friendly relationship on a daily basis with the inmates so as to gain their complete confidence. You can gain someone's confidence. Take the lion tamers. The lion is not always a gentle animal but you find that with patience, day after day, you can create a friendly relationship with it and turn that ferocious animal into a docile one. I think the example might be stretching it a bit, Mr. Speaker, but I do want to make the point strongly in order to make sure the Solicitor General really understands. He has a very great responsibility in this respect and must find the most competent and patient staff possible. Of course, if a prison guard runs the inmates with the boot and the stick, he is not going to make friends with them, and they are going to say, to hell with the rules. If I were there, I think that is how I would react. So that is why we must train the guards. We must have a training school for our penitentiary guards. There must be a general attitude, a humane attitude, an attitude that could bring the inmates to consider themselves as human beings who are respected and who, while they are paying their debt to society, can nevertheless live decently, at least in an acceptable way.

Mr. Speaker, I also want to draw the attention of this House on the parole system, another extremely serious matter that must be reviewed, because I understand paroles have been granted in recent months. I am not blaming anyone. I am not blaming the psychiatrists either. But in any case, there were two murders I know of and a third one not long ago, a very savage one, in Lévis: a seven-year old girl was raped and ripped by an ex-inmate. I cannot say any more about it because the case is before the courts, but the fact remains that there is something wrong. That an accident should happen, I am prepared to accept that, but when that happens too often, then one wonders. What is the Parole Board doing about it? What are psychiatrists doing? What is happening? Is society sick as a whole or is there nothing left to save? I am not prepared to accept that. Here again, a suggestion I make to the Solicitor General is to have the Parole Act reviewed with a view to bringing about improvements, corrections and the necessary amendments so as to make that board more responsible and avoid mistakes as much as possible.

The subcommittee reports also deal with the same subject and I wish the recommendations made by the subcommittee would be implemented. It has been said that 53 of them had been adopted—and I was here when the former solicitor general said so in the House—but there are 65 recommendations. The others should also be considered and implemented as soon as possible to improve our penitentiary system in Canada and I think that, if the government moves in that direction as soon as possible, Canadians will be happy to realize that they can count on the government to ensure their security and their protection everywhere.

But there are preventive measures to take: it is not enough to talk about the failures of the systems, they should be prevented. In our society, under the present system, we have a considerable number of unemployed and when unemployment insurance benefits come to an end they have much difficulty to

get welfare and they must find another solution to survive. TV programs are teaching violence to our children, our sons and daughters. They show them all sorts of tricks to get hold of someone else's possessions and it is not surprising if they are tempted to imitate what they have seen. I have already asked in the House, and again I ask, that movies shown on our TV network, at least on the national network, be carefully screened. More broadcasting time should be used to educate people and teach them something useful rather than violence.

We simply have to react against that awful publicity. Like other hon. members, I receive hundreds of letters against pornographic movies that also feature violence. If people ask us to speak up against those movies it means there is something good left in our society. I am convinced that there is more good than evil and it is our duty to ensure the conservation of what is good and improve what is bad.

● (1502)

[*English*]

Mr. Bruce Halliday (Oxford): Mr. Speaker, it is a pleasure to become involved in this debate in which the official opposition has urged the government to implement quickly the recommendations in the report of the subcommittee. It is a pleasure for a second reason. This is a unique debate. It is uncommon in the House of Commons that members from all sides are able to speak as virtually one voice and be in agreement that something should be done.

In my remarks today I will deal with four general areas. First, I want to comment on how the committee worked. Second, I want to say something about the general findings of the report of this committee. Third, I want to consider what has brought to a head the violence in the penitentiaries. Indeed, this is what brought about the formation of the subcommittee. Finally, I want to discuss the solutions as we see them through the hand of parliament.

The hon. member for Yukon (Mr. Nielsen) explained very well how the committee came about. I want to repeat what other members have said, including the hon. member for New Westminster (Mr. Leggatt). It was a real pleasure working on a committee composed of members from all parties of the House. We worked in a collective way toward a common goal. The degree of partisanship which existed in that committee was minimal. In fact, when talking to other people I always pointed out that when there were differences within the committee, they were usually among members of the same party rather than across party lines.

I would be remiss if I did not acknowledge the fine contribution made to the committee by the chairman, the hon. member for Windsor-Walkerville (Mr. MacGuigan). He demonstrated a real capacity for hearing a number of diverse views. As the hon. member for New Westminster pointed out, we all had different views. However, under his leadership we were able to come together and bring forward a unanimous report.

This leads me to make a comment. I do not say it in any partisan manner; I say it in all good humour to the new Solicitor General (Mr. Blais). I smiled a bit when I learned of the new appointment to the post of Solicitor General. During the past months when the present Solicitor General was postmaster general, I urged him to establish a parliamentary committee of all parties to do exactly the same for the post office as this committee had done. I had to smile when I learned he was being transferred to this ministry where he would be confronted with a unanimous report of a parliamentary committee, the very thing I thought should be established for the post office.

The other paradox is this, and I again say this with all respect to the new minister. The chairman of our committee is perhaps one of the most knowledgeable people in Canada with regard to the affairs of prisons. He is a dean of law of a Canadian university. Yet when it came to appointing someone to a portfolio where one of the main concerns was the situation in our prisons, he was passed over. Again I say this with all due respect to the new minister—

Mr. Blais: I appreciate that.

Mr. Halliday: —who exhibited his abilities at stonewalling in the post office. I hope he does not carry that ability into his new office as Solicitor General.

It is interesting to note that during the interval from when the committee was set up until this report was tabled, there was virtually no unrest in our prison system. There was an expectant mood or air on the part of all people in the prisons, namely the prisoners, guards and management, as to what was going to come out of the report of that committee. This air of expectation has probably changed. In the last month or two, we have seen a renewal of hostage taking and other forms of violence in our prisons. One can suggest this may be partly due to the way the report has been handled.

I think it is fair to say that when the report was tabled and given to the then solicitor general, he had a real concern for the contents of it. We were all convinced of it. However, when one considers the nature of the report and the fact it had to deal with a lot of problems relating not only to the prisoners, the guards and management, it was a little strange that the first people to see the report in the way of advising the minister was a group of officials within the penitentiary service of the minister's department. That was the breadth of the expertise he was calling on to analyse and criticize the report. It led to some of the delays that are of concern to the opposition and, indeed, all members of this House.

We were critical when we saw the first progress report on the committee's report on about August 5. It indicated there was a desire on the part of the ministry to implement a goodly number of the recommendations, albeit not all. As time progressed, we waited for further word as to what was going to be done about the report. On November 29 of last year, we finally received another progress report. It was based on, and to some extent represented, an additional area of expertise which the minister had sought, namely the interdepartmental working group which the Solicitor General referred to this afternoon. In this, we were pleased to see an increase in the acceptance of the recommendations of the subcommittee.

In his comments a few minutes ago, the minister referred to the work being done by the interdepartmental working group and the fact that some of their recommendations required new legislation. Also, some of our recommendations in the report were rather far-reaching and fundamental and involved the development of new legislation.

I am sure the members of the committee would welcome an opportunity to see that proposed legislation very soon. If the minister proceeded now with the drafting of that legislation and if we had the proposed legislation before us at the time the minister appears before the committee in a few weeks with his estimates, I dare say he could count on very quick consideration and passage of such legislation. That would hurry up implementation of this whole report.

Mr. Nielsen: All stages in one day.

● (1512)

Mr. Halliday: My hon. friend from Yukon suggests all stages in one day. That is a possibility and I hope the minister will bear it in mind.

There is one all-pervasive finding in this report and it is embodied in the first of 761 paragraphs. It reads as follows:

> To sum up the totality of the needs of the Canadian penitentiary system, as we have observed them, in a single word may seem as hazardous as it is ambitious. However, we believe the word "discipline" says it all.

When we look at the implications of discipline in the system we are looking at four different elements. The first involves the inmates themselves, the second involves the guards, the third concerns management and the fourth concerns the general public which also has a part to play in the successful functioning of a penitentiary system.

As I said earlier, the *raison d'être* for the establishment of this committee and for the debate today is the violence in our penitentiaries. When we consider our prisons in this context, four conditions have to be met. These were outlined by the chairman of our committee during a speech he made in August before the 1977 World Congress for Mental Health. In the course of his comments at that time the hon. member made this statement in general about the subcommittee's report:

> I am personally persuaded that real progress in the establishment of these four conditions according to the recommendations of the subcommittee would provide almost complete control of collective violence in our prison system. But a warning is in order. The recommendations, if not exactly a seamless web, are at least an integrated package. Anything short of almost complete implementation will be ineffective.

In the same speech he went on to say:

> Unless the government implements all of the essential recommendations of the report it will not have changed the system.

This establishes the reason for our concern. We share the feelings expressed by our chairman. He was talking about four conditions which have to be met before we can control violence in our prisons. These are, first of all, justice. We must provide ordinary, common justice for the inmates.

Second, there must be some alternative to boredom in prisons. There must be some work provided, some opportunity for recreation, some challenge to inmates to prevent their being bored, apathetic, or in despair.

Third, we must provide some opportunity for the development of human relationships. The hon. member for New Westminster drew attention to this very clearly in his remarks. He showed that in the B.C. penitentiary there was no opportunity for human relationships. My hon. friend from Yukon went into this aspect further by describing what he had seen in the Oakridge division of the Penetang prison in Ontario where the emphasis was placed on the social development of inmates. It was amazing to see the extent to which even the difficult problem of discipline to which I have referred was looked after not by the authorities but by the inmates themselves. If an inmate became unruly he was handcuffed to two of his colleagues; he was not handled by the guards at all.

A fourth condition which must be achieved if violence is to be removed from our prisons is reform in the area of management. If there is to be a successful prison system there must be major changes in management. This is one area in which the former solicitor general refused to come to grips with the subcommittee's report. I will give him credit for this: as time went on he became increasingly in tune with the thinking of the committee as far as management was concerned. I must say, though, that he was rather slow.

What has led to the present situation? What is the background to management problems? First, the present system as we have known it for the last couple of hundred years is based upon the concept of militaristic control. The man at the top is the boss. He rules right on down and there is no input from the sides at all. However, during the last 20 years or so things have changed. Fresh input has come from various quarters and it has obviously taken time for the system to adjust. One important change in the old hierarchical system was brought about by the regionalization program which created uncertainty at the penitentiary level. Another was the unionization of the staffs. I am not suggesting there is no need for unions but I do submit that the main role of a union should be in the economic area rather than trying to influence policy, which ought to be decided by management or by some other policy forming body.

Again I wish to quote the hon. member for Windsor-Walkerville. He was speaking to another group this time, namely, to the conference of Canadian judges in August of 1977. At time he had this to say:

> Without a total change of the system the lesser changes which are made will not be of lasting benefit. Our recommendations represent the minimum change necessary to end collective violence in penitentiaries.

He was saying we must implement the report in its totality if we really wish to succeed.

I mentioned earlier that there are four elements in the system which need to be addressed—the inmates, the guards, management and the public. I wish to stress now the importance of good management, because this was highlighted by our chairman. In an address to the Criminology Centre at the University of Ottawa entitled "The Canadian Penitentiary System—A Crisis of Management", he had this to say:

I want to turn, now, to a uniquely Canadian dimension of the penitentiary problem, viz., appalling mismanagement on a scale seldom, if ever, seen before in the Canadian public service.

Our chairman spoke even more strongly than I would have done about management, though I share his concern. He went on:

The Americans manage their system from a position of strength. We manage ours from a position of weakness, with weak techniques, and, worst of all, with weak men.

I hasten to add that our chairman would be the first to say there are exceptions. One of the exceptions is in the south gallery this afternoon.

● (1522)

As an over-all view of the management situation I think that what the chairman said was accurate and precise. I would like to conclude by saying a few things about what I look upon as a solution to the management problem in our penitentiary system. My colleagues who were on the sub-committee will be tired of hearing me talk about this because they have listened time and time again, and not one of them has mentioned it today. There are three recommendations I want to refer to in particular. I will read them so we will understand them fully. Recommendation 24 reads:

The commissioner should remain the chief adminisstrative officer of the penitentiary system but he should be appointed by and responsible to a board of five members (appointed for five year terms on a staggered basis by the Solicitor General) which would have sole responsibility for the making of policy.

I emphasize that phrase "sole responsibility".

The board must not have an attached bureaucracy additional to the Penitentiary Service. It should report to the Solicitor General and should be required to make an annual report to parliament through the Solicitor General.

The Solicitor General in his first progress report referred to this recommendation in these words:

This is one of the most fundamental changes recommended by the committee—

To tie in with that recommendation is recommendation No. 26, which reads as follows:

The Penitentiary Service under the board—

I have just alluded to that; that is the five-man board.

—must be an independent agency of the government not subject to the Public Service Employment Act or the Public Service Staff Relations Act. It should resemble the RCM Police in its discipline and professionalism. Employees should be subject to discharge for misconduct and incompetence.

Once again the comment of the Solicitor General at the time was this:

This is another of the subcommittee's most far-reaching recommendations—

This has not been alluded to at all today by the Solicitor General except in a very indirect way. Indeed, these are recommendations which I am sure his interdepartmental group are looking at seriously, and I do want to say something more about them. There was a third recommendation, No. 62—

Mr. Deputy Speaker: I regret to interrupt the hon. member but his allotted time has elapsed. He may continue if there is unanimous consent.

Some hon. Members: Agreed.

Mr. Halliday: Thank you, Mr. Speaker. I wish to thank my colleagues who are as indulgent today as they have been over the past year when we were working together. We were interested in each other's presentations at all times. Let me quote recommendation No. 62:

The CPS should research the possibility of expanding, in at least one new institution, the Citizen Advisory Committee into a board of governors on an experimental basis. Such a board should consist of about 12 members and should appoint the director and senior administrative staff.

These three recommendations show a desire on the part of our subcommittee to have the public involved in the concepts, policy formation and in the running of our penitentiary system, apart from the management and administrative aspects. This suggests to me that the people of Canada have an input to make into the total penitentiary system which at the present time, under the hierarchical system, is virtually impossible. I agree that we have the citizen advisory committees in some of our institutions but they are rather impotent in most cases. We saw one or two that were effective, but by and large they were not.

My concern stems from a superficial analysis of our public institutions in Canada where people are rendering a service to other people. I am thinking, first of all, of schools, hospitals, universities, children's aid societies, public libraries and police commissions, wherever there is a public institution which renders a service for one group of people to another and results in public input. That input may be by way of an elected or appointed board, or a combination of both.

There is only one other public institution that I am aware of where there is a person-to-person involvement with no public input, and that is the army. That is the closest parallel I can think of to illustrate the point. In the penitentiary system people there have to deal with the most extreme, aberrant persons who have strayed from the normal sociological path which is accepted by society. In that instance there is virtually no effective public input. I submit, Mr. Speaker, this is one of the main reasons we are now having trouble with the prisons. This trend will continue because the original militaristic type of system has been destroyed by regionalization and by the input of unions as well.

Let me comment on the approach taken by the former solicitor general, and a few moments ago by our new Solicitor General, to the recommendations which had been approved by the ministry and those which were under investigation. The Solicitor General forgot to mention that the comment of the then minister on recommendation No. 62 was one word: "reject". I was disappointed at that in view of the interest I have in recommendation No. 62. I want to give my colleagues credit for agreeing that that recommendation was worth including on an experimental basis. With due deference to the former minister when I made representations to the acting commissioner a few months ago he made it possible for me to discuss them with two of his senior officials and I did appreciate this gesture. I am looking forward to the next progress report from the new minister. I hope he and his officials are having a second look at my request that the CPS should research the possibility of expanding the concept of a citizen

advisory committee into something like an elected board or appointed board.

With your indulgence, Mr. Speaker, and that of the House, I would like to cite two more quotations which support this philosophy that we must recognize in order to have peace in our institutions, namely that of effective public input. The five-man board recommended in recommendation No. 24 will be a policy forming board. A similar board or committee at the institution level will implement the policies made at the top. There are lots of precedents in our school jurisdictions to show that this system functions effectively.

In the course of our hearings we listened to Professor Grygier from the department of criminology, University of Ottawa. Part of the question I asked him read this way:

—do you feel that by involving the public more directly in the administration and planning of our prison systems that we would then have a better educated public? Is this a valid sort of conclusion or not?

The reply of Dr. Grygier was this:

I think so, yes. I think the public should be more involved than it is here.

When he said "here" he meant Canada.

Finally, as recently as this morning in the editorial in the Toronto *Globe and Mail* commenting on Mr. Maloney's report on the prison system in Ontario, the last main paragraph reads:

One of Mr. Maloney's major recommendations, however, is that there should be a local advisory body, made up of senior correctional personnel, judges, lawyers, crown attorneys, police and members of the legislature, wherever there is a jail. These local bodies should meet regularly with a similar provincial body to discuss common problems.

● (1532)

Mr. Maloney's suggestion here is just what we suggested in our report, that there should be a committee at the top involving a cross-section of our society, and a committee at the institutional level involving a cross-section, both having effective input in the formation of policy. I would prefer not to use the term "advisory", because that seems to imply it can be ignored. I think it should be a committee that has some power to form policy.

Again I want to thank the House for its indulgence in allowing me to continue. May I just conclude by saying we have appreciated this opportunity today of being able to discuss from all sides of the House this very important issue. We want to welcome the new minister to this portfolio, and suggest to him we will be looking forward quite eagerly to the first time he appears before what we hope will be the reconstituted committee as suggested in recommendation 65.

Mr. Art Lee (Vancouver East): Mr. Speaker, it is, indeed, a pleasure and honour to participate in this debate. I say this because it is very appropriate and timely that the House, and particularly the members of the subcommittee, discuss the progress of our report. Later on I will lay the groundwork for the reasons that I accept the motion in principle.

I accept the principle of the motion as it stands in the name of the hon. member for Yukon (Mr. Nielsen) because I feel certain events that have developed since the tabling of the report clearly indicate we must act quickly, and I would urge the Solicitor General (Mr. Blais) to do so.

As has been clearly pointed out by the hon. member for Yukon, the hon. member for New Westminster (Mr. Leggatt), the hon. member for Bellechasse (Mr. Lambert), who spoke on behalf of his party, and the hon. member for Oxford (Mr. Halliday), the subcommittee was a very non-partisan one. It saw that we were clearly facing a crisis situation within our penitentiary system. Because of that we buried very quickly our partisanship.

We were truly parliamentarians in the sense that we saw the problem, and this transgressed any political philosophy. This was a problem that required the collective wisdom of different people from different backgrounds. On the one hand we had my colleague, the hon. member for Vancouver-Kingsway (Mrs. Holt), a reporter for some 30-odd years doing the crime beat and being very involved with the whole issue of the penitentiary system; a number of us were lawyers who added that dimension of knowledge to the subcommittee; and the hon. member for Oxford (Mr. Halliday) who is, as well as being a member of parliament, a physician and surgeon. I remember that every time we went into a penitentiary he would examine the medical facilities.

I remember at Millhaven particularly, which has created a lot of problems, and still does today, the members of the subcommittee pooled our resources and in fact shared information. We split up our time in order to get a proper cross-examination of the witnesses who appeared before us. I can remember giving information to the hon. member for New Westminster, and he in turn did likewise.

That sort of spirited co-operation and non-partisanship was never demonstrated to the public at large because at that time we did not have television following our committee system. This is why I think it is appropriate and timely here today clearly to demonstrate to the public that the committee system can work, and that when there is a very serious problem parliamentarians come to the fore, bury their partisanship and truly attack the problem on that basis.

I think it even more clearly demonstrated that the spirit of this non-partisanship should continue that the hon. member for Yukon before tabling his motion went around the House yesterday giving notice to everybody of what the motion would entail, and he sincerely expressed the hope that it would not destroy the unanimity and spirit of co-operation which we had developed.

I think I can speak for all my colleagues on this side of the House in saying that we agree with the hon. member; this motion he has presented will not destroy that unanimity and spirit of co-operation. As I have indicated, I accept the motion in principle.

Some hon. Members: Hear, hear!

Mr. Lee: What has happened in respect of the sub-committee's report? On August 5, 1977, the former solicitor general

the hon. member for Argenteuil-Deux-Montagnes (Mr. Fox), tabled his response. At that time there was an extreme amount of ambiguity concerning that response. He indicated he accepted 53 of the 65 recommendations and reserved decision on six. That unfortunately caused a lot of confusion. He quickly clarified the situation, and by so doing indicated his willingness to co-operate with the committee.

On November 29 of last year the then solicitor general tabled the first progress report. The subcommittee then conducted an in-depth analysis of this report, and during the month of December held a number of in camera sessions with officials of the department and with the task force charged with the implementation of our report.

What are the recommendations that have been accepted? There has been clear acceptance of the principle of equal employment opportunities for both men and women. The department has appointed a co-ordinator of equal opportunities for women programs within the Canadian penitentiary system. Secondly, contact visiting will, over a period of time, as facilities become available, be introduced in the maximum institutions of Archambault, Fort Saskatchewan and even Millhaven. At the present moment contact visiting occurs mostly in our minimum institutions.

The one issue in respect of which I think all of us expressed a high degree of unanimity was the issue of no deals for hostage takers. The government has clearly indicated its support for that recommendation by its actions with regard to the incident which occurred at Millhaven on November 21 of last year.

The department has also established independent chairpersons for disciplinary hearings within institutions. The department has presented a very lustrative list of persons chosen to sit as these chairpersons. It is also in the process of implementing recommendation 36 regarding the grievance procedure where you have a panel of two inmates, two representatives from the staff of the institution, chaired hopefully by an outside person. This system is presently being used in some of the more troublesome institutions like Attica. Members of the subcommittee will remember that well from the film we saw of what happened there. This is a pilot project which is now being undertaken at the Saskatchewan penitentiary. Hopefully when the inherent difficulties of that procedure are worked out it will be implemented on a nationwide basis.

• (1542)

When the report of the subcommittee was tabled, the then solicitor general and the department rejected our recommendation that all directors of institutions report directly to the commissioner. Subsequent to that, in December during the in camera hearings we learned that directors of maximum institutions now will report to the commissioner. This goes a long way toward meeting our first recommendation, which was originally rejected by the then solicitor general. This clearly indicates the government is forthcoming. Also it demonstrates the dedication of the former solicitor general, the hon. member for Argenteuil-Deux-Montagnes, and I congratulate him for implementing many of our recommendations. An entire system cannot be changed overnight. I am confident the new Solicitor General will be as forthcoming as his predecessor.

Many participants in the debate today have referred to the remarks of the hon. member for Windsor-Walkerville (Mr. MacGuigan). I applaud him as well. He did an excellent job. In an address before the national association active in criminal justice on January 27, 1978, he said the following:

> I have gone into a good deal of detail with respect to progress on the subcommittee report because the process of progressive adoption of a report which here appears is almost unprecedented in government. Normally, a government, wishing to put its best foot forward, will announce at the outset the maximum possible implementation of a report, and any subsequent changes in the government attitude are likely to be by way of diminution of the original impetus and undertakings.
>
> The process in this case has been the exact reverse. Although the impact of the subcommittee's report on the press and public was immediate and strong, the hardened professionals in the Canadian Penitentiary Service approached it rather gingerly, and the minister, even though from the outset filled with good will toward the report, was limited by the attitudes of his subordinates. But since the minister's initial response in August, there has been a steady groundswell of support in the CPS in favour of the recommendations. Things which seemed impossible then now seem possible. What then appeared merely possible now appears probable. The change in attitude of middle and senior management in the CPS was most strikingly evident to members of the standing committee during the in-camera hearings in December. I believe it is no exaggeration to say that it is now possible to foresee an almost total acceptance of the report by the government.

However, the major recommendations which called for taking the Canadian Penitentiaries Service out of the general rules, guidelines and legislation of most governme... departments is still under study. I urge strongly the new Solicitor General to accept these recommendations unequivocally. To do otherwise invites the continuation of the problems which resulted in the creation of our subcommittee, and the continuation of the kinds of events which occurred recently at the Dorchester penitentiary, in British Columbia, and at Archambault. Members of the committee are fully cognizant of the fact that the Solicitor General cannot guarantee the removal of all hostilities, but they should be minimized as much as possible.

Not only do these major changes have far-reaching implications in the Canadian Penitentiaries Service, but they have far-reaching implications for the government in general. We are dealing with a very unique situation in the Canadian Penitentiaries Service. It is very dangerous to decentralize just for the sake of regionalization. If the departments in Ottawa are duplicated in the various regions, then those departments are not sure if they have line or staff authority.

The committee looked at staff ratios. It was a one-for-one ratio. That indicates a lot of people are working, but are they effective and efficient? There is an extreme amount of confusion within the system. A lot of it is internal, and a lot has been overcome. Much of the confusion is caused by the fact that one must deal with government departments and the Public Service Commission.

I should like to refer to an incident which occurred at the airport here in Ottawa. Some guards were to pick up prisoners, and those guards were drunk. The RCMP officers who were

escorting the prisoners rightly refused to turn them over to the guards. The guards were suspended but were not fired. They should have been fired. This is the type of problem which plagues the Canadian Penitentiaries Service. It has to be the master of its own destiny and come to grips with problems.

The crux of these recommendations is a straightening out of the organization. The previous solicitor general commenced the implementation of some of these recommendations. He appointed a new commissioner, Mr. Yeomans. I have been informed by lower and middle management within the service that Mr. Yeomans is the man for the job. He will do the job and shake things up. Some people are somewhat worried about this and phone their members of parliament because they are concerned about the fact that they are losing their jobs or being transferred. Mr. Yeomans is doing a good job, and I encourage the Solicitor General to back him up. In December Mr. Yeomans said: "The only thing I have read about the penitentiaries service was your report". Perhaps the members of the committee are not expert in everything, but we like to think that our report was a good start. If he can implement most of the recommendations, then he is well on his way to doing an excellent job.

Before closing I have a few remarks regarding the recent hostage takings and the murder at Archambault. These incidents should not prevent the government from continuing its reform. I was gratified to hear what the Solicitor General had to say in that respect. Hostage takings and murder are tragic. No one can condone those events. In due course the precipitators will be prosecuted before the courts. One must remember that hostage takings, and probably even murder, are symptoms of the problems in the penitentiaries service and society as a whole. Prisons are in existence to segregate criminals from the people in our society in order to protect the general population. Similarly, within the prison institution there are segregation units such as special maximum units to protect the general prison population from dangerous and violent persons like the infamous Andy Bruce, whom the hon. member for New Westminster (Mr. Leggatt) referred to in his remarks earlier.

● (1552)

I have received some letters indicating that if we had capital punishment we would not have any of these problems. As a person who voted in favour of the retention of capital punishment, I say that such a view is very simplistic. To introduce capital punishment solely as a knee-jerk reaction would be extremely foolish. Capital punishment is just one form of punishment, and that must be remembered. During the debate on capital punishment I distinguished between premeditated and unpremeditated murder. I suppose the first degree murder referred to in Bill C-84 is premeditated murder and second degree murder is unpremeditated. People who are knowledgeable about and cognizant of what that means treat the two offences as being distinct; they do not think of capital punishment as a catch-all means of solving all our criminal justice problems.

One other thing I questioned very seriously during the capital punishment debate was the issue of long term incarceration. We must remember that people convicted of first degree murder will be incarcerated 25 years and will be eligible to apply for parole or a sentence review only after 15 years. Members of the Standing Committee on Justice and Legal Affairs have observed that we seem to be moving toward longer terms of incarceration. I seriously question that because long term incarceration creates time bombs. We in the subcommittee never really examined in any great depth problems created by long term incarceration, and to the best of my knowledge the Department of the Solicitor General has not completed its investigation into the ramifications of long term incarceration.

The hon. member for New Westminster (Mr. Leggatt) cited the history of the infamous Andy Bruce, an individual who has been in and out of prison and who has spent most of his adult life in maximum security institutions. During his stay in the B.C. penitentiary most of his time has been spent in the "penthouse" or the super maximum unit. He says he does not condone what he has done, and I agree with him, but one must examine the consequences of keeping an individual in a four by six cell. He becomes a "time bomb".

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. gentleman but his time has expired. He may, however, continue with unanimous consent. Does the hon. member have unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Lee: I thank my hon. colleagues for their indulgence, and I will try to make my closing remarks very brief.

I think it is urgent that the Solicitor General (Mr. Blais) study what should be done with people who are incarcerated for long periods of time, because we create time bombs when we send people involved in hostage-taking incidents back to the super maximum units from which they came.

I am sure the issue of capital punishment will be debated at another time. I do not think it should be confused with what we are talking about here, which is prison reform.

I think I speak on behalf of hon. members on this side of the House when I say that we shall continue the unanimity and the spirit of co-operation which developed during our investigations into the penitentiary system, during the drafting of our report and certainly in our cross-examination, if I may use that term, of the new Solicitor General with respect to his response to our report. For the reasons I have outlined I support in principle the motion in the name of the hon. member for Yukon.

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, I have followed with interest the debate on this motion, which asks the Solicitor General (Mr. Blais) to adopt the unanimous recommendations put forward by the subcommittee on the penitentiary system in Canada. Most of the speakers to this point were members of that subcommittee. I was not a

member of it, but when it met in the Vancouver area and at the B.C. penitentiary I joined it and participated in hearings there, and the first thing which struck me was the change of mood among the personnel of the B.C. penitentiary service. I had visited the institution on previous occasions, but I had never before seen the marked enthusiasm there was among that staff while the subcommittee was there. It was enthusiasm almost to the point of euphoria, I suppose partly because they were getting some attention. They probably had a long list of what they thought were grievances which they felt had not had the attention they deserved, and now here was a parliamentary subcommittee coming to hear them. This was important to them. I think they had great hope that out of the hearings something substantive would come about to the benefit of the personnel at the B.C. penitentiary as well as the inmates there.

Another group which caught my notice was the group of reporters which followed that sub-committee. Those reporters told me that in all their experience they had never seen a group of parliamentarians working in such close co-operation as that subcommittee. The reporters were also in a state of euphoria. They had great expectations for the results which were to come out of the recommendations made by the subcommittee. They were looking forward to genuine and substantive reforms in the penitentiary service as a result of the work of the subcommittee. When a group reaches that level of hope and when its expectations are not met, a dangerous situation develops because hopes dashed are worse than no hopes at all. Accordingly, I urge the Solicitor General to implement all the recommendations of the subcommittee. If he does, he will see a marked change in the penitentiary service.

I am speaking in this debate because I believe that the events at the B.C. penitentiary in the last ten days probably resulted from the fact that not all the recommendations were followed. If the Solicitor General had taken some of the remedial measures these 65 recommendations contain, very likely he would have alleviated the pressure which has built up in the penitentiary service.

I want to focus on what I think are some of the problems at the B.C. penitentiary. The latest hostage-taking incident involved five prisoners and some visitors who probably collaborated with them.

Mr. Nielsen: Some of them.

Mr. Friesen: Some of them, not all the prisoners. The hon. member is right. This incident should never have happened. I suppose no incidents of this kind should ever happen, but particularly this one because we now have the benefit of all the information gleaned at the hearings of the subcommittee. We have had that additional education, and this latest incident should never have happened.

I think hon. members generally understand that there is a small group of activists which frequents the visiting area at the B.C. penitentiary. They are repeatedly permitted to visit some of the more dangerous prisoners there, among them Andy Bruce. Among this group of activists are people related to these dangerous prisoners. This group of activists can go to the B.C. penitentiary and visit these hard core criminals almost at will and there seems to be no way to stop it. For two years the staff has had profiles of these activists on file, but the administration seems to be afraid to deal with this thorny problem. Had the staff tried to stop them coming in they would have had to file a series of reports to the administration. At one time it was necessary for prisoners from the SMU to be handcuffed, to have leg cuffs and a double escort when they were taken down to the visitors' centre. That practice has been modified and now they are only required to be handcuffed and to have one escort. The fact that one of these prisoners had a hammer when he went into the visitors' unit shows that they are not being frisked properly. It seems to me that visitors and correspondence ought to be under the jurisdiction of security rather than under the socialization section, as is the present arrangement.

● (1602)

The B.C. penitentiary has a walk-through scanner that would electronically frisk visitors as they come into the unit. They have had it for two years but it is in storage. I do not understand why the scanner is not installed in the visitors' unit to check the people who come in.

The hon. member for New Westminster (Mr. Leggatt) and the hon. member for the Yukon (Mr. Nielsen) referred to the need for meaningful, creative work for prisoners. I agree that this is one of the substantive recommendations that the subcommittee presented that ought to be following right away. I think it is time we realized that for them work is therapy, not punishment. It is a way of working out frustrations and could be a meaningful, creative and satisfying outlet for prisoners.

For some time staff at the penitentiary, especially in the visitors' unit, have been trying to get locks changed. The administration agrees, yet nothing is done about it. When the prisoners ask for new sports equipment, however, they get it. Mr. Speaker, something is rotten in the state of Denmark.

Mr. Nielsen: It is not the prison system that is rotten.

Mr. Friesen: Of course, the hon. member is right. The Farris commission recommended that there be a daily inspection of the list of inmates going to the classification section and to the visitors' centre. It should be known in advance who is going to those areas. If that list is inspected, how did it happen that five of these people got into the visitors' centre? They knew two days in advance that Andy Bruce was going down there. It should be easy enough to match that list with those who had made appointments to come there.

To digress, Mr. Speaker, I might add that it has come to my knowledge by way of the prison grapevine that while Andy Bruce spent that week or so in the visitors' centre he destroyed all the files. Before he did that, however, he got a lot of information from them, and according to the grapevine he is willing to share that information with prisoners in the general population area. I think the Solicitor General (Mr. Blais) should inform himself of this matter.

The simplest dictum regarding a sense of security in any administrative body, not only prisons, is that you must know without question who is in charge. I refer specifically to the comments in this regard of the hon. member for New Westminster. The warden should be in charge and everybody in the institution should know that the warden is in charge. There should be no interception of orders. He should not need to refer to the regional centre for a modification of orders or to check the orders, he is in charge and everyone should know it. The chain of command means just that.

Just recently in the question period, Mr. Speaker, I asked about hiring practices at the B.C. penitentiary. I realize that the subcommittee had a monumental task as it toured the country and could not possibly look into all matters that required examination. One reason I think the committee should be reactivated is so that it can go into places like the B.C. penitentiary and the regional centre in Vancouver to examine areas that could possibly lead to the kind of mismanagement we are facing now.

One of the important questions relates to hiring practices. The present practice is that the Public Service Commission sends someone to act as a commissioner. A board is formed, but three or four members of that board are drawn from within the system. I believe that in other services the Public Service Commission is entirely in charge of the competition, but for some reason or other in this case they send one commissioner who is assisted by three or four members of the penitentiary service. It seems to me this could lead to an obvious conflict of interest. Perhaps we need a complete audit of the staff at regional headquarters, their qualifications, their experience within the system. I do not mean shuffling papers but rather their going into the penitentiary and working there, knowing what it is like to walk on the range and work in the SMU. I think this aspect should be reviewed as well as the hiring practices.

I should like to give the Solicitor General a list of people who have been hired and promoted with indecent haste. I shall not use names as that would not be fair. I will give a copy of the list to the minister, however, if he wants it. I do not say these people are not qualified, but I do say there are people within the system who could be just as qualified and who perhaps should have had an equal opportunity of promotion, which it seems to me they may not have had because they were apparently facing undue competition from people coming into the system.

One individual was transferred from Ontario to British Columbia as a WP3 in September 1973 and by June, 1974 was promoted to WP5 and subsequently to acting WP7. Another individual was hired in 1974 at the WP3 level and subsequently promoted to WP4, a position which requires a university degree. Since this person had only a grade 11 education a grievance was filed and the promotion was withdrawn. When the regional reception centre opened this person was promoted to WP5. Again, it was grieved and the promotion was withdrawn. I understand this person has now been made acting director and at the present time is on temporary assignment with the Parole Board. People within the system with university degrees had competed for that job. A third person went to the B.C. penitentiary service in 1974 from the YMCA as a WP3 and one year later was a WP5, without any previous penitentiary experience.

Let me refer to another person I have met on several occasions and like very much and who may have all the necessary qualifications. This person, a school teacher, came to the service in 1972 as a casual employee and was promoted to associate director of occupational development at about WP5 level in 1975. As of October, 1977, the position ceased to exist. He is still there, in effect having no job officially. He is in charge of changing the B.C. penitentiary to the regional reception centre. Again I say I like this person. He is a good person. However, it seems he may have had an advantage over some others.

● (1612)

I mentioned another case in question period the other day. A former psychiatric nurse was hired at the WP3 level and promoted in 18 months to WP5. He is now assistant director of inmate programs. Despite short tenure, he won the competition against two others in the system who had an accumulation between the two of them of 14 years' experience as a supervisor and acting director of socialization. I mentioned the other day someone who had worked there for only a year who was promoted from WP1 to WP3 to WP4.

Finally, one man who was hired has now been promoted. One of the astounding things is that, by his own admission, he has had 35 jobs in 30 years. Now he is one of the supervisory personnel at the B.C. penitentiary. Something that bothers me is that the people who sit on these boards of examination for competitions sit for people who work for them later. I wonder whether there is some kind of conflict of interest here.

Are we developing a corps of people who are forming specialist interests in the hiring system which appears by design to exclude resident employees? That is the operative question in the whole system. It is easy to say we need new blood in the system. I agree. You cannot operate a system year after year with the same people having inbred ideas about the way the system ought to operate. We do need new blood in the system periodically. However, it seems we are developing a trend which defies everything that would be sound administrative sense in overlooking the talent that exists.

It may be true that we need sound professional training. I do not deny that. I support it all the way. However, one of the extra ingredients we need if we are going to have effective personnel in any part of the penitentiary service is an awareness such as is gained only by exposure to the atmosphere and the kind of personnel with which you are dealing in the penitentiary service. This is why I support the resolution, which reads as follows:

That this House deeply regrets the failure of the Solicitor General to adopt and implement the sixty-five unanimous recommendations of the Subcommittee on the Penitentiary System in Canada, and therefore directs the government to adopt and implement forthwith the whole of these recommendations to

promote meaningful penitentiary reform and to prevent further hostage incidents.

I would like to conclude my remarks with this observation particularly to the Solicitor General. Almost every time there is a hostage taking incident in the B.C. penitentiary, some of my constituents seem to be involved. I have visited them. One is a cook who had a knife pointed at his throat for a while. Some of them were in the classification centre in 1975 when Mary Steinhauser was killed. So I personally know what is going on. However, I hasten to add, lest the Solicitor General wants to ask some discreet questions about the system, that I did not get this information from my constituents. Therefore, I hope there will be no scurrying around to try and find out where the information came from, because it did not come from my constituency.

[*Translation*]

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, I have seldom been so proud of being a member of this House. The tone of the debate today, its content, its seriousness, the lack of partisanship are an indication of the real concern shown by the House for the problem of the penitentiary system as well as the fact, and I think it is an essential one, that the House can on some unfortunately very few occasions give excellent performances.

Mr. Speaker, I must congratulate the member for Yukon (Mr. Nielsen) for his motion and his introduction. It is rather noteworthy that all members who have risen to make comments up to now have basically endorsed the concerns stated in his motion. In this respect, Mr. Speaker, it is perhaps an indication that what should be a basic character of this House, that is an enlightened debate on our institutions with as little partisanship as possible, can only be found in such circumstances.

Several of the former speakers, Mr. Speaker, have stressed the fact that the Subcommittee on the Penitentiary System produced a unanimous report and that its deliberations were, much to its credit, devoid of political considerations. I myself, Mr. Speaker, found it a fascinating experience, as a member of Parliament, as a parliamentarian and as a man, to work with people who are normally political opponents but who managed to set aside those political differences to reach unanimous conclusions on a problem which, though not political but rather institutional, is very serious and demands a quick solution. A solution must be found quickly, Mr. Speaker, and of course, I support the recommendations of the report.

I could not but accept the subject of the motion of the hon. member for Yukon because, once again, I support recommendation I of the report which states that the penitentiary system is in a state of crisis, and the unfortunate incidents in the last few weeks prove that. Despite the efforts made until now to improve the atmosphere, despite the recommendations and changes brought to the system since we have been working at it, the situation is still very serious, and we must give it our whole attention.

Mr. Speaker, that committee worked as a team. That committee, once again, solved internal differences to achieve a unanimous report and I think it is the duty not only of the government but also of the penitentiary system itself, of the administration, to give serious consideration not only to the report itself, for I think the predecessor of the present Solicitor General took this report very seriously, but also to the prompt and extensive application of its recommendations, in order to improve the system by making a number of changes in its operation and particularly in the attitude of the people who work there.

Mr. Speaker, it is extremely important to change the attitude of the people because you can always change the institutions or establish new ones, but it is always the people who are part of them who see that they work or not. I also believe that the committee fully realized that the main problem with our penitentiary system was a problem of permanent misunderstanding between the various constituents: the guards, the directors and the prisoners. There was and, as far as I know, there still is a wall of mutual misunderstanding we want to break by implementing our recommendations.

Mr. Speaker, I think it is very important at this point to mention the major role the press has played in the work of the subcommittee. Indeed, there is no doubt in my mind that if the press had not covered the work of the subcommittee on a daily basis and if some press members had not covered the work of the committee and developed an expertise in this area, the committee, Mr. Speaker, could certainly not have achieved the credibility it has been gaining as its work kept progressing.

Indeed, when the chairman of the committee, the hon. member for Windsor-Walkerville (Mr. MacGuigan) tabled its report, the newspapers, the electronic media, and the editorials lavished their praise for days on the committee for its work and urged the government to implement its recommendations as soon as possible. And then the matter fizzed out and we heard no more for several months until this week, when, following a very legitimate question by a member of the opposition, the press hinted that not only had the report not been implemented but that it had been shelved and not made public.

Mr. Speaker, we know, of course, that the press has to cover many areas and sometimes fails in its responsibility to seek proper information and make a thorough examination of the problem. We are used, Mr. Speaker, to the press sometimes jumping to conclusions and sometimes making irresponsible comments. But in this case, Mr. Speaker, I was deeply shocked to read that the media were suggesting the report of the subcommittee on penal matters had been swept aside, and more could possibly have been done while hon. members know fully well that over the past six months members of the subcommittee, the Standing Committee on Justice and Legal Affairs, have been working in co-operation first with the former solicitor general and hopefully with the present incumbent towards their implementation on a regular, continuing basis. To date, over 50 per cent of the recommendations have been implemented.

● (1622)

Mr. Speaker, it is unfortunate that the credibility gained among the population was ruined by the irresponsible comments that appeared in the Canadian press in general. Having said that, I would hope that after today's debate, an enlightened debate if there ever was, the necessary corrections will be made, so that the Canadian people will know that the work of the subcommittee has not been useless and that the government must implement its recommendations and follow them up.

I do not intend to deal at length with the detailed recommendations. Several of my colleagues have touched on certain points but there is one I had more particularly at heart at the time and which still concerns me. It relates to the tendency of the penitentiary system in the past to operate in an unhealthy climate of secrecy. Some of the recommendations of the subcommittee, particularly those relating to the institutions themselves under the title "Organization and Management of the Penitentiary Service", tried to remedy the situation, to find ways, and here again the debate is open—there are perhaps other ways—to put the penitentiary system in the public eye.

Because, in my opinion, when in a system you have people who exercise control over other people, this opens the door to many abuses. We have personally witnessed what these abuses can do to some people. We hope that abuses will stop with the implementation of our recommendations. This implies that the public will know what is going on in penitentiary institutions and will understand the nature and the reason of the policies. This also implies that the hide-and-seek policy used in the past by the Penitentiary Service will stop.

I know that this is a serious charge but I have made it before. This has been said in the past, it has been said by the committee itself, and I repeat it not because there is a illwill on the part of the service, but simply because when things go wrong, there is a tendency to hide things. This is normal. This is why the subcommittee was instituted. This is why we made our recommendations. I think that all the members of the subcommittee will agree with this. We continue to believe that if we implement the main recommendations which aim at opening up the Canadian Penitentiary Service, the problem will automatically be solved.

Mr. Speaker, I would like to refer in particular to a recommendation which was not rejected by the previous solicitor general and which is still being considered. I hope that it will eventually be considered favourably by the authorities. I am thinking, and one of my colleagues has already talked about this, about the question of a five-member board. The committee made this recommendation deliberately. It is part of a whole series of initiatives which aim at withdrawing as much as possible the Penitentiary Service from direct and sometimes deplorably partisan political influence, as was the case in the past.

You will recall, Mr. Speaker, that we recommended that the employees of the Penitentiary Service no longer belong to the Public Service Alliance in the same way. We recommended, too, that a five-member board be established and be responsible for appointing the commissioner of penitentiaries. We recommended the appointment not of a general controller, but of someone like a general director who would ensure that the guidelines and general policy be followed at all levels of the administration.

Mr. Speaker, we submitted a whole series of recommendations in an effort to streamline the system and to suppress the kind of nebulous atmosphere which still surrounds the policy of the Penitentiary Service.

That commission of five men is not a sheer product of the imagination, Mr. Speaker. It exists in other jurisdictions and in other areas. I therefore urge the Solicitor General to seriously consider this recommendation, to examine its performance, and if needed to propose alternatives. The main thing is results rather than ways and means, if we are to achieve the opening to the outside world we are advocating.

As I said, Mr. Speaker, my intention is not to be too long on this subject. In my view, the report is self-explanatory. Mr. Speaker, the 65 recommendations should be considered *in toto*, as a whole. It is a package, and any partial implementation would only go part of the way towards meeting the objectives. Of course as my colleague indicated earlier, I realize and accept that institutions as heavy, as big as the Canadian Penitentiary Service cannot be changed overnight.

I accept that studies are needed, and implementation planning. In his remarks, the Solicitor General referred to an assistant commissioner for this implementation. I accept that this may take some time, I accept that over a few months, or even a year, deeper recommendations be gradually phased in. But I would find hard to accept that it be brushed off. I will therefore be waiting anxiously for the Solicitor General's appearance before the Standing Committee on Justice and Legal Affairs with the third interim progress report. Mr. Speaker, after nine months have gone by, we will be in a position to assess the Canadian Penitentiary Service's earnestness, when they suggest they have a firm intention of doing everything in their power to ensure rapid implementation of the report's recommendations.

Mr. Speaker, at the beginning of my remarks I said I was feeling proud to be a member of this House. I really am, because work in committee, today's debate in this House, and especially the high level of speeches are so many proofs that our parliamentary system is working when we enjoy the confidence and are given the tools needed for its successful performance.

Mr. Speaker, I would simply conclude by quoting, as has been the habit of all speakers in this debate, from a speech made by the hon. member for Windsor-Walkerville, who chaired the Subcommittee on the Penitentiary System, before the National Association of Active and Criminal Justice, on January 27, 1978. And I regret there is no procedure for a backbencher to table as exhibit if I may so say—that speech where the chairman summarized the sub-committee's views in such a magnificent way. On page 10 he had this to say, which I fully support:

● (1632)

[*English*]

—the continuing pressure of the members of this committee on the Solicitor General and the Canadian Penitentiary Service that has led to a fuller acceptance of the report than was initially apparent. This pressure occurred in hearings on the supplementary estimates in November, during the private sessions of the Committee on its special reference in December, and in numerous outside contacts between committee members and those involved in implementation. The Solicitor General has publicly welcomed this process and has even looked forward to its continuance during the consideration of main estimates this spring. In this respect the substance of recommendation 65, that the standing committee should have a permanent reference to enable it to review the implementation of the report, has in fact been achieved, even though this recommendation was the one which was perhaps most strongly rejected by the Solicitor General from June 7 on. It is now clear for all to see that the minister's only objection to recommendation 65 was as to the form of review recommended, and that he welcomes continuing attention to the substance of the implementation of the report.

[*Translation*]

Mr. Speaker, this is exactly what we are now doing in this debate. We are putting all the pressure we can on the Solicitor General and the Canadian Penitentiary Service to implement as a package the recommendations in the report submitted by the subcommittee on the penitentiary system in Canada. I would like to repeat that it has been a fascinating experience to work in such an environment, and I thank the hon. member for Yukon (Mr. Nielsen) for putting forward the motion now before us.

[*English*]

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, since I have come to parliament this is the most constructive and interesting debate in which I have had the opportunity to participate. As many hon. members have mentioned, it shows that the committee system of the House of Commons, if utilized properly, can indeed produce an outstanding piece of work, which is precisely what these recommendations are.

I would like to pay a personal tribute to the chairman, the hon. member for Windsor-Walkerville (Mr. MacGuigan), not only for the work he did in pursuance of the arduous and thorough way the committee under his direction went through their appointed task, but for some of the excellent speeches he made which sought to further the committee's work.

As other members have mentioned, the chairman spoke to distinguished bodies such as the 1977 World Congress for Mental Health and the Canadian judges conference and indeed to the centre of criminology here at the University of Ottawa on November 28 last year. These are not all of the speeches he made. They were excellent speeches and provided a valuable adjunct to the work that the committee was doing and sought to achieve.

I wish to pay my personal tribute to members of all parties who worked on this committee. I did not have the opportunity to do this, but I followed their deliberations with a great deal of interest, and as has already been said, the House of Commons and the country owe these dedicated members of parliament a real debt of gratitude for what they have done.

Some hon. Members: Hear, hear.

Mr. MacKay: I hope the new Solicitor General (Mr. Blais) will take advantage of the high degree of unanimity that exists in the House of Commons and will bring forward some legislation in the near future, although as is often the case passing legislation is a tortuous process. It seems to me, that if legislation were brought forward—and it is essential that that legislation embody all of the recommendations set out in this report—it could be passed through this House with unprecedented speed. It would be an opportunity to demonstrate to the House and the country that, when there is a need for good, constructive legislation, this chamber can provide that kind of expedition and provide it quickly. I hope the Solicitor General will consider this very carefully. It is obvious from the support he has for the concepts effected in the speeches of many members of parliament here this afternoon that he would be able to achieve something quickly which would be long remembered and would be useful to the country.

In her well written and sensitive book, "Kind and Usual Punishment—The Prison Business", Jessica Mitford points out that:

> It is surprising to learn that prison as a place of confinement for the ordinary lawbreaker is less than 200 years old, an institution of purely American origin, conceived by its investors as a noble humanitarian reform befitting an Age of Enlightenment in the aftermath of a revolution against ancient tyrannies.

It is heartening to see that the efforts of this distinguished subcommittee were directed toward bringing some humanitarianism into what has become, a very degrading and brutal system in recent years. In order for this report to be effective I believe it ought to be accepted as a package. Accepting only certain parts of it will waste the thrust of the entire concept.

The key recommendation is the last one. It bears repeating that the Standing Committee on Justice and Legal Affairs should have a permanent reference during the remainder of the thirtieth parliament, and for the thirty-first parliament, to enable it to review the implementation of this report in the context of the criminal justice system. This continuing mandate would have a constructive and stabilizing effect.

While this committee was conducting its deliberations there was a marked lessening in hostage-taking incidents and the general state of unrest in the prison systems. As a matter of fact, as the hon. member for Yukon (Mr. Nielsen) has just pointed out, there were none. Surely the government can see the wisdom of allowing this committee, which has achieved such a degree of expertise and obviously respect from those people who are part of the prison system and, indeed, victims of it, to have some continuing and direct influence in such an important area of social and government policy.

● (1642)

There have been in the past great abuses in prisons connected with experiments in which inmates were used to test antibiotics, how they responded to psychiatric and neurosurgical techniques, and things like this. This is something, however, that has not been prevalent to my knowledge in Canadian prisons, or at least to the degree it has been in other countries.

One might also quote Lord Byron in this respect:

This is the patent age of new inventions for killing bodies and for saving souls, all propagated with the best intentions.

One of the things that has always astounded me as a man who has sometimes visited prisons and who has practised criminal law is the degree of lawlessness that one finds within prisons. It seems that somewhere along the line our system has broken down completely when it comes to giving people who are to be confined in prison some degree of stability and discipline and a chance to improve themselves in an area where there is a degree of stability and lack of lawlessness.

As Richard Kelly, a judge of the sixth judicial circuit court of the state of Florida said in testifying before the select committee on crime of the House of Representatives in December, 1971:

I would like to say one thing this committee should consider, that one of the astounding facts about prisons is this: That they are probably the most lawless places in our society. This is a dominating factor in every place that there are laws.

Based on my observations, one of the most demoralizing aspects of prison life to an inmate is the fact that in many cases he does not know exactly how long he will be incarcerated. Another thing that demoralizes inmates is the arbitrariness with which disciplinary procedures are carried out, and the way that their privilege of parole is sometimes snatched away in a most arbitrary way for the most trivial of reasons. The committee deals with this in its report which was tabled last June, as, indeed, it deals with practically everything of value. Recommendation 34 rather sets the stage for the part I am going to quote from the committee report:

Institutional libraries must provide adequate material for legal research, especially in the field of criminal law.

I suggest it is important for people who are incarcerated to fully understand the basis of the law that put them there. Also the report goes on to state:

When an inmate enters the penitentiary system, he should not only be instructed clearly and precisely about rules of conduct and the expectations of prison authorities—which is not generally the case now—but he should also be able to know the length of time that he may expect to be in prison. His conduct in prison is significantly affected by the way he defines and understands his goals.

The report goes on to state that it is extremely important that an inmate be able to calculate his sentence, or be able to get a reliable and accurate calculation at the reception centre. If he cannot, as is sometimes the case, the demoralizing effect of this situation is reflected in his own conduct in prison as well as adding to the general level of unrest and hostility.

Let me refer to a remark made by the hon. member for Windsor-Walkerville (Mr. MacGuigan) in his address of January 27 of this year, only a few days ago, to national associations active in criminal justice. He said:

The more time that passes since the report of the subcommittee on the penitentiary system in Canada last June 7 the more completely it appears that the government will implement the 65 recommendations of the report.

I sincerely hope that is the case. Because if the government does not implement the thrust and the intent of this report, then a great opportunity will be lost. In this context I would like for a few moments to make some suggestions that fit in for the most part with what the report recommends. I must in so doing pay tribute to the hon. member for Yukon (Mr. Nielsen) who was the guiding light behind many of these recommendations which have found general favour with our caucus. Some of them, I think, are particularly appropriate in the humanitarian as well as in the administrative sense.

The CPS should establish a clear, concise inmate disciplinary code which will be available to, and understandable by, both inmates and staff. There should be no catch-all phrases, and it should spell out the kind of punitive action to be taken against each specific offence. Too often in the present system there is a great latitude that allows for individual vindictiveness on the part of staff as a result of personal animosity built up between certain staff or guard members and inmates.

Disciplinary boards are very important as well, and we feel that the hearings of these disciplinary boards should be presided over by independent chairpersons. It would be the responsibility of such an individual to determine the guilt of the inmate and the proper sanction to be used against him. Local magistrates might make suitable candidates in certain instances for such positions. No inmate should have to wait more than two days before his case is heard by a disciplinary board.

As far as punitive segregation is concerned, this is a very drastic disciplinary measure and should be used very sparingly. Inmates should not be subjected to extended periods of such isolation.

One of the objectives that I think is admirable is meaningful inmate counselling. This should be emphasized more and more. Whenever possible, I suggest that the officers who provide this kind of counselling should be selected from the older and more experienced staff.

Another thing that inmates find very demoralizing is the lack of contact visiting. It seems to me that, unless an inmate demonstrates otherwise by his anti-social behaviour or uncooperative attitude, with proper security arrangements contact visiting should be allowed at all institutions. Any inmate found abusing the privilege should be compelled to receive future visitors in a visiting booth only.

Another feature that so far has been almost, I guess, a complete "no, no," is conjugal visits. It seems to me that if you treat people like animals you will be rewarded by an attitude similar to that of an animal. I see no reason that there should not be, on an experimental basis, a greater attempt to arrange this type of program in the prisons of this country. After all, we have the dubious distinction, I believe, of having more or our people per capita in penal institutions than any other country in the world.

Mr. Nielsen: And it works in the United States.

Mr. MacKay: As the hon. member for Yukon says, the program works in the United States and in other countries.

Leaving that rather delicate topic for a moment, one of the programs I have watched with some interest is that program which has been carried out with the co-operation of the Scott

Paper Company in my native province of Nova Scotia. It consists of allowing inmates to work cutting pulpwood for wages and under conditions which are comparable to those applying to ordinary contractors. In speaking to some of the officials of that company I am informed that this particular work camp, called Shulie Lake, is located about 30 miles west of Parsboro in Nova Scotia. The inmates and the guards live in the same quarters. The inmates are considered to be employees of the company during the time they work.

● (1652)

There are two phases: phase I involves 12 weeks of training and phase II involves a further 12 weeks during which time the inmates work cutting pulp and are trained at the same time. The inmates are paid under the regular system of the industry: they are paid per cord for the wood they cut. They have to buy their own saws and clothes. As they accumulate money, they pay for their equipment. Also they are allowed to put money in the bank. When they are allowed to go home, they are able to pay their own fares from that money. On some occasions they are allowed to send money home for the support of their families. This type of program should be expanded.

The hon. member for Surrey-White Rock (Mr. Friesen) referred to the Dorchester penitentiary in British Columbia. Based on my visits to that penitentiary, it is one of the best institutions of its kind in the country. I was interested in the references to this institution. I see the Minister of Fisheries and the Environment (Mr. LeBlanc) listening as I refer to this particular institution. Perhaps he is closer to it than I am, and has visited it on occasion as well. The committee noted the following:

> Although it is about the same age as the B.C. penitentiary, Dorchester rates as one of the better maximum security institutions in Canada. The director, Humphrey D. Sheehan, attributes this to his staff:

It is very interesting to note that. Perhaps it is one of the better institutions because of the relationship which exists between the director, the warden and the staff.

Mr. Nielsen: And the inmates.

Mr. MacKay: Yes, the inmates as well. I should like to quote what Mr. Sheehan said:

> They are pretty basic down-to-earth people who can get along with others. They recognize that there is a job to be done and that you can do it both ways: you make it tough or you make it easy. I think the stability of the staff, the fact that we do not have a large staff turnover, contributes to this. There is considerable staff experience here and they are familiar with dealing with inmates.

Also I should like to return to what the committee noted, which reads as follows:

> The PSAC representatives similarly praised Mr. Sheehan whom they considered to be the "best director in the penitentiary service."

Some hon. Members: Hear, hear!

Mr. MacKay: That type of tribute is very heartening to people who are interested in the prison system. My impression of Millhaven is based on far briefer visits and less observation than Dorchester. When I visited that institution, I found it was much more modernistic in many ways. It was a more attractive prison to look at superficially, but there was an air of tension and unrest which seemed to be almost tangible when walking through the halls of that institution.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. MacKay: I should like to refer to an editorial which appeared in today's *Globe and Mail*. It indicates that this is a very current matter which occupies the continuing attention of leading newspapers all over Canada. The hon. member for Oxford (Mr. Halliday) quoted the excerpt which first caught my eye. There is another section of the article which is almost as important. It is based on observations made by the ombudsman for Ontario, Arthur Maloney. In his day he was one of Canada's best criminal counsel.

Mr. Cullen: And a member of parliament.

Mr. MacKay: Yes, he was a member of parliament, as I have been reminded.

Mr. Paproski: He was on our side.

Mr. MacKay: I did not know that.

Mr. Cullen: He must have made quite an impression.

Mr. MacKay: I point out to the Minister of Employment and Immigration (Mr. Cullen) that I am not as old as he is and I do not have the recall of parliamentary jurisprudence. According to the editorial, Mr. Maloney makes it obvious that we are sending far too many people to jail. The editorial reads in part as follows:

> He points out that during the fiscal year 1976-1977, "the ministry housed 59,362 prisoners in its jails and detention centres prior to trial." (So much for our so-called soft bail laws.) He quotes the Law Reform Commission of Canada to the effect that this country "is one of the harshest western countries when it comes to prison sentences."—

We must protect our citizens but, as the subcommittee has pointed out, there is a better way to do this. There is a way to treat more humanely people who have run afoul of laws and regulations. This will not only benefit them but society as well.

Since it is nearing five o'clock and the end of this debate, I close by saying that I trust the new Solicitor General (Mr. Blais) and all hon. members in the House of Commons will do their utmost to bring forward legislation which will embody these excellent recommendations as a package. I hope the government brings them forward in a well-drafted bill, and gives the highest court in the land an opportunity to deal with them swiftly and in the same spirit which has characterized the committee deliberations and this debate.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there are not many hon. members left in the chamber who have not taken part in today's debate. Speaking for the listeners and the observers, the hon. member for Edmonton Centre (Mr. Paproski) and I would like to echo what has been said several times today, that this has been an excellent debate. We congratulate the hon. member who proposed the motion. We congratulate those who took part in the debate. We recognize that behind the excellence of this day's debate was the work and the report of the subcommittee. We extend to that subcommittee our congratulations.

Finally, the hon. member for Edmonton Centre and I say that we hope the Solicitor General (Mr. Blais) will pay attention to the motion and to what has been said today on both sides of the House.

The Acting Speaker (Mr. Ethier): Order. It is my duty to inform the House that, pursuant to Standing Order 58(11), proceedings on the motion have expired.

It being five o'clock, this House stands adjourned until Monday at 2 p.m., pursuant to Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 13, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

AIR TRANSPORT

CRASH OF AIRCRAFT AT CRANBROOK, B.C.—EXPRESSION OF SYMPATHY TO FAMILIES OF VICTIMS—MOTION UNDER S.O. 43

Mr. Bob Brisco (Kootenay West): Mr. Speaker, it is with deep regret that I rise under the provisions of Standing Order 43 on a matter of sad but pressing necessity. In light of the terrible tragedy of the crash of a PWA 737 at Cranbrook, British Columbia, on Saturday, February 11, resulting in the death of 41 passengers, I move, seconded by the hon. member for Okanagan-Kootenay (Mr. Johnston):

That this House expresses its deepest sympathy to the families and friends of the victims and its encouragement to the survivors.

Mr. Speaker: Such a motion, pursuant to the provisions of Standing Order 43, can be presented to the House only if there is unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

Some hon. Members: Hear, hear!

* * *

ANTI-DUMPING TRIBUNAL

PROTEST AGAINST APPOINTMENT OF CHAIRMAN—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the discrimination being practised by the federal government in appointing a male chairman of the federal government's Anti-Dumping Tribunal, a decision just learned about on the weekend, passing over Margaret Ritchie, a highly qualified person who has been the tribunal's vice chairman for five years, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the government to rescind its recent decision in this matter, reverse its discriminatory practices and appoint Margaret Ritchie as chairman of the Anti-Dumping Tribunal.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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AIR TRANSPORT

CRASH OF AIRCRAFT AT CRANBROOK, B.C.—REQUEST INDEPENDENT COMMISSIONER INQUIRE INTO CAUSE—MOTION UNDER S.O. 43

Mr. Don Mazankowski (Vegreville): Mr. Speaker, I rise under the provisions of Standing Order 43, arising out of the tragic air disaster which occurred at Cranbrook, B.C., last Saturday. Inasmuch as the Ministry of Transport will once again be investigating an incident involving loss of life which occurred within the jurisdiction of the Ministry of Transport itself, in order to remove or preclude any possible perception of conflict of interest in the investigation of this tragedy, I move, seconded by the hon. member for Dartmouth-Halifax East (Mr. Forrestall):

That the Minister of Transport forthwith name an independent commissioner of inquiry from a senior court with competent jurisdiction, together with the necessary support staff, for the purpose of conducting an impartial examination of all the facts related to this disaster.

Mr. Speaker: Such a motion can be presented for debate, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

GOVERNMENT INFORMATION ON TERRORISTS TRAINED ABROAD—FUNDING THEREOF—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise, under Standing Order 43, with regard to confirmation made on a national television network last night on facts I raised in this House in

June, 1977, concerning the training of terrorists at Finsterwalde, East Germany, and questions asked in 1974-75 concerning a double-agent at one time operating in the Prime Minister's office, and whether Pierre Levasseur was the individual involved, all of which was denied at the time by the government. I move, seconded by the hon. member for Athabasca (Mr. Yewchuk):

That the Prime Minister make an immediate statement giving all information possessed by the government of terrorists trained abroad, of the attempt by the Soviets to infiltrate his office a few years ago, of funds being transferred from France since 1958 through certain Canadian companies acting as agents in Canada, with the amounts involved, whether the funds originated from the KGB and were subsequently funnelled through Jacques Foccart of the French intelligence service; and, finally, that he explain the statement on television last night by Robin Bourne, head of the police security planning analysis group, to the effect that a terrorist act will eventually occur in Quebec.

Mr. Speaker: Such a motion can be presented only with the unanimous agreement of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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VETERANS AFFAIRS

CALL FOR PRORATA PENSIONS FOR WIDOWS WHERE VETERAN'S DISABILITY PENSION LESS THAN 48 PER CENT—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Friday last this House gave unanimous consent to a motion having to do with legislation respecting veterans. I hope the House will be in the same mood today. I therefore move, seconded by the hon. member for Oshawa-Whitby (Mr. Broadbent):

That this House takes note of the deep concern of all veterans' organizations with respect to the rule under which a veteran's widow receives no widow's pension unless the veteran was in receipt of a disability pension of 48 per cent or more, and this House calls on the government to correct this situation, without further delay, by providing prorata pensions for widows of veterans in cases where the veteran's disability pension was less than 48 per cent, as recommended by the Woods commission, the Hermann commission and the Standing Committee on Veterans Affairs.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Cossitt.]

• (1412)

[*Translation*]

NATIONAL UNITY

REQUEST GOVERNMENT NOT GRANT FUNDS FOR QUEBEC REFERENDUM CAMPAIGN—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, I should also like to present a motion on a question of urgent and pressing necessity.

Considering the importance and the seriousness of the referendum on the constitutional future of Quebec;

Considering the need to let Quebeckers entirely free to chose objectively the appropriate structure for their emancipation and their evolution;

Considering that the most elementary justice and simple logic should lead us to put this debate well above the chauvinism and partisanship inherent in electoralism;

Considering that it would be inadmissible for the federal government spokesmen who do not reside in Quebec to campaign directly or indirectly within the province;

Considering finally that it would also be absurd and unfair to have the taxes which are levied among Quebeckers by the federal government used against their very interests;

I move, seconded by the hon. member for Témiscamingue (Mr. Caouette):

That the House order the government to stop fighting against the growing awareness of Quebeckers concerning their future and consequently to abolish immediately the Tellier committee which has been created to this end.

Mr. Speaker: Order, please. Such a motion can be presented for discussion only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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[*English*]

NATIONAL SECURITY

REQUEST FOR GOVERNMENT INVESTIGATION INTO SUBVERSIVE ACTIVITIES IN CANADA—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of pressing and urgent necessity relating to last week's revelation of Soviet espionage activities in Canada in which the Soviets clearly demonstrated their continued disrespect for Canadian relations with their country. Because of allegations by a number of sources that terrorist and subversive espionage activities by foreign interests in Canada are far more widespread and far-reaching than has been generally known—as witnessed, for example, on CTV's "Prime Time" program aired last night—I move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis):

That the government initiate forthwith a comprehensive, over-all investigation into terrorist and subversive activities in Canada as a whole, during which time all travel or movement of so-called Soviet diplomats operating in Ottawa be restricted to the national capital region, as well as those diplomats from any other nation that may be implicated during the investigation; and, further, that the screening process of incoming personnel from such nations be improved in such a way that no individuals who have previously, in any way shape or form, experienced guerilla or espionage training with the KGB or any related agency or organization, be allowed entry into Canada.

Mr. Speaker: Order, please. Such a motion can be presented for discussion, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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THE CANADIAN FLAG

DISPLAY IN COURTS ESTABLISHED BY PARLIAMENT—MOTION UNDER S.O. 43

Mr. Ralph Stewart (Cochrane): Mr. Speaker, under the provisions of Standing Order 43 I seek unanimous consent, on a matter of urgent and pressing necessity, to move the following motion:

Whereas by a resolution of this House the Canadian flag stands unfurled beside Mr. Speaker's chair; and

Whereas the federal presence is now more than ever required to be seen, in particular the principal symbol of nationhood and unity;

This House asks that arrangements be made for the Canadian flag to be placed to the right of the bench of the presiding judge in all courts established by the Parliament of Canada.

Mr. Speaker: Order, please. In accordance with Standing Order 43, presentation of such a motion for discussion requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

ORAL QUESTION PERIOD

[*English*]

NATIONAL SECURITY

GOVERNMENT SURVEILLANCE OF RUSSIAN AND CUBAN-TRAINED TERRORISTS

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, in the absence of the Solicitor General, may I direct my question to the Minister of Justice, whom I presume is the Acting Solicitor General? Will he advise the House whether, as has been reported, there are more than 300 Russian and Cuban-trained terrorists active in the Montreal area, and does the government intend to wait until acts of terrorism break out, or is it its policy to keep these people under surveillance so immediate arrests can be made at the first sign of any terrorism?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I did not see the program to which the hon. member refers, but I should like to say that the RCMP is reviewing the allegations made. I assure you, Mr. Speaker, and the House that in my view the RCMP are fully familiar with what is going on and are able to take action against it.

● (1417)

Mr. Jarvis: Mr. Speaker, my supplementary question is directed to the Acting Solicitor General. What action is being taken to identify former strong-arm members of the infamous Deuxième Bureau, in Algeria, who according to reports are now relocated, or were relocated, in Montreal? Will these people lose their citizenship if untruthful statements are found in the applications for citizenship?

Mr. Basford: Mr. Speaker, I think it would be unwise to answer the first question, and the second question is hypothetical.

Mr. Jarvis: Mr. Speaker, what action is the government taking in order to ensure that Canadian security services have adequate personnel and resources in order to cope with and contain what appears to be a most serious threat to the national security of Canada?

Mr. Basford: Mr. Speaker, by supporting the security service, as we have throughout the history of this government.

GOVERNMENT POLICY TOWARD TERRORISTS AND ESPIONAGE AGENTS OPERATING IN CANADA

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I have a supplementary question for the Minister of Justice. Since it is apparent that it is the government's policy to continue to allow terrorists and KGB espionage agents to operate in Canada, despite last year's government policy as stated to the House by the former solicitor general, can we now receive assurances from the government, through the Minister of Justice, that this irresponsible policy will be changed forthwith and appropriate action will be taken to reverse these permissive trends?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I think appropriate action is taken when that action is appropriate.

Some hon. Members: Oh, oh!

Mr. Paproski: One more time.

Mr. Basford: As the action taken last week indicates, when these matters are documented by the security service, action is taken.

Mr. Jelinek: Mr. Speaker, on March 24, 1976, the then solicitor general of Canada very clearly stated in the House of Commons that the government, as well as the RCMP, were well aware of KGB activities taking place right under our noses and that it was the policy of the government to allow these people to continue to operate in such an event. In view of the minister's answer now, can we take it that the new policy of the government is not to allow into Canada any individuals known to have espionage training with the KGB, and to get rid of any agents who are currently operating in Canada, whether it be in Ottawa, Montreal, Toronto or elsewhere? Is this the new policy of the government?

Mr. Basford: Mr. Speaker, the policy was clearly stated last week by the Secretary of State for External Affairs.

SEVERING OF DIPLOMATIC RELATIONS WITH COUNTRIES GUILTY OF SUBVERSIVE ACTIVITIES IN CANADA—GOVERNMENT POSITION

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, perhaps we can receive assurances from the Acting Prime Minister, rather than the Minister of Justice. He may be a bit more realistic. Can we have assurances from the government that should foreign countries continue to practice terrorist or subversive activities in Canada or, for that matter, any illegal actions such as the importation of arms from Cuba, diplomatic relations will be terminated on a temporary basis with countries which do not respect the laws of our land?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I realize the seriousness of the points made in the hon. member's question, but certainly I cannot give an undertaking that in every case we would terminate diplomatic relations with the country involved. An incident occurred not too long ago which was brought to the attention of the House by the minister. It is not our intention to terminate relations with that country but to attempt to build for the future and maintain relations with the country concerned.

* * *

● (1422)

ENERGY

NORTHERN PIPELINE—REQUEST SECOND READING OF BILL DELAYED UNTIL PIPE SIZE KNOWN

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Deputy Prime Minister. The Deputy Prime Minister's sombre exercise in deception last night on television reiterated the truth that the Alcan pipeline proposal will be the largest construction project of its kind in Canadian history. Considering that the National Energy Board has not yet made the crucial decision on what kind of pipe is to be used, and since that is central to the question of Canadian jobs, would the Deputy Prime Minister reconsider the government's position and not proceed with second reading of the pipeline bill today? It would be an affront to parliament to ask us to make a decision on the pipeline well in advance of knowing what kind of pipe will be used.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the hon. member is under a misapprehension, because the House will not be asked to make a decision on the pipeline prior to receiving this information. The House will be asked to debate at second reading the many other issues involved in the pipeline. As I indicated last week, in order to meet the general concern expressed by the hon. member, I will ensure that the bill does not come to a decision at second reading until this information becomes available to hon. members. No decision is being called for before hon. members have that information.

Mr. Broadbent: Mr. Speaker, the Deputy Prime Minister has gone beyond the usual bounds of Liberal sophistry: he says we will not have to make a decision on the kind of pipe that is going to be used, in reaching a decision on this bill. Does the Deputy Prime Minister really believe that we can have a serious debate at second reading, in which principal spokesmen for all political parties, presumably, will commit themselves one way or another, before we know what kind of pipe will go into the pipeline and, therefore, before we know whether Canadians are going to get the jobs to which they are entitled from this project?

Mr. MacEachen: Yes, Mr. Speaker, I believe it is possible for hon. members on both sides of the House to debate many principles of the bill.

Mr. Broadbent: But not the essence of it.

Mr. MacEachen: In fact, if one where to take a procedural point of view, the point to which the hon. member is referring would generally be dealt with at the committee stage. However, I am not making very much of a point of that because I believe it will be very possible to deal with the principles of this bill at second reading without this information. I have assured the hon. member, because that was the concern expressed in his first question, that he will not be asked to make a decision at second reading until he has this information. I undertake that the bill will not come forward for a decision at second reading until the hon. member has that information. I believe that is an accommodation which ought to be satisfactory, in the circumstances.

Mr. Broadbent: Surely the Deputy Prime Minister knows that we cannot proceed with a number of days' debate on the bill without knowing whether we are going to have the kind of pipe which is absolutely essential from the point of view of Canadian interests. However, it is clear that the Deputy Prime Minister has no intention of changing the government's position on that matter.

Is the real reason we are proceeding with the bill today, instead of a week from today when we will have the requisite information, due to the fact that just down the street the Prime Minister is having a conference with all the provincial

premiers; and is it not the government's real view that the news media of Canada should be concentrating on that conference instead of on the sell-out involved in this piece of legislation?

Mr. Speaker: The President of Privy Council is perfectly able to answer that question if he wishes. However, I must recognize that the question does contain some argumentative elements.

Mr. MacEachen: Mr. Speaker, while I was reconsidering the view of the New Democratic Party as to whether I ought to proceed with this bill today, I happened to be watching the televised proceedings of the federal-provincial conference and I became persuaded by Mr. Blakeney that it would be a great mistake not to proceed today.

* * *

● (1427)

[*Translation*]

SPORTS

REQUEST DOCUMENTS EXCHANGED BETWEEN GOVERNMENT AND QUEBEC REFEREES' ASSOCIATION BE BILINGUAL

Mr. Armand Caouette (Villeneuve): Mr. Speaker, my question is directed to the Minister of State (Fitness and Amateur Sport).

As a result of pressures which are now exerted by the Quebec Referees' Association, could the minister tell the House if she has asked that the unilingual documents and especially the rules used to teach youngsters of 13, 14 and 15 years of age to become referees be bilingual, in our country which is now experiencing problems about the spoken language?

[*English*]

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, the National Sport and Recreation Administration Centre is striving to create a situation where all the documents issued by it are printed in both official languages. That has not been fully possible as yet, due to the fact that certain of the sports are not yet in Quebec. But we will be working on improving the number of sports. I believe the hon. member said "arbitrators", but I think he meant coaches, in asking that all coaches be supplied with bilingual material. We are working toward providing more bilingual material in this regard.

[*Translation*]

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I should like to put a supplementary question.

The minister mentioned certain sports in the House. While hockey is surely the national sport of Canada, I do not understand why the National Amateur Hockey Association sends only English questionnaires in Quebec. I therefore ask the minister whether it would now be possible to correct that situation and send a French copy of the rules to the Val-d'Or Minor Hockey Referees' Association.

[*English*]

Mrs. Campagnolo: Mr. Speaker, I beg the hon. member's pardon: I thought he was talking about coaches, but he was talking about referees and officials. The governing body for amateur hockey in this country is the Canadian Amateur Hockey Association. If there is any concern on the part of the hon. member about the functioning of the Canadian Amateur Hockey Association, I would be pleased to bring it to their attention. Certainly, bilingual clinics for referees and officials were conducted in connection with the recent junior hockey tournament. A considerable amount of money has been spent on upgrading referees and officials in the French and English languages.

* * *

NATIONAL SECURITY

GOVERNMENT ACTION TO PREVENT SUBVERSIVE ACTIVITIES IN CANADA

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, my question is supplementary to that put by the hon. member for High Park-Humber Valley and is addressed to the Acting Solicitor General. Would the minister tell the House how the government intends to prevent foreign nations from carrying out subversive activities in Canada in future, in view of the real possibility of subversion by the Soviet KGB of individuals in high places in the government?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, we intend to do this by the support of the security service and by their constant surveillance of activities.

Mr. Yewchuk: A supplementary question, Mr. Speaker. In view of the minister's inability to give me any real assurance, and since such surveillance has not in the past prevented these activities, can he tell the House how we can have confidence that the drive for separation in one of our provinces is headed by provincial nationalists rather than by agents of foreign governments?

Mr. Basford: Mr. Speaker, I do not think it would be appropriate for me to comment on that sort of question. I think those running in the movement are quite entitled to speak and answer for themselves.

INQUIRY WHETHER FILES REQUESTED BY KEABLE INQUIRY CONTAIN INFORMATION ON SUBVERSIVE ACTIVITIES IN CANADA

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to address a question to the Deputy Prime Minister, or to the Minister of Justice, in view of the fact that there are very serious concerns about the security of the nation, particularly following the statement last week by the Secretary of State for External Affairs.

First, do the security service files now being requested by the Keable commission contain information about illegal activities of foreign governments in this country? Second, do these files contain information about Russian, Cuban and French recruiting or subversive activities? Third, can we be assured that information of this type will not, under the circumstances, be given to a commission or public body if the security service has reason to suspect that these groups may be unreliable? I would further ask that this not be done until each person who could possibly obtain access to sensitive material has undergone a complete security check and has been unconditionally cleared for access to top secret information.

● (1432)

Hon. Ron Basford (Minister of Justice): I have not signed any of the affidavits given to the Keable commission as to the material that went to them, or the material that is being withheld under section 41(2) of the Federal Court Act. Therefore, I would ask the hon. member to allow me to take notice of his question so that the present Solicitor General or the previous solicitors general who signed those affidavits can answer.

I am delighted, if I may say so, Mr. Speaker, with the tone of the question. It indicates quite clearly the hon. member's view that certain material of a national security nature should be withheld from the Keable commission. That has been the position of the government for many months.

POLICY OF DEPARTMENT OF EMPLOYMENT AND IMMIGRATION ON ENTRY INTO CANADA OF KNOWN SUBVERSIVE AGENTS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I am always happy that the minister thinks my questions are responsible. We have never suggested for one moment that this type of information should go to the commission. We have suggested that the information sent should demonstrate ministerial responsibility, which has been irresponsible.

I would ask the Minister of Employment and Immigration to answer this question which is supplementary to the one asked by the hon. member for High Park-Humber Valley. Is it now definitely the policy of the Department of Employment and Immigration that from now on any known KGB agents will, either directly or indirectly, be refused admittance to this country? I refer to agents such as those in the recent spy ring, which one could almost classify as creating a complex in this country.

An hon. Member: The CIA.

Mr. Woolliams: Don't worry about that. We know where you stand.

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the accreditation of those who work at particular embassies is, of course, within the purview of my colleague, the Secretary of State for External Affairs. In so far as others who hope to emigrate to this country are concerned, they are given very careful scrutiny before being granted admission, particularly on the grounds of security. This was true under the former act, as it is under the new act.

Mr. Woolliams: Mr. Speaker, I am at a loss to understand why the minister cannot say "yes" or "no", instead of the verbiage which he uses. Is the answer "yes", or is it "no"—that his department is taking the position from now on—

An hon. Member: Verbiage.

Mr. Woolliams: I see that the Minister of Industry, Trade and Commerce is here. I thought he would be advising the Prime Minister, at the conference, as he has become so important to western Canada.

Some hon. Members: Oh, oh!

Mr. Woolliams: I will allow the minister from Crowfoot to keep on crowing, because he will crow himself out of his constituency.

Some hon. Members: Oh, oh!

Mr. Woolliams: Now may I put this question to the minister, Mr. Speaker? Is it now the policy, after there have been security checks, to say "no" to any KGB agents trying to enter this country? Is the answer "yes", or "no"?

An hon. Member: Both.

Mr. Cullen: Mr. Speaker, we will add up the verbiage of the question and the verbiage of the answer, and see who comes out ahead on that particular issue. I tried to indicate to the hon. member that if an individual seeks accreditation to a particular embassy, that is within the purview or jurisdiction of my colleague, the Secretary of State for External Affairs. If someone makes application for landed immigrant status, and we determine he is an agent, obviously he will not be allowed to enter Canada. He will, also, not be allowed to be accredited to an embassy, if we have that information in advance.

GOVERNMENT ACTION TO PREVENT ARMS BEING SMUGGLED INTO CANADA—SUBVERSIVE ACTIVITIES

Mr. Tom Cossitt (Leeds): Mr. Speaker, in the absence of the Solicitor General, my question is directed to the Acting Prime Minister, since it concerns government policy. In view of the statement made on national television last night by Robert Bourne, head of the security planning and analysis branch of the Department of the Solicitor General, to the effect that a terrorist act will inevitably occur in Quebec, I ask the minister: Does this represent the conclusion of the government based on information which it possesses? Specifically, what steps is the government taking to meet this situation and to deal with arms smuggled into Canada?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have not had the opportunity of listening to or reading what Mr. Bourne stated. But I can tell the hon. member it is not the policy of the Government of Canada; we have not concluded that there will

be a terrorist act in the province of Quebec. That suggestion is quite new to me.

Mr. Cossitt: Having had very little luck with an answer in that regard, Mr. Speaker, I will direct my supplementary to the Minister of Justice, who I hope can be a little more direct. Is the government prepared to name the companies, along with their locations, which have been receiving large sums of money from abroad for the promotion of terrorist and guerrilla warfare activities in Canada, and will he tell the House what part the French, Cuban and Russian intelligence services have played in this situation?

Hon. Ron Basford (Minister of Justice): No, Mr. Speaker, we would not reveal names unless and until charges were laid or people were expelled from the country.

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AIR TRANSPORT

CRASH OF AIRCRAFT AT CRANBROOK, B.C.—REQUEST INDEPENDENT COMMISSIONER INQUIRE INTO CAUSE

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I direct a question to the Minister of Transport. It is in a very serious vein and arises out of the Standing Order 43 motion which was put to the House by my colleague, the hon. member for Vegreville. I would like to ask the minister whether he is prepared, now, to indicate if he will appoint a member of a senior court of competent jurisdiction to inquire into the relevant facts surrounding the tragic air accident which occurred in Cranbrook, B.C., over the weekend.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the ordinary procedure is to have a preliminary investigation first. This is now taking place. Of course, we do have an independent accident review committee which also could play a role. At the conclusion of the preliminary examination, I would ordinarily be in a position to decide whether a further investigation of the type to which the hon. member refers is necessary.

Mr. Forrestall: In light of the fact there has been a clear indication from the government of Canada, referring back to the throne speech of 1974, that sometimes members of the opposition do have constructive ideas to put forth, I ask whether the minister could be spurred on by these events to bring in legislation—which we understand is pretty well drafted—to establish an independent commission of inquiry into all modes of transportation accidents, so as to ensure removal of any potential conflict of interest.

Mr. Lang: Mr. Speaker, yes. As the hon. member implied, there may not be grounds for concern in this particular case. But wherever that might occur, because of the relationship between Transport as an operating department and as the investigating body, we have put forward a proposal for an independent review board. That proposal is at the discussion stage and was put before involved members of the public and industry. Their comments are coming back now and the drafting is going forward at the same time. I hope at a very early date to bring forth legislation.

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LABOUR RELATIONS

B.C. TELEPHONE DISPUTE—PRESENT SITUATION

Mr. Jack Pearsall (Coast Chilcotin): Mr. Speaker, my question is directed to the Minister of Labour. Can the minister advise us what the situation is regarding the B.C. Telephone labour dispute that has been going on for a number of months between workers and management?

An hon. Member: It was settled last week.

Hon. John C. Munro (Minister of Labour): I am very happy to answer that question, Mr. Speaker. Maybe the hon. member for Nickel Belt will be interested to know, in view of his partisan remarks last week, that the strike is settled. Some workers turned up for work today, and all employees will be back on the job within three days.

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VETERANS AFFAIRS

LEGISLATION TO EXTEND PROVISIONS OF PENSION ACT RESPECTING PRISONERS OF WAR—WIDOWS' PENSIONS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Veterans Affairs? In view of the fact that when the House, on Friday, gave unanimous consent to a motion calling for an extension of the prisoner of war compensation to include veterans of World War I and some others, the minister himself joined in that consent, can he now confirm to the House that there will be legislation at this session to amend the Pension Act to extend the prisoner of war coverage? While he is answering that question, can he also say whether any such legislation to amend the Pension Act will also restore the basic rate of the war disability pension to the average take-home pay level of the five categories in the public service agreed to in 1973?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, the first part of the hon. member's question is presently before the government and I expect to have some information before too long. As to the second part of the question, no, we are not considering that legislation at this time but it will be looked at at a later date.

● (1442)

Mr. Knowles (Winnipeg North Centre): A supplementary question, Mr. Speaker. Since the department is studying amendments to the Pension Act, will it consider including in any such amendments at this session a provision for prorata pensions for the widows of veterans, where the veteran's pension at the time of death was less than 48 per cent, as

recommended so often by various commissions and by the Standing Committee on Veterans Affairs?

Mr. MacDonald (Cardigan): This question, also, is under consideration by the department. I should inform the House that widows of veterans who are entitled to pensions and who are in receipt of a 48 per cent pension, or a lesser amount, are entitled to pension should death occur from the effect of service. Furthermore, widows of veterans whose husbands were not in receipt of disability pension can also receive assistance.

ANNUAL REPORT OF DEPARTMENT—MEMBERS' STUDY OF LEGISLATION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): In view of the fact that two motions under Standing Order 43 on the subject have received unanimous consent, and since the estimates are due to be considered soon, would the minister discuss with the House leader the possibility of bringing forward the annual report as soon as possible, so we could discuss the many inequities which exist in the Pension Act and in the veterans' charter?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): I do not see any difficulty at all about that. The reason it has not been brought to the attention of the House leader so far is that some of the high executives in the veterans' organizations are out of the country. They have requested—and I have so informed members of the other parties who are especially interested—that consideration of this matter be delayed until such time as they are available to appear before the Standing Committee on Veterans Affairs.

RELOCATION OF VETERANS' HOSPITALS—JOB SECURITY OF STAFFS

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my supplementary arises from the transfer of two veterans' hospitals—Westminster, in London, and Camp Hill, in Halifax—which underlines the concern which has been expressed about job security for hospital staffs. Since announcements are being made by regional officials involving staff amalgamation and reduction, which is of concern to veterans employed on the staff of Veterans Affairs, would the minister clarify, for the benefit of the staff across the country, previous assurances that job security would be maintained in accordance with the commitment made in 1973 when agreement was reached to hand over these hospitals?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, this has not presented any problem for us in the past and we do not expect it will in the future. There is provision in our agreement with the provinces that job security will be maintained. As far as the Westminster hospital is concerned, every employee of the federal department had an option to transfer to the provincial administration. Hon. members will recognize that there are positions under the provincial government which do not have their counterparts under the federal administration. The total number involved there is 45, 19 of whom are unemployed. The situation of several others will not be known until the end of 1978, but we have every reason to believe they will be employed at a later date in some other capacity under the federal government.

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ANTI-DUMPING TRIBUNAL

APPOINTMENT OF NEW CHAIRMAN

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is directed to the Acting Prime Minister. It has been widely reported in the press that the outgoing chairman of the Anti-Dumping Tribunal, Mr. Guy D'Avignon, recommended that the vice-chairman, Dr. Marguerite Ritchie, succeed him as chairman of the tribunal. Can the hon. gentleman confirm that Mr. D'Avignon did make such a recommendation?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I do not have any information bearing on that point, so I am not able to comment.

Mrs. Pigott: Since the government has shown its confidence in Mr. D'Avignon by appointing him to chair the newly created Special Committee on Merit in the Public Service, would the Acting Prime Minister explain why the government failed to follow his recommendation of the appointment of a woman with such an outstanding record as Dr. Ritchie? Does the government have any intention of accepting any further recommendations by Mr. D'Avignon with regard to ending discrimination against women in the public service?

Mr. MacEachen: Mr. Speaker, without commenting on whether or not Mr. D'Avignon made any such recommendation, may I say, first of all, that I agree with the hon. member that Miss Ritchie has had a distinguished career in the public service and has a well established reputation as a lawyer. In this particular case, because of the tribunal's requirements in relation to international trading concerns it was felt that the present appointee would be best qualified. There is no tradition in the public service, to my knowledge, that the vice-chairman automatically proceeds to the post of chairman.

An hon. Member: That goes for deputy prime ministers, too.

Mr. MacEachen: I believe that recently we appointed Miss MacDougall chairman of the Tariff Board when the vice chairman, in the context of this discussion, might have expected to be promoted. I want to assure the hon. lady that there was no element of discrimination whatsoever. The appointment was based on what the government felt was the job required at the time. We shall continue our efforts to increase the number of appointments made from among the competent women who serve in the public service.

NATIONAL SECURITY

GOVERNMENT'S PRIOR KNOWLEDGE OF KGB AGENTS OPERATING IN CANADA—RESTRICTIONS ON TRAVEL PERMITS

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Acting Solicitor General. It relates to the KGB and to the staff of the Soviet embassy in Ottawa and to the implication contained in a statement made on March 24, 1976, by the then solicitor general, now Minister of Consumer and Corporate Affairs, when he said:

> Mr. Speaker, the RCMP are aware that certain members of the Soviet Union Embassy staff in Ottawa are with the KGB.

In other words, the government was aware, possibly at the time they came into Canada, that they were with the KGB. Can the minister confirm whether this was the case? Were they under surveillance at that time? Further, can the Acting Solicitor General inform the House whether or not restrictions are being placed upon the right of people so identified to travel within Canada?

Hon. Ron Basford (Minister of Justice): I am not familiar with the statement to which the hon. member refers, so I think I will allow the Solicitor General to answer the question, if he wishes, when he is next in the House. As to whether there are restrictions on travel, the Secretary of State for External Affairs made it clear the other day that there are some restrictions.

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UNEMPLOYMENT INSURANCE

DEPARTMENT'S ADVERTISING CAMPAIGN TO REDUCE DEFRAUDING OF FUND

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is addressed to the Minister of Employment and Immigration. I should like to thank him for naming the firm of Vickers and Benson as the faithful firm which will be the recipient of the contract to place the advertisements relating to unemployment. May I ask the minister what professional advice was obtained which resulted in the department being persuaded that this kind of campaign was desirable?

Hon. Bud Cullen (Minister of Employment and Immigration): In addition to the information already sent to the hon. member, outlining the many and varied reasons for conducting this campaign at the present time, it seemed appropriate, given the fact that a lot of people were suffering under the misapprehension that people are cheating on unemployment insurance and getting away with it, while nobody was taking any action against them, to point out that we collected some $60 million out of a total of $65 million in overpayments. There were more than 7,000 instances in which we were able to enforce repayment; but in my opinion it would be better to work on preventive measures rather than the enforcement aspect.

• (1452)

Mr. Clarke: Mr. Speaker, since the Minister of Employment and Immigration found such success with this kind of advertising campaign, can we expect other ministries of the government to come forward with other advertising campaigns to persuade Canadians to stop committing other types of crime?

* * *

TRANSPORT

FERRY SERVICE IN MARITIMES—SUGGESTION CN MARINE REDUCING STAFF

Mr. John C. Crosbie (St. John's West): Mr. Speaker, my question is for the Minister of Transport. As the minister knows, on January 1 CN Marine, a new organization, took over the assets of the government in connection with the ferry service and coastal service in Newfoundland and the maritimes. Is it correct that CN Marine are about to transfer out of Newfoundland the staff, or make redundant the jobs of the staff in the office and accounting department? If that is the case, how many, why, and what is afoot with CN Marine? The minister knows the very high unemployment situation there.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I do not think there is any such transfer in the works. The proposal by CN Marine has included the desirability of looking at a number of centres within the Atlantic area where their operation might be located. I would like to identify further the suggestion the hon. member has made and come back with a definite answer on it.

Mr. Crosbie: Will the minister agree to recommend to CN Marine that in addition to being cost-effective it should be human-effective and, since most of their work is involved in the Newfoundland coastal service, Labrador service and ferry operations in Newfoundland, that their head office should be in St. John's, Newfoundland or somewhere in Newfoundland, and not Moncton, New Brunswick?

Mr. Lang: Mr. Speaker, I certainly agree that the prime objective of CN Marine is to provide good service to the public. That always is true. I believe one can produce efficient operations, try to minimize waste and lower costs at the same time. Certainly, if one has to choose between the two, my direction to CN Marine would be to give good service to the public.

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[*Translation*]

OFFICIAL LANGUAGES

INQUIRY WHETHER ONTARIO RECEIVED FAIR SHARE OF FEDERAL FUNDS FOR LANGUAGE PROGRAM

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is for the Secretary of State.

The Ontario premier reasserted last week his refusal to recognize officially or even symbolically both official languages of Canada. Since Mr. Davis has also scorned the efforts of the federal government to achieve linguistic equality, can the Secretary of State tell the House whether Ontario has received its fair share of federal funds allocated to support official language training and utilization programs or whether the substantial efforts and contributions of the federal government to promote the official languages were supposed to be purely symbolic?

Hon. John Roberts (Secretary of State): Yes, Mr. Speaker, to this date, the Ontario government has received nearly $150 million to support minority education programs in Ontario as well as second language education. This is why I greatly deplore the fact that the Ontario premier has said that we have not supported the development of the education system in the province of Ontario. This is completely inaccurate.

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[*English*]

UNEMPLOYMENT INSURANCE

CANADIAN RAILROAD WORKERS EMPLOYED BY UNITED STATES RAILROADS—ENTITLEMENT TO BENEFITS

Mr. Bob Brisco (Kootenay West): Mr. Speaker, my question is for the Minister of Employment and Immigration. A number of Canadian railroad workers are employed in Canada by United States railroads and do not qualify for unemployment insurance benefits; rather, they must accept the benefits accorded by the United States unemployment insurance system. Will the minister undertake to examine the possibility of being included in the scheme to receive Canadian benefits, which are superior to those of the United States?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have noted the hon. member's representation and I will look at it.

* * *

LABOUR CONDITIONS

RIGHT OF FISHERMEN TO COLLECTIVE BARGAINING PROCESS

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is for the Minister of Labour. Was the minister speaking on his own, or after consultation with his colleagues—in particular, the Minister of Fisheries and the Environment—when he told the United Fishermen in Vancouver recently that he would do everything in his power to obtain for that union the right to represent all fishermen on the west coast for collective bargaining purposes? Further, does he consider that it is within his ministerial responsibility to give such an undertaking?

Hon. John C. Munro (Minister of Labour): No, Mr. Speaker. What I did say was correctly reported in any press reports I have seen. I have no idea what the hon. member is reading from. There have been submissions from the fishermen that the Canada Labour Code be amended in such a way as to give them the right to certification, which they do not now have as a result of various interpretations of sections in the Canada Labour Code as it is now worded. I told them that I was taking to my colleagues in government proposals to amend the Canada Labour Code so that they, like other unions, if they had all the other qualifications in terms of support, and so on, could apply for certification to obtain bargaining rights.

Mr. Munro (Esquimalt-Saanich): When considering this question, will the minister also take into account the representations made to him by the Pacific Trollers' Association and by the Fishing Vessel Owners' Association of the province of British Columbia. They are small businessmen and not necessarily capable of or desirous of entering into a union arrangement?

Mr. Munro (Hamilton East): As I say, this would give them the right, if the code is amended, to obtain certification if they have the qualified support in terms of necessary percentages, and so on. They are all elaborated in the act. I do not think any group of workers should be denied that right, nor do I think they should in this particular instance. May I also say, yes, to the hon. member; I have taken into account the concerns of the people the hon. member mentioned.

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TRANSPORT

RETURN OF CANADIAN RAILWAY CARS NOW IN UNITED STATES

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a brief question for the Minister of Transport. Some Nova Scotia pulp operations, and perhaps operations in other provinces, are being affected by a shortage of suitable railway rolling stock. Is the minister aware of this situation? Are plans being implemented to secure a more efficient and businesslike way of returning railway cars to this country that are now in the United States?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the railways have been aware for some time of a problem developing in the return of railway cars from the United States for servicing that market from Canadian plants and sources. This led the other day to CNR placing an embargo on further cars going to the United States. The problem may have been building up. It was certainly greatly aggravated by severe storms in the United States which prevented the normal movement of cars on to sidings for unloading purposes. A very high percentage of CN lumber or pulp cars is now in the United States. An effort has to be made to bring them back. The railways are very much aware of this, and will do everything they can to try to shorten the period during which there is a shortage of cars.

NATURAL RESOURCES

LOCATION OF URANIUM REFINERY IN SUDBURY BASIN TO ALLEVIATE LAY-OFFS IN NICKEL INDUSTRY

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources—the do-nothing minister.

Some hon. Members: Oh, oh!

Mr. Rodriguez: This past weekend, 3,000 jobs went down the drain and this minister refused to do anything about it. These lay-offs will have a very serious effect on the Sudbury basin, which is a one-industry economy. The regional council of Sudbury, with Your Honour's support and instruction, petitioned the cabinet to ask Eldorado Nuclear to locate a uranium refinery in the Sudbury basin. Will the minister advise whether he and his cabinet colleagues have reached a decision with regard to this request from Your Honour and the people of the Sudbury basin? If not, when can we expect such a decision?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, a number of areas around the province of Ontario have expressed an interest in the second Eldorado uranium refinery. While the government has considered a number of these, it is not yet in a position to make any announcement. Departmental work is going on at the present time. There have been discussions with regard to the Sudbury area. That is about as far as I can go at the moment.

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INDUSTRY

GOVERNMENT'S DISCUSSIONS WITH AUTOMOTIVE MANUFACTURERS RESPECTING LOCATION OF PLANTS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, my supplementary question is to the Minister of Industry, Trade and Commerce. In view of the points I raised earlier with regard to the effect of the lay-offs in the Sudbury basin, and the fact that in this House, on February 2, the minister announced he was having discussions with the three major automotive producers with regard to the location of auto parts plants in Canada, and the fact that one was slated for Windsor, can the minister advise whether in those discussions they specifically discussed other locations in Canada, and in particular in the Sudbury basin?

● (1502)

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, other locations have been discussed. I think that in conjunction with the province of Ontario, a number of spots, including Sudbury, were discussed with the automotive companies.

Privilege—Mr. Broadbent

FEDERAL-PROVINCIAL RELATIONS

PRESENCE OF MINISTER IN HOUSE RATHER THAN AT FIRST MINISTERS' CONFERENCE

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I direct my question to the Minister of State for Federal-Provincial Relations. In view of the fact that there is a conference being held down the road a little way, at the Convention Centre, involving federal-provincial relations with the various provincial premiers, is the presence in the House today of the Minister of State for Federal-Provincial Relations a conscious act in the hope that this will help resolve some federal-provincial problems, or has he been told to stay away?

[*Translation*]

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, my presence in the House today was required to give the hon. member the opportunity of asking a question.

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[*English*]

PRIVILEGE

MR. BROADBENT—REPLY OF DEPUTY PRIME MINISTER DURING QUESTION PERIOD

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a question of privilege in relation to an answer in the House today by the Deputy Prime Minister (Mr. MacEachen) indicating a continuation of the government's decision to proceed with Bill C-25.

I should like to say at the outset, because the premier is not here to defend himself, that the Deputy Prime Minister misinformed the House completely when he cited Premier Allan Blakeney of the province of Saskatchewan as supporting the government's position. Today at the first ministers' conference the premier of the province of Saskatchewan reiterated the common concern of the New Democratic Party that the pipeline be proceeded with on the basis that jobs for Canadians are guaranteed. This is just the opposite to what we find in this bill.

The point of privilege I have is that by proceeding with this bill this afternoon the government is insulting the intelligence of every member of parliament and making a sham of debating procedures in this chamber. If debate means anything in the House of Commons in relation to a piece of legislation, we are supposed to have before us the essence or substance of the material we are debating. The answer given in the House this afternoon by the Deputy Prime Minister was in fact extraordinary.

The logic of the Deputy Prime Minister's argument is that we can debate this measure today, tomorrow, the next day and presumably ad nauseam, but we have his assurance that we do not have to reach a decision on the debate until the National Energy Board makes its final recommendation. How absurd can we get? If we follow the Deputy Prime Minister's reason-

ing this means that potentially we are going to duplicate the whole process of debate after we hear the decision of the NEB.

A number of members of the House could take a certain position on this legislation which affects the future of Canada in a profound way if we consider the amount of capital resources proposed to be allocated to the project. For example, members from the province of Saskatchewan, or from western Canada as regional spokesmen, and those of us who have a national perspective anyway—

Mr. Munro (Hamilton East): What about Hamilton?

Mr. Broadbent: Yes, and what about Hamilton as the Minister of Labour (Mr. Munro) says. If we go ahead on the assumption that this bill is to be proceeded with if, and only if, low pressure pipe is to be used on the pipeline, that kind of pipe can be produced at the Ipsco plant in Regina, then a number of members in the House of Commons may well be disposed to support the bill on the ground that that assumption would prevail.

What happens if the National Energy Board in its wisdom, and God forbid, a week from today makes the decision that the kind of pipe to be used is high pressure pipe, pipe that cannot be produced at the Ipsco plant in Saskatchewan, but pipe that can be produced only in limited quantities in the province of Ontario? I suggest then, Mr. Speaker, that these members will have to reverse themselves in the debate if that factor were a predominant consideration to them in reaching their decision.

The serious point I want to make is that I am scandalized by the Deputy Prime Minister who, after all, has been around for a few years and is a rules expert, because he would get up and say to the members of the House of Commons that we can debate this for a number of days, taking up the time of the country discussing this capital project which will involve anywhere from $10 billion to $14 billion, but the debate means nothing because we do not have to vote on the bill until the National Energy Board makes its ruling. How absurd that is, Mr. Speaker. I suggest that makes a mockery of what debate in the House of Commons is supposed to be all about. We are supposed to engage in serious debate about which members on both sides of the House know the relevant facts before making up their minds.

I do not have a precise motion on the question of privilege before me and I want to hear what other members of the House have to say about this important question, but I will be happy to present one. In terms of the rules, to put it frankly, Mr. Speaker, it is difficult to draft a motion that would be procedurally acceptable. I acknowledge that. The standard privilege motion is to refer a matter to the Standing Committee on Privileges and Elections, asking it to report back, recommending when the matter should be debated. That is the procedural way of doing it. That does not seem to me to be an awful lot better than the kind of crazy decision the cabinet has already made.

What I am doing through this question of privilege is attempting to appeal to the common sense of the Deputy Prime Minister. If he is serious in wanting to have a debate that is meaningful to the people of Canada, on this project which is the largest in the history of Canada, then why does he not postpone it for a week? Why does he not say that he understands the NEB is to make a decision a week from today, hopefully, so we should have that information then, information which could affect hundreds of thousands of jobs, and we can hold the debate at that time? For God's sake, why does the government not proceed with other business today, and then when the NEB makes its decision we could call second reading and have a serious debate about the future of this project which will seriously affect the future of Canada.

Mr. Speaker: Order, please. The hon. member has put forward his thesis which, as he has acknowledged, is procedurally outside the acceptable grounds of privilege. He has put it by way of an appeal to the Deputy Prime Minister (Mr. MacEachen), and it is not the first such appeal. It may be the subject of considerable other discussions under other procedural forms as this matter unfolds. However, as the hon. member has recognized, it is the prerogative of the government of the day to call the legislation that is properly on the order paper in whatever order it wishes. There seems to be no connection with the classic definition of privilege, and I think it would be stretching that definition to the extreme to try to include it in that. Therefore I have to set aside this question of privilege.

ROUTINE PROCEEDINGS

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Robert Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: 413, 559, 759 and 966.

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

[*Text*]

GOVERNMENT BUILDINGS IN QUEBEC

Question No. 413—**Mr. McCleave:**

In each year since 1945, which buildings were erected in Hull for government purposes and, in each case, which department or agency used the building and for how many years?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology):

Year	Building and Location	Occupants	Number of years of occupancy to October, 1977
1945			
1946	nil	nil	nil
1947			
1948			
1949	Canadian Government Printing Bureau Sacred Heart Blvd.	Ministry of Transport	28
		Dept. of National Defence	28
		National Health and Welfare	28
		Royal Canadian Mounted Police	28
		Supply and Services Canada	28
		Unemployment Insurance Commission	24
		Department of Veterans Affairs	24
1956	Government of Canada 5, rue Principale	Agriculture	20
		Manpower and Immigration	20
		National Revenue (Customs)	20
		Post Office Canada	20
		Unemployment Insurance Commission	20
		Department of Veterans Affairs	20

NOTE: This building was demolished in 1976.

1973	Place du Portage Phase I 1 Victoria St.	Consumer and Corporate Affairs	4
1975	Place du Portage Phase II 2 Victoria St.	Labour Canada	2
		Consumer and Corporate Affairs	2
		Supply and Services Canada	2
		National Health and Welfare	2
1977	Place du Portage Phase III	Supply and Services Canada	

LEASED AND CROWN-OWNED BUILDINGS IN NATIONAL CAPITAL REGION

Question No. 559—**Mr. McKinley:**

1. Does the Central Real Property Inventory of the Department of Public Works list all leased and Crown-owned buildings in the National Capital Region?

2. Is such information recorded on computer tape?

3. Which departments, agencies or Crown corporations do not report their property holdings and any changes in the status of such property as they occur to the Central Real Property Inventory?

Hon. Judd Buchanan (Minister of Public Works and Minister of State for Science and Technology): 1. All leased and Crown-owned buildings in the national capital region are recorded with the exception of the following: buildings or leases administered by Air Canada; buildings administered by the Bank of Canada; buildings administered by the Canadian National Railways; leased buildings when the term of the lease is for a period of less than one year.

2. Yes.

3. Canadian National Railways; Bank of Canada; Air Canada.

TASK FORCE ON NATIONAL UNITY

Question No. 759—**Mr. Howie:**

1. How many persons were appointed to the Task Force on National Unity and for what term?

2. Was a date set for the Task Force to report?

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister): 1. Eight commissioners have been appointed to the Task Force on Canadian Unity until conclusion of the inquiry.

2. PC 1977-1910 of July 5, 1977, establishing the Task Force on Canadian Unity states in part—"adopt such procedures and methods as they may from time to time deem expedient for the proper conduct and conclusion of the inquiry within one year and sit at such times and in such places in Canada as they may decide from time to time". The period of one year has been extended by six months to December 31, 1978, (see order in council PC 1978-157 dated January 19, 1978).

PENSION FOR WIDOWS OF PUBLIC SERVANTS

Question No. 966—**Mr. Howie:**

Since January 1, 1976, were studies made by the Treasury Board regarding the cost of continuing the full pension to the widow of the recipient of a Public Service pension?

Hon. Robert K. Andras (President of the Treasury Board): Yes. The most recent study indicates that the cost would remain the same as it was in January, 1976—2.5 per cent of payroll, excluding the cost of escalation. This would amount to $105,850,000.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

LABOUR CONDITIONS

LAY-OFFS IN NICKEL INDUSTRY

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I ask leave, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the lay-off this weekend of some 1,600 workers in the nickel industry as part of an over-all plan of 3,000 lay-offs which will cause severe dislocation directly to at least 10,000 people, the communities involved and the Canadian economy as a whole, as well as creating a social cost of between $150

million and $200 million which must be borne by government, thus creating the necessity that this matter be debated in parliament.

● (1512)

Mr. Speaker: Order. Of course the hon. member for Nickel Belt (Mr. Rodriguez) has given the Chair the notice required under Standing Order 26, which has provided me with an opportunity to examine the terms of the motion, to examine the terms of the Standing Order, and to examine the several precedents which were brought into consideration in the recent past.

As has been described, the purpose of the motion is to enable hon. members to bring matters before the House, by way of emergency debate. Standing Order 26(1) reads as follows:

Leave to make motion for the adjournment of the House for the purpose of discussing a specific and important matter requiring urgent consideration must be asked immediately before the calling of government orders.

The terms of that order have been referred to many times. In terms of individual communities and industries, the Chair has often been in a difficult position when attempting to adjudicate upon these matters because the terms of the Standing Order, as such, are to give leave or an opportunity to hon. members to bring matters of a crisis nature before the House which would not otherwise come before the House. Yet, it is not envisaged that that rule ought to be used to bring what are considered crises from individual constituencies or industries before the House. Obviously the difficulty which would follow from that is that if the rule were to be used in that way, it would become the function of the Chair, on an almost weekly basis, to attempt to adjudicate the relative impact of difficulties in individual constituencies.

Certainly, to grant a motion with respect to one industry in one particular area of the country, even if it is my own, would only invite the same kind of application on an almost weekly basis with respect to other areas of the country. That would put upon the Chair the difficulty of trying to attempt to adjudicate in some way the relative impact of, for example, the closure of a linerboard mill in Newfoundland as opposed to a lay-off of some 3,000 people in the nickel industry in the Sudbury basin.

As tempted as I may be to be sympathetic with this particular application, I have to refer back to some precedents which I will cite now to the hon. member and to the House. Upon examination of my own precedents, three of which I will bring to the attention of the House, to grant the application would be reversing very directly my own rulings on these previous occasions. Therefore, I remind the House, for example, that on January 27, 1975 the hon. member for Oshawa-Whitby (Mr. Broadbent) made a very similar application under almost precisely the same circumstances in respect to the automotive industry and lay-offs in the Oshawa area. At that time the remarks of the hon. member for Oshawa-Whitby included the following:

—the crisis in the automotive industry manifested by the announced lay-offs on the week end which will bring the total of unemployed in this sector to more than 40,000.

I reviewed the matter and, among other things, I said:

The subject matter of the motion, while it concerns a very serious problem, has, in fact, to do with problems related to one industry, and even that aspect is one symptom of a larger problem, that is to say, the economic condition of the country in general—

The reason I express concern is related to my resistance to setting a precedent of interrupting the regular schedule of business of the House, to permit consideration of a one-industry problem of this sort; because, it seems to me, to do this would be to put other members who have already expressed similar concerns into this position: that, if they were to do less than seek the intervention of the House in these matters, they would not be fulfilling their responsibilities as members.

There was another precedent in December, 1975, which related to some other aspects of the problem. These were raised by the hon. member for Fort William (Mr. McRae) who, at that time, was the parliamentary secretary to the postmaster general. The specific and important matter to which he referred is quoted in *Hansard* of December 4, 1975, at page 9715. It reads as follows:

The specific and important matter is the nation-wide strike in the pulp and paper industry, a strike involving some 25,000 members of the Canada Paperworkers Union, and lay-offs of the same order in the bush and allied operations.

In adjudicating on that problem, I said the following:

—there is the additional difficulty that except by virtue of the reference to the anti-inflation measures which are, of course, matters of federal jurisdiction, the fact is that it appears to be a work stoppage in the private sector involving private companies and unions which are not in any way subject to federal jurisdiction.

That was the problem at that time, and some of those aspects certainly are present now.

On October 21, 1977, the hon. member for Northumberland-Durham (Mr. Lawrence) raised another problem. His remarks included the following:

—because of the ruthless and unexpected decision by the Inco metals company drastically to cut back production and mining operations in Canada, resulting in the loss of between 3,500 and 4,000 jobs—

I said that the subject matter before the House at that time was, of course, not only the Speech from the Throne, which gives the widest latitude in debate, but an amendment which would permit even more direct focus on that particular problem.

The first two precedents I have cited to the House indicate that previously the Chair has had to resist, although each had equal merit, the application for an emergency debate on a one-industry or a one-location type of problem.

Furthermore, Standing Order 26(5) calls upon the Chair to determine whether or not the matter might be brought before the House in some other way. In dealing with the application previously made by the hon. member for Northumberland-Durham, I cited the opportunity for participation in the throne speech debate. A number of members took advantage of that. Subsequently on November 23, November 29, and December 8, debates have taken place on allotted days which were addressed directly to that problem; on November 23—loss of jobs in mineral industry; on November 29—unemployment resulting from importation of foreign goods; and on December

8—lack of industrial strategy. Furthermore, a number of questions have been posed and a number of answers have been given during the oral question period. Some of them have been referred to the adjournment debate. That occurred as recently as Thursday of last week. It provided the opportunity for an expanded question by the hon. member for Nickel Belt and an expanded answer on this particular problem.

In terms of the subject matter, I have to refer to precedents on which I have ruled already. To find that it would be a proper subject, would be a direct reversal of my previous reasoning. On examining the use of time in the interval, since the first application by the hon. member for Northumberland-Durham, and the subsequent application with respect to the Falconbridge lay-offs by the hon. member for Nickel Belt, the House in fact has taken extensive opportunity to address itself to this problem and to deal with it in the best way it can.

I do not want to get into detail about the shared responsibility with the provincial government, particularly in light of the very extensive work the provincial government has done in its select committee, but perhaps there is some merit in addressing ourselves to the problem of jurisdiction. If the jurisdiction is not significantly or primarily provincial, certainly it is shared. Recognition of that has been taken by Queen's Park, which has set up a special committee in that regard.

However, my main reason for setting aside the application is because I had to do the same thing to the hon. member for Oshawa-Whitby with respect to the automotive industry, and to the hon. member for Fort William with respect to the pulp and paper industry. It would be in direct contradiction of my own precedents if I were to do otherwise, despite all the sympathy I have with this particular problem.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council) moved that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and Northern Canada and to give effect to an Agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

He said: Mr. Speaker, this historic bill, which is before the House today for second reading, provides legislative authority for Canada to join together with the United States in one of the largest private projects ever undertaken.

• (1522)

Bill C-25 paves the way for construction of a $10 billion northern pipeline stretching over a distance of nearly 5,500 miles to transport natural gas from the Arctic to meet the pressing needs of millions of consumers in both countries.

This legislation to create a northern pipeline act implements the terms of the co-operative agreement to serve the mutual interests of our two nations which I had the privilege of signing, together with the U.S. Energy Secretary, Mr. Schlesinger, here in Ottawa last September. The terms of that agreement have already been overwhelmingly endorsed by the United States Congress.

Mr. Crosbie: You bet they have. You gave it all away.

Mr. MacEachen: The legislation also establishes a northern pipeline agency to provide a single regulatory authority, armed with the necessary powers to exercise all federal responsibilities directly related to the building of the system by the Foothills companies.

The primary objective of this agency, together with other complementary provisions in the bill and further supportive measures we plan to adopt, is to ensure that this gigantic project is planned and implemented in a way which will maximize the potential economic, industrial, energy and social benefits for the Canadian people, while at the same time minimizing adverse social and environmental effects.

I believe the policies embodied in the legislation, together with the other measures we will be instituting, will fully achieve the broad objectives expressed by hon. members on all sides of this House during the debate on the issue early last August. Let me briefly outline some of the principal elements involved.

The proposed pipeline system will enable the United States to transport more Arctic gas to markets in the lower 48 states where it is urgently required more cheaply, more quickly and with less environmental impact than the alternative all-American pipeline, the LNG tanker system proposed by El Paso.

For its part, Canada will be assured access to its own reserves in the Mackenzie Delta by the only economic means currently available, a lateral line connecting the main system at Whitehorse to transport gas as and when it is required to meet the growing needs of Canadian consumers. Access to these gas reserves is an important part of the national strategy we have adopted to meet our goal of energy self-reliance. Provisions in the bilateral agreement, in this legislation, and in the undertakings we will obtain from Foothills are all aimed at ensuring that this lateral line is ready to go into operation at the time we need to draw on this frontier gas to supplement that from western Canada.

Mr. Crosbie: Mr. Speaker, would the hon. gentleman permit a question? Would the hon. gentleman give us the latest estimate of when it is now thought we are going to require the frontier gas?

Mr. MacEachen: Mr. Speaker, the estimate which has been given by the National Energy Board has not been altered by any recent events. We all know that there is a welcome acceleration in the rate of new gas discoveries in western Canada, but their extent is still far from firmly established, and we cannot responsibly take the risk of not ensuring access to those reserves of gas in the Mackenzie Delta.

My colleague, the Minister of Energy, Mines and Resources (Mr. Gillespie), will be speaking in more detail about this question later in the debate, and undoubtedly he will go into more detail on the question just raised.

Proven gas reserves in the Delta are already sufficient to supply some 10 per cent of projected Canadian needs in the mid-1980s, as compared to the 5 per cent of U.S. consumption that would be supplied from Alaskan reserves. The access to Canadian gas in the western Arctic provided by construction of this northern pipeline, together with a number of other complementary government policies, should provide a strong stimulus to further exploration and development in that part of our frontier by private industry and by Petro-Canada.

As a result of the negotiations with the United States the cost of transporting Arctic gas to southern markets would be significantly lower, particularly for Canada, than under the system originally proposed by the National Energy Board.

Routing of the trunk line directly to Whitehorse rather than diverting it to Dawson, the U.S. undertaking to pay between two thirds and the total cost of moving Canadian gas between the two points, depending on the extent to which capital outlays exceeded estimates, and adoption of a higher capacity pipe design, would reduce United States shipping costs by about 7 per cent and Canadian shipping costs by between 11 per cent and 15 per cent.

If construction expenditures are within 35 per cent of estimates, and the United States consequently pays the full cost of transporting Canadian gas over the 277-mile line between Dawson and Whitehorse, Canada would save about $1 billion alone on the transportation of current reserves of more than five trillion cubic feet. The savings will, of course, increase with the development of additional reserves.

The conclusion and implementation of the bilateral agreement are important also as a means of further strengthening the bonds which have traditionally linked Canada and the United States closely together. This unique association has led in the past to the construction of more than 1,700 miles of Canadian pipeline through the United States to transport Canadian oil and gas to markets in both countries. Undertaking of this major new project could well provide the basis for further co-operative efforts in the future that serve our mutual energy interests.

Meanwhile, the launching of this mammoth northern pipeline project will provide a much needed boost to consumer and business confidence in both countries, one that will go beyond the very considerable real impact it will have in stimulating production and employment directly and indirectly.

[Mr. Crosbie.]

On the basis of the procurement targets laid down by the principal sponsors of the Foothills project, which have an excellent record in employing Canadian goods and services, we estimate that nearly 100,000 man-years of employment will be created by construction of the total pipeline system in Canada and by indirect economic activity generated by income arising from pipeline outlays.

Excluding the Delta lateral, direct and indirect employment created by the pipeline is estimated at some 68,000 man-years. I will return to this issue later, but just let me assure the House that the legislation contains a number of provisions which are aimed at ensuring achievement of the highest Canadian input that is reasonably possible.

From recent discussions I have had with senior officers of Foothills, I am satisfied that the company is just as anxious as the government, and as hon. members on all sides of the House, to see that this objective is realized. I am sure these officers are fully prepared to come before the special committee we have established to consider the bill in order to reaffirm their determination in this regard.

I should add that Canada's international balance of payments position would also receive a strongly positive boost both from capital inflows associated with the project during the construction period and subsequently from tariffs levied on U. S. gas transported through the Canadian section of the system.

There is no doubt that some dislocation and disruption will be created in the Yukon territory during the construction period. On balance, however, I am confident that these unavoidable problems will be significantly outweighed by both the short-term and long-term benefits of the project.

• (1532)

The pipeline company will be required to give preference to Yukon residents in training and hiring both for construction and operation of the system in the territory. It will similarly be required to give preference to Yukon enterprises in the procurement of goods and services for the project. Although permanent employment opportunities in the operation of the system in the Yukon will not be large, there is every likelihood that the project will serve as a catalyst in promoting other industrial activities, including accelerated petroleum exploration and development in the western Arctic.

The agreement that we propose to conclude with Foothills with regard to possible electrification of compressor stations in the southern Yukon could, in particular, provide the base for the expansion of electrical generating capacity which is necessary to facilitate further industrial development.

The training and experience provided by participation in the pipeline project would, in turn, enhance the opportunity for employment of the growing Yukon labour force in such developments.

Our ability to offset the unavoidable social and economic costs created by the pipeline project in the Yukon and to realize significant net benefits will be substantially enhanced by the terms the agreement concluded with the United States

and further financial arrangements we intend to conclude with the Foothills company.

Under the latter arrangement, the Yukon government will be able to draw on an advance payment from the company against future tax liabilities of up to $200 million between 1978 and 1982 to provide any additional funds that it may require to meet socioeconomic costs resulting from construction of the pipeline in the Territory. At the same time, however, it will also be open to the Yukon government to borrow from other sources if it considers it more financially advantageous to do so.

Under the terms of the Canada-U.S. agreement Foothills will be required to pay $35 million in Yukon property taxes prior to the completion of the line by the target date at the end of 1982. After the system goes into operation, it will be required to pay annual property taxes of $30 million, which would be escalated annually by the increase in the gross national product price deflator. Even if the Yukon government borrowed all of the $200 million to meet added socioeconomic costs, which seems unlikely, it is estimated that the proposed tax system would still yield more than $1 billion in net revenue after amortization of principal and interest over the 25-year economic life of the system. That is substantially more than was proposed either by the National Energy Board or the Lysyk inquiry. The result will obviously significantly strengthen the financial position of the Yukon government.

A further long term benefit would be derived by the people of the Yukon from the amount of up to $5 million that the company will be required to put up to build lateral lines for the distribution of gas to communities along the pipeline route at the Alberta border price.

I want to comment now on another important element of the pipeline project, the timing of construction.

Under the Canada-U.S. agreement, both governments are committed to do everything reasonably possible to ensure the expeditious construction and operation of the pipeline. The timetable established in the agreement provides that the laying of pipe will not begin in the Yukon until January 1, 1981. This starting date, which is just seven months earlier than that proposed by the Lysyk inquiry but later than planned by the company, will enable advantage to be taken of a construction period that is critical for achievement of the completion timetable established in the bilateral agreement. In our judgment this period of nearly three years will still provide time which the members of that inquiry properly considered necessary to allow for a settlement of Yukon Indian land claims and the fair start on the implementation of that agreement. In addition, it will provide ample time for the completion of further studies required to minimize the environmental impact of pipeline construction.

The Lysyk report considered that good progress had been made in moving toward final agreement on a settlement and concluded that deferral of construction of the Yukon pipeline until 1981 would provide the time necessary to complete the process and make a start on implementation of the agreement so that Yukon Indians would be in a favourable position to realize the benefits offered by the pipeline project. For our part, we in the federal government will bend every effort to arrive at a fair and just settlement of these claims just as quickly as is reasonably possible. At the same time, however, we remain firmly committed to our obligation to ensure the expeditious construction and operation of the pipeline system in accordance with the timetable laid down in the agreement with the United States.

Against this background, Mr. Speaker, I should like to speak more specifically about the terms of the bill itself.

The central provision of the legislation is that of providing for the establishment of a northern pipeline agency. Working in close conjunction with the National Energy Board, this agency would provide a central regulatory authority or window for the exercise of all federal responsibilities related to planning, monitoring, and controlling the system throughout Canada.

Under the bill the governor in council will be authorized to transfer federal powers now exercised by various departments to the agency to the extent they are required for the purpose of the pipeline in order to maintain central control over the project. This might include the authority to issue land use permits under the Territorial Lands Act for pipeline related activities, for example, or powers under the Fisheries Act for the control of project developments that could affect fish habitats. In addition, the legislation provides for the amendment of a number of other relevant statutes in order to expedite and facilitate the project.

The agency itself will be responsible to a designated minister in the same way as any government department. Acting under authority delegated by the minister is a commissioner who would serve as deputy head of the agency in Ottawa and have prime responsibility for advising the minister on matters of policy.

An administrator will be appointed to assume responsibility for day to day operations of the agency's office in Calgary, which is also the headquarters of the Foothills' parent company.

To provide for close co-ordination with the National Energy Board a member of the board is to be appointed to the agency as the designated officer, serving either as the administrator or a deputy administrator. Under the powers delegated to him by the National Energy Board, the designated officer will have the authority, subject to the concurrence of the responsible minister, to exercise a broad range of powers provided for under the National Energy Board Act. These include approval of detailed pipeline designs, routing and specifications; approval of certain proposed contracts, and the issuance of guidelines, orders, and directives with regard to detailed terms and conditions that must be complied with by Foothills.

Certain responsibilities that bear on the long term operation of the pipeline will continue to be exercised by the Board itself. These include the power to approve, in conjunction with the minister, Foothills financing plans, to make orders with respect to traffic tolls and tariffs, and to grant leave to open the

pipeline. Both the Board and the designated officer would be subject to direction in the exercise of their responsibility by the governor in council.

An integral part of the agency's role is related to the broad terms and conditions laid down in the legislation that Foothills will be required to meet in order to comply with the certificate of public convenience and necessity that will be deemed to be issued with the enactment of the bill. The bill lays down certain general terms and conditions relating to such matters as the input of Canadian manpower, goods and services, the design, specifications and routing of the system, and the avoidance or minimization of adverse socio-economic and environmental impacts.

● (1542)

The Foothills companies would also be required to submit extensive information and, in many cases, to obtain federal approval with regard to such factors as costs, financing plans, shipper and producer contracts, operating and safety manuals, and collective agreements. The general terms and conditions set out in the legislation require Foothills to comply with all undertakings it made before the National Energy Board to achieve the greatest possible economic and social benefits from the project and to minimize adverse social and environmental effects.

These general terms and conditions will be supplemented and reinforced by detailed guidelines and orders to be issued by the northern pipeline agency. It is our intention to have the detailed terms and conditions relating to socioeconomic and environmental matters published in draft form this summer in order to obtain the views of various interested public groups and of the provincial and territorial governments concerned before they are formally adopted.

Foothills is already in the process of preparing an environmental impact statement in response to guidelines laid down as part of the second stage of the environmental assessment and review process, which will contribute to the development of the detailed terms and conditions in this area. The company may also be required to submit further information to assist in the preparation of supplementary terms and conditions relating to socioeconomic concerns.

As in the case of those dealing with other matters these detailed terms and conditions relating to socioeconomic and environmental issues will also be subject to revision to take account of concerns expressed by various groups. In addition to the obligations imposed directly on Foothills, there is also a responsibility on governments to adopt measures that may be required to avoid or alleviate potentially adverse socio-economic impacts which are beyond the control of the company. In the case of the Yukon the responsiblity for developing mitigative policies and programs will be shared between the territorial and federal governments, as my colleague, the Minister of Indian Affairs and Northern Development (Mr. Faulkner), will explain more fully when he speaks later in the debate.

Earlier in my remarks, Mr. Speaker, I indicated that the terms and conditions laid down in the legislation would include extensive provisions relating to the input of Canadian labour, goods and services in the planning, procurement and construction of the pipeline in this country.

This is an issue I want to deal with very directly in view of the unrealistic and unfounded allegations made by some members of the opposition. The term "sell-out" comes easily to their lips. Indeed, the hon. member for Grenville-Carleton (Mr. Baker) made this charge even before we had concluded our negotiations on the agreement with the United States. Opposition members in fact, Mr. Speaker, are attempting to create an artificial issue where no issue exists.

During the hearings before the National Energy Board, Foothills stated its objective—and I stress the word objective because it was not and could not possibly be a flat guarantee—was to achieve Canadian input into the system in Canada of more than 90 per cent. During the intervening months Foothills has repeatedly restated that objective. On the basis of past performance of the sponsoring companies and of our own assessment of Canadian supply capabilities, there is every reason to believe that this target will be achieved.

The Canada-U.S. agreement itself asserts in its preamble that the system will be built so as to "advance the national economic and energy interests and to maximize the related industrial benefits of each country." The agreement also stipulates that each government will endeavour to ensure that the supply of goods and services for the pipeline project will be on generally competitive terms having regard to price, reliability, servicing capacity, and delivery schedules.

For some members opposite, that is the rub. They contend we should not stand ready to compete. They contend that we should have demanded a guarantee of a very high Canadian content regardless of price and regardless of its effect in escalating the costs of gas to Canadian consumers.

For the benefit of members let me point out that in the first place for Canada to have formally required, either in the bilateral agreement or the legislation, that Foothills purchase a guaranteed percentage of their materials from Canadian suppliers would be in clear violation of our international obligations under the General Agreement on Tariffs and Trade. There is no doubt about that.

Some hon. Members: Hear, hear!

Mr. MacEachen: That agreement stipulates that imports should be treated no less favourably than domestic products "in respect of all laws, regulations and requirements affecting their internal sale". That, in effect, is exactly what some members opposite have urged us to do.

The New Democratic member for Nanaimo-Cowichan-The Islands (Mr. Douglas) has suggested, according to a column by Geoffrey Stevens in the *Globe and Mail* of December 2—I hope I am not incorrectly quoting the hon. member, if I do I will be glad to apologize—that in failing to secure such a buy-Canadian guarantee we bought a pig in a poke. What he appears to be suggesting is that we should have tried to sell the

United States a pig in a poke by demanding that it will join in the construction of a pipeline with an open-ended price.

Had we insisted on inclusion of the kind of guarantees being bandied about by opposition members, I firmly believe that our chances of achieving a satisfactory agreement would have been seriously jeopardized. In fact, even the provisions with regard to general competitiveness that were included in the agreement have been criticized in Congress. In its report to the Senate, the energy and natural resources committee called for what it termed "open competition" between Canadian and U.S. suppliers over the entire project and urged the administration to "go back to the Canadians to resolve the content issue".

Let me remind members as forcefully as I can that if we had been unable to secure an agreement with the United States because of a demand for a guaranteed Canadian input, or if that agreement were subsequently rejected by Congress, there would be no opportunity for Canadian workers to participate in this gigantic project, and there would be no opportunity in the foreseeable future for Canada to gain access economically to its own reserves in the Mackenzie Delta.

Let me point out another important factor, Mr. Speaker. Those who are proponents of such a buy-Canadian policy seem to be going on the assumption that we in this country do not need to concern ourselves about costs. Their view seems to be that this is primarily an American pipeline to carry American gas to American markets and, therefore, Americans should be required to pay a premium in exchange for the right to run the system across Canadian territory.

Nothing could be further from the truth. As I indicated earlier, the construction of the lateral to the Mackenzie Delta could, on the basis of currently established reserves there, be supplying some 10 per cent of our own gas needs here in Canada by the mid-1980s. By contrast, natural gas from Alaska is expected to meet only 5 per cent of U.S. demand by that time. In relative terms, therefore, Canadian consumers have a considerably greater stake in the cost of deliveries of gas from the Arctic than those in the United States.

● (1552)

Quite apart from our general interest in the cost of building the system, we have also a particular interest because of the formula in the agreement under which the United States' share of the cost of transporting Canadian gas between Dawson and Whitehorse is determined directly by the capital cost of the system in Canada as a whole.

While some members are demanding establishment of a monopolistic preserve for Canadian pipeline suppliers, Canadian companies in the related industry have themselves sought no such protection.

It is rather interesting that the Leader of the New Democratic Party (Mr. Broadbent) should have become the protector of these companies which themselves have sought no such protection whatsoever. The fact of is that over the years in Canada we have developed highly efficient companies in these fields and they ask no more than the underlying assurance provided in the legislation, namely, that they have a fair and competitive opportunity to participate in the supply of goods and services for the pipeline.

An hon. Member: Why don't you—

Mr. MacEachen: I will be happy to deal with questions later if I can, but I wish to finish my statement. While some hon. members may not agree with every point I make, there are some aspects that I believe it is important to deal with in order to clarify our thinking, particularly the terms of the bill before us.

The supply of pipe for the system has been a particularly contentious issue in the minds of some opposition members. Much of the argument has been totally overlooked with respect to the competitiveness of the Canadian industry. In fact Peter Gordon, the chairman of Stelco, has emphasized that his own company is not only confident of its ability to supply a substantial portion of the pipe for the system in Canada, but also to compete for some of the pipeline to be installed in the United States as well.

In this connection I should advise the House that I am hopeful I will be in a position to announce our intentions with regard to the question of pipe size and the pressure of the system between Whitehorse and Caroline before the conclusion of this debate. In fact the bill provides authority to the National Energy Board, with the subsequent approval of the minister, to make a decision with respect to pipe size.

It should be borne in mind that no decision can be made by the NEB or with the concurrence of the minister, on pipe size, until this bill is enacted. What I have agreed to do is to declare our intention as soon as possible on this particular item. I hope that it will be done either this week or not later than the first day of next week, and that the hon. members will not have to make a decision on the bill even though the terms of the bill provide that the decision can only be made, after the bill has passed, on the pipe size. Notwithstanding the provisions of the bill, I am quite prepared to declare our intentions within a time frame that I have mentioned earlier.

Some hon. Members: Hear, hear!

Mr. MacEachen: Let me point out that under the terms and the conditions there is a very important feature specified in the bill where Foothills is required to submit a procurement program covering all goods and services for the approval of the minister responsible for the northern pipeline agency. This program must be aimed at achieving the company's own objective of providing for a level of Canadian input that is as high as practicable. It must also be designed to ensure that maximum advantage is taken of opportunities to foster Canadian research and promote the long term development or expansion of viable Canadian suppliers.

Foothills will be required to submit to the minister an outline of the procedures that it proposes to follow to imple-

ment its procurement program and would be obliged to comply with the plan after its approval.

In addition, certain proposed contracts received by the minister will require his approval before they are awarded. If the minister has reason to believe that a prospective contract might involve dumping, or other unfair trade practices, he could require the company to establish to his satisfaction that this was not the case prior to approving it.

Foothills will also be directed to obtain the minister's approval for a detailed manpower plan designed to ensure that maximum use is made of Canadian labour in the planning, construction, and operation of the pipeline.

I think it should be very clear that the legislation provides ample safeguards for achievement of the highest level of Canadian labour and industrial content consistent with our further objective of ensuring that the system also serves the interests of Canadian consumers through its construction at reasonable cost.

I am sorry about the length of this statement, but this is a very complex bill and subject. I should like to touch further on some of the other important provisions in the legislation.

Under this bill, the minister responsible for the agency is authorized to undertake consultations with the United States government and the governments of the provinces and territories in Canada, as required, to co-ordinate all aspects of the project as they effect different jurisdictions.

The legislation also envisages the establishment of a federal-provincial consultative council composed of officials, on the provincial side from the provinces of British Columbia, Alberta and Saskatchewan, and on the federal side there would be one representative of the agency and one representative from the Yukon government. The function of this council will be to supplement and complement the day to day liaison and co-ordination between those who have the primary responsibility for overseeing the project in the various governments. I might add, Mr. Speaker, that there has been a continuing round of discussions with provincial and territorial governments over a period of many months with regard to many aspects of the pipeline project. These consultations will continue and they will be formalized through the establishment of the mechanism which I have mentioned.

In addition, the governor in council will also be empowered to establish one or more advisory councils of up to ten persons to be drawn from outside of the government service in order to provide a two-way means of communication and consultation between interested public groups and the Northern Pipeline Agency. While it is not possible, at this point, to anticipate how many such councils might be created, it is certain there is the expectation that an advisory council for the Yukon will be established. As we see it, one of the tasks of this and any other councils would be to provide an organized channel for public input with regard to the detailed terms and conditions that will be proposed for consideration by the agency.

The National Energy Board Act will be amended by the bill to permit the National Energy Board, in future, to recover from any company all costs incurred by the regulatory authority in scrutinizing and monitoring the planning and the construction of any pipeline from the time of certification until one year after leave to open the system is granted. As a result of this amendment, which is in line with the practice followed in the U.S., Foothills will be obligated to cover the related costs of both the Northern Pipeline Agency and the NEB.

● (1602)

The bill creates two forms of penalties. Failure of Foothills to fulfil any term or condition included in the certificate of public convenience and necessity would make it liable to assessment of a fine by the minister of up to $10,000 for each day of non-compliance. The company could require the minister to reconsider his decision, or appeal it to the Trial Division of the Federal Court. In addition, any person who fails to comply with the terms and conditions of the certificate or an order issued by the NEB, or one of its members, would also be guilty of an offence and liable on summary conviction to a fine of up to $10,000 for each day the offence was continued.

In the case of any person directly affected by a decision relating to the pipeline by the NEB or its designated officer in the agency which had been approved by the governor in council, recourse will be available to the Federal Court of Appeal. The court could consider an appeal on the grounds that the board erred in law or in jurisdiction. The Federal Court is required to hear and determine any such appeal without delay, and the bill stipulates that the disputed decision may not be suspended in the interval. In its decision, which would be final, the court could confirm the order or refer it back to the board as the designated officer for reconsideration. In our judgment this procedure will ensure that the ends of justice are served, while at the same time reducing the possibility of the project encountering crippling legal obstacles which could add enormously to its costs. It was because such obstacles proved so very costly in terms of time and money in the case of Alyeska oil pipeline in Alaska that the United States has also adopted similar procedures with respect to the northern gas pipeline.

The bill contains a number of provisions with regard to tolls and tariffs. The governor in council, for example, would be empowered to make regulations to give effect to the provisions in the Canada-U.S. Agreement that relate to this question, as well as to prescribe the method to be adopted by the Board in establishing a rate of return on equity related to project costs. The definition of tolls in the NEB Act will also be revised to permit the board to authorize the imposition of such a charge at the time a pipeline is capable of transmitting oil or gas.

Under the bill, those sections of the legislation establishing the northern pipeline agency and delegating certain authority to it and the designated officer would terminate within one year following the granting of leave to open the pipeline for which a certificate of public convenience and necessity is being issued. These sections may be continued in force, however, by a joint resolution of both Houses of Parliament if a certificate is also issued for construction of the Dempster lateral to the

Mackenzie Delta prior to the granting of leave to open the main system.

Let me hasten to emphasize that this terminating provision does not reflect any present doubt on our part about the need to press forward with development of a link to the Delta within the foreseeable future. Members of the official opposition will be pleased that we have adopted the Sunset provisions recently advocated by members of that party in the debate with respect to this agency and that it will not be financed by the taxpayer, but the companies involved.

This great project on which Canada and the United States are preparing to embark is the outcome of a long and dynamic process that has intensively engaged the private sector, governments, and the public on both sides of the border. Each has had, and continues to have a crucial role to play.

The various applicants competed vigorously for approval of their respective projects for transporting Arctic gas to southern markets, and in the process added immensely to our fund of knowledge. The Alcan-Foothills group of companies that eventually was successful proved itself to be energetic, resourceful, and responsive to issues of public concern. And those public concerns were very capably and forcefully registered by a wide variety of interested groups and organizations in both countries. It should be noted that Foothills' spokesmen themselves have acknowledged the beneficial role played by these public groups in their own corporate interest and in the national interest.

Governments have inevitably had a major role to play as well in view of the extreme importance of energy to the national interest, the international character of the project, and the inherent need for a legislative and regulatory framework to control all aspects of pipeline construction and operation.

Following the enactment of this legislation there will still remain a number of challenges to be met and overcome. The project companies, the suppliers of pipeline goods and services, financial institutions, public interest groups, and governments at every level all have a continuing and important role to play in ensuring that the system is developed and built in a way that will best serve the national interest in the years that lie ahead.

As the member for Yukon (Mr. Nielsen) anticipated in putting a question to me shortly before the first reading of the legislation, this is a lengthy and complicated bill. I appreciate that members will want to give it careful study. Yet it is also important that we deal with it as expeditiously as possible so as to establish the legislative framework that will govern the project and create the Northern Pipeline agency that will have such a crucial part to play in its implementation.

On balance, Mr. Speaker, we are convinced that this immense undertaking will yield very substantial short and long-term benefits for all Canadians. It will provide us access to a major new source of energy from the frontier that is both secure and cheaper than any other alternative. It will provide a substantial stimulus to output and employment throughout many parts of the country. It will have a strongly positive impact on our international balance of payments, and it will play a vital role in fostering the long-term development of the economy of the north. For all these reasons I very much hope that this legislation to give effect to the project will command the full support of all parties in this House, as I believe it will command the support in general of the Canadian people in all the provinces of Canada.

Mr. Andre: Mr. Speaker, I would like to ask the minister a very short question. It relates to experiences encountered by Syncrude in Alberta. When Syncrude asked for bids on the construction of pipeline from Fort McMurray to Edmonton, a low bid came in from a Canadian-owned company which employed non-union labour. The international union leadership at Syncrude objected to this. Syncrude bowed to the pressure and awarded the contract to an American-owned company at a considerably higher price. Does this bill and the authority granted to the minister and the National Energy Board ensure that Canadian-owned companies will have an opportunity to bid on the construction of this and the construction will not end up in the hands of American-owned companies at higher prices as a result of these artificial pressures?

Mr. MacEachen: Mr. Speaker, in answer to that I would say yes, the legislation certainly provides for that.

Mr. Fraser: Mr. Speaker, I have a question—

The Acting Speaker (Mr. Turner): Order, please. I suggest we are getting into a debate on this issue. I will inquire whether there is unanimous consent to permit the Deputy Prime Minister (Mr. MacEachen) to answer questions. Otherwise I will have to recognize the hon. member for Yukon (Mr. Nielsen) on behalf of the official opposition. Is it agreed?

Some hon. Members: Agreed.

• (1612)

Mr. Fraser: Mr. Speaker, I wonder whether the Deputy Prime Minister (Mr. MacEachen) would answer a question relating to the option now being studied as to 48-inch low pressure pipe, 48-inch high pressure pipe, or 54-inch pipe. Would he indicate to the House at this time any estimate of what differences there would be in the estimates that so far have been put forward in terms of man-years available on this project if, for instance, the selection were other than the 48-inch low pressure pipe, which the company has recommended from the start, or the 54-inch pipe, which is also capable of being produced in Canada, as opposed to the 48-inch high pressure pipe, because the 48-inch high pressure pipe cannot easily be produced in Canada and may have to be obtained from the United States or some other country? Can the minister give us any estimate of what difference it would make in total man-years of work?

Mr. MacEachen: Mr. Speaker, the estimates which have been put forward, and to which I have referred since the announcement in respect of the agreement, are based upon the current plans of Foothills which in turn submitted the proposal

based on low pressure pipe. I have not had any estimates as to the man-years of employment that might occur against the possibility that the National Energy Board would recommend high pressure pipe. I do know quite well that the plant in Regina is interested in obtaining business and, as was pointed out this morning by the premier of Saskatchewan, its ability to get that business might be very directly influenced by the selection of the pipe pressure. Certainly I have not any prepared estimates on the basis of high pressure pipe.

This is very a complicated subject, but just let me say that the National Energy Board will make its recommendations and its intentions known, and it must take into account, in addition to the economic factors, the factors of safety and reliability. The decision or recommendation of the National Energy Board is one for that board within Canada, but I have no estimate of the labour cost.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, I have just a brief question for the Deputy Prime Minister (Mr. MacEachen). Since the minister signed the agreement with the United States on behalf of Canada and has said several times today that the National Energy Board will announce the specifications, I would point out that under the provisions of article 10 of the agreement, which established a technical study group for the purpose of testing and evaluating various kinds of pipe, the last sentence states that it is understood the decision relating to pipeline specifications remains the responsibility of the appropriate regulatory authorities, and "authorities" is in the plural form. Do I take it that the technical committee will not make this recommendation, but that the National Energy Board, which will be part of the technical committee, will make that decision solely on its own?

Mr. MacEachen: Mr. Speaker, that is my understanding. It is my firm understanding that the National Energy Board, under the terms of this proposed bill, will be making its recommendation on the basis of the results of the technical study. In fact we have been in continuing consultation with the United States. On the basis of all the information and proposals of the United States it will be the chairman of the National Energy Board who will convey to me, either this week or the first of next, its conclusions, and I will make them known. It is the National Energy Board that will make that recommendation.

Mr. Erik Nielsen (Yukon): Mr. Speaker, the minister, and I do not fault him for this in view of the complexity and length of the bill, has taken some 50 minutes to put the government's position on record. Let me say one kind thing about that presentation, and that will probably be the last kind thing the minister will hear from me regarding this bill throughout my remarks. I accept the understanding he gave today in respect to informing members of the House concerning pipe design, pressure and pipe size, before we conclude this debate. That is surely essential.

Having said that, I find myself in disagreement with a great many things the minister believes the bill contains. Before going on to those I want to criticize, with all the force I can muster, the stance being taken by the NDP on a bill so vital to the national interest as is this one.

Some hon. Members: Hear, hear!

Mr. Nielsen: When the minister is describing remarks being made by members of this party, the opposition, and I will not use the term "official opposition" because, as the Deputy Prime Minister (Mr. MacEachen) has been around long enough to know, that is a term invented by Mackenzie King to split the opposition, he should single out the party whose members have been making remarks that lead him to believe they are going to encounter unconscionable delay in getting this legislation through. Let me make it abundantly clear that this party does not in any way intend to delay unduly the passage of this vitally important legislation through this House.

Some hon. Members: Hear, hear!

Mr. Nielsen: The Leader of the NDP (Mr. Broadbent) has said things today, as he has been doing ever since we came back after Christmas, along with other members of that party, which clearly indicate they are going to marshal their entire forces for the purpose of deliberately delaying or filibustering this bill. I am sure that is what the government can expect. I hope those members will change their minds because the matters at issue here are far too important to Canada to have that kind of irresponsible attitude adopted by the NDP.

Some hon. Members: Hear, hear!

Mr. Nielsen: The spurious question of privilege raised today by the leader of that party was more than adequately answered by the Deputy Prime Minister, and any member with any conscience at all would accept his undertaking for what it means in a House composed, as it is, presumably of honourable members. If those members had done their homework they would be knowledgeable on matters the Deputy Prime Minister was trying to explain. However, they did not believe him.

We had the good fortune to hold several meetings of great assistance to us in obtaining information and education on the subject matter of this bill. I want to compliment the officials of Foothills pipeline who went to the expense and took the time and trouble of coming here and sitting with us for one full day, from nine in the morning till almost six in the evening. The same kind of request was made by the government party and the same kind of co-operation was extended to their members who expressed an interest in the legislation. I dare say that members of the NDP did not even take the trouble of requesting that kind of enlightenment, and I would be very suspect in regard to heavy and intelligent participation in this debate by members of that party.

Mr. Douglas (Nanaimo-Cowichan-The Islands): You are wrong again.

Mr. Nielsen: Mr. Speaker, the Deputy Prime Minister is aware, I am sure, that there are proceedings which were

commenced today in the Federal Court in Vancouver, brought by the Yukon Conservation Society as plaintiff. That action has been joined by the Council of Yukon Indians. Counsel for CYI was generous enough to send me a copy of the pleadings in that action. I have examined them very carefully with respect to the possibility that they might prevent this debate from proceeding. I have satisfied myself that those proceedings are confined to the question of the jurisdiction of the National Energy Board, namely, whether it was intra vires its powers to require Foothills to submit an application to build the Dempster lateral by next July. Since the pleadings are confined to that issue, I am satisfied it does not offend the sub judice rule with respect to the construction of an Alaska pipeline, which is the subject matter of this bill.

● (1622)

The hon. Leader of the New Democratic Party has labelled the bill a betrayal of Canadians. We put no such label on this bill. The bill has its weaknesses. There are several which I will speak about, as will other hon. members in their areas of speciality and responsibility. We do not believe we have been negotiated down the tube by the Deputy Prime Minister and President of Privy Council. Perhaps he was the minister with the least knowledge who was conducting negotiations with our friends across the border. We speculate as to why that was and why the Minister of Energy, Mines and Resources (Mr. Gillespie) seemed to have his nose pushed out of joint in the conduct of these negotiations. At times the Minister of Energy, Mines and Resources seems to be more knowledgeable in these matters than the Deputy Prime Minister and President of Privy Council.

The Deputy Prime Minister and President of Privy Council quoted the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) as having said, "We bought a pig in a poke". I think that was the expression he used. For those familiar with pipeline parlance, perhaps it could be described as buying a pig in a pipeline. My comment does not make the Deputy Prime Minister and President of Privy Council smile. Perhaps he does not know what a pig in a pipeline is. By way of explanation to him, it is a device for cleaning out the pipe.

Members of my party cannot advance amendments which will cause irreparable harm to the viability of this project, nor can any amendments be advanced which would go beyond the provisions of the international agreement that has been negotiated. Amendments are possible, and we will attempt to assist the government in a constructive and positive manner to clean up a very badly drawn bill.

I want to be critical of the government in regard to the manner in which it has treated the opposition. The statement of President Carter, made in the decision and report to Congress on the Alaska natural gas transportation system, reads in part as follows:

> Unnecessary delay would greatly increase the total cost of the pipeline system. I urge the Congress to act expeditiously to approve this important project.

That statement was dated September 22, 1977. The Congress acted quickly. I fault our government for its serious delay and foot-dragging. After my perusal of this bill, there seems to be no earthly reason why it could not have been before the House prior to Christmas, instead of giving hon. members so little time to consider its provisions with experts in the field. Opposition members have been deprived of a fair opportunity to examine the provisions of the bill. Indeed, it was not until late last Friday that hon. members were privileged to have the minister's press package release. Both the bill and the press package release were in the Yukon before I received them in Ottawa. I do not know whether hon. members have that press package release as yet.

Some hon. Members: No.

Some hon. Members: It came this morning.

Mr. Nielsen: I hear some hon. members indicating that they received the press package release this morning. Certainly that type of action does not engender any good will in terms of support from the opposition with respect to the minister's plea for quick passage.

The hon. Leader of the NDP and the hon. member for Nanaimo-Cowichan-The Islands are taking a wholly impractical position when they indicate that guarantees, with respect to Canadian labour content and industrial content, must be written into the bill. I agree with the minister in his assessment of that. If that position were taken, the agreement would have to be renegotiated. In itself that is a reason for it being an impractical suggestion. In addition to that, it would be subject to many problems in connection with GATT, as the minister has pointed out, and in connection with the financing of this major undertaking. That would probably cause Foothills to abandon the project.

At committee stage we will suggest that a quarterly monitoring process can be embodied in the bill in order to ensure that the intentions, which are spelled out in the appendices to the bill with respect to Canadian content, are adhered to. There is no parliamentary input provided in a continuing way during the construction of this project. We feel that is essential.

Can the minister ever forget his own shame for the vacuum which was his contribution to the debate in August? On August 4, 1977, the hon. Leader of the Opposition (Mr. Clark) indicated that we are confronted with a government which is running the north like a colony, and has known, for at least a decade, that the society and the economy of that region were bound to be profoundly affected by a pipeline possibility. I will say it is a probability. The hon. Leader of the Opposition continued by indicating that despite that warning, and despite Ottawa's absolute jurisdiction, we have to make the decision as to whether there should be a pipeline in principle, without a northern energy policy, without a national energy policy, without a northern development policy, and without any clear or consistent approach to native rights or northern ecology.

That is just as true now as when the hon. Leader of the Opposition uttered it on August 4.

What did the government do when it knew the United States had to make a decision as to whether the Prudhoe Bay oil should be transported by the Alyeska route, via the El Paso route, or via the Mackenzie valley route? The government knew well in advance that some mode of transportation was required to move that oil. It fiddled and fumbled about. Finally in approximately 1972 the present Minister of Finance (Mr. Chrétien) made an announcement on the eve of an election, which was coincidental, that a $100 million Mackenzie highway was going to be constructed. The intention of the government in making that announcement which, incidentally, was verified by the Prime Minister (Mr. Trudeau), was to induce the American decision to move that oil down the Mackenzie. Unfortunately, they fiddled so long that the day after they made the announcement the United States government announced that it was going to be the Alyeska route.

● (1632)

What happened after all sorts of clearing and grubbing had been done prior to the announcement by the Canadian government was that they abandoned the route, similar to an earlier abandonment. The then prime minister accused the Diefenbaker government, in which the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) was minister of northern affairs, of spending money like drunken sailors on the Dempster Highway. So in 1963 construction was stopped. It was the vision of the government of that day, which did not foresee what was going to happen at Prudhoe Bay and what was going to happen in the Delta and in the Yukon where we are now active again in the Eagle Plain and the Peel Plateau. So they cut it off. Then as soon as Prudhoe Bay was discovered, bingo, they were right on the ball again, and they started building the Dempster Highway. That was some vision! It is a tired, bankrupt government which comes to that kind of conclusion. It is a government of reaction instead of action.

Mr. Foster: I thought you would be more charitable today.

Mr. Nielsen: I would like to hear the interventions, but with this new electronic control we have in this chamber one does not enjoy the full exchange we used to enjoy and which used to make debates much more exciting. Now members are shut off by a button. We operate like electronically controlled puppets.

One of the truly great bargaining factors which could have been discussed by the minister when he negotiated this agreement with the Americans is that the Yukon has some six million horsepower in hydroelectric potential which is run by a Crown corporation. The hon. member for Moose Jaw (Mr. Neil) will say more about the nature of that corporation and its habit of sitting on its backside through most developments of this nature. I might add that it is still there.

Six million horsepower is capable of development by reversing the flow of the Yukon River watershed under the plan known as the Taiya project. If such a project went ahead—and it was proposed to the Liberal government of the day in 1953—it would require the development of industrial sites on the Panhandle, which is United States soil. I recall that we negotiated away, albeit in terms of an urgent situation, 99-year leases, several of them in Newfoundland, and those leases are still extant in Newfoundland. Why could the minister not have negotiated on behalf of the Canadian people a corridor through the Panhandle for the purpose of that kind of hydroelectric development, twice that of the St. Lawrence Seaway project as it now exists? It would have provided all the power needed for the near future. It would have provided power for export to the rest of Canada, with our present knowledge of transmission lines. Why could Canadian industrial sites not have been negotiated as part of this package, in view of the fact that the minister has described it in terms of such magnitude? That is one of the areas he could have negotiated. Perhaps we were shoved down the tube, and I mean all Canadians, not just those in the Yukon.

The minister gave some figures with respect to Delta Gas. I rather doubt those figures. It does not seem to me that they are in accord with those which were given in evidence both before the Berger and Lysyk inquiries. However, I am prepared to be corrected on that. I am told, though, that whatever is in the Delta now is not sufficiently commercial to permit its transportation at this stage nor, indeed, at the completion of this line in 1983.

I have said that we intend to introduce a measure in committee which hopefully will be accepted by the government. That was suggested by our leader in his speech on August 4. He suggested that parliamentary input should be the responsibility of the Standing Committee on National Resources and Public Works. He said we should have a continuing right to monitor the pipeline question. That can be found at page 8040 of *Hansard* for that date. My leader also urged the government to bring in the legislation not later than last fall. We will be proposing that the monitoring process be on a quarterly basis. It might well be that that standing committee is not the proper forum for that.

I do not think hon. members on this side would argue that there should not be monitoring to ensure that the intentions expressed in the agreement are carried out. It may well be that the government will accept the proposition that the committee which has been set up to study the provisions of this bill should be the instrument by which we can achieve that monitoring. However, I seriously suggest that monitoring is the right of parliament and of the people of Canada.

The minister spoke about the advantages to the Yukon at some length, and I am very happy he did. It is not my purpose to confine my remarks to the Yukon simply because I represent that vast area. It is my responsibility to put forward the position of this party on a national basis, which I intend to do, but the minister did make some fairly wild statements about Yukon procurement, Yukon labour content, and the like. I do not find any such provisions in the bill. I may again be mistaken, but I have studied the bill fairly carefully, and I do not find that there.

The minister spoke of setting up a federal-provincial advisory council. On that council will sit one nominee from each of the western provinces plus the pipeline commissioner, but who appoints the Yukon representative to that federal-provincial—not federal-provincial-territorial—advisory council? The cabinet. What voice do the elected representatives of the people of the Yukon have with respect to that appointment? None. I ask the minister, where is the input? We do not consider the Minister of Indian Affairs and Northern Development (Mr. Faulkner) to be very knowledgeable about the social, economic, environmental, educational, and municipal problems this pipeline will cause the Yukon.

My advice to the minister—if he does not follow it, an attempt will be made in the committee to alter that, and there is ample precedent for it—is that the Yukon nominee on that council should be nominated in the same way provincial nominees are nominated, namely, by obtaining the recommendation of the elected members of the Yukon Legislative Assembly. There is precedent for that in the inland northern waters legislation and in other legislation. I need not belabour that point. That is one part of the bill about which we intend to advance suggestions in the committee.

The hon. member for Moose Jaw will be speaking about NCPC. The minister speaks of great benefits to the Yukon. I would like to have his attention once again.

● (1642)

I spoke of the press package. When I look around I see that the office of the pipeline commissioner is listening. Notwithstanding the fact that we have made several inquiries of the office of the pipeline commissioner, of the minister's office, of the pipeline's branch of the Department of Indian Affairs and Northern Development and on the NEB, we have yet to receive the list of commitments made to Foothills when they appeared before that body, with respect to the contents of the bill. We have been informed that there must be a list of commitments somewhere, but it cannot be produced. Surely we should have it at this stage of the debate, and certainly should have it not later than committee stage. I believe those commitments are essential to an intelligent study of the bill.

I should like now to deal with the $200 million fund. I do not know whether the minister did not understand what he was saying or whether what he was saying was deliberate—but he is wrong. I hope he misunderstood. The recommendation of the Lysyk Inquiry was that a Yukon heritage fund be established with up-front money, similar to that in Alberta. That was negotiated away by the minister in the United States. The fund was intended to recompense the people of the Yukon for the undoubted harmful effects the construction of this line will have on every aspect of their lives. Schools are needed now. There is no point in starting to build them when construction of the pipeline begins. The fund would have meant that the assets of Northern Canada Power Commission could be transferred to a Yukon power commission. We should not repeat the mistakes made by the Aishihik project with overrides of $36 million on the original estimate of $11 million.

The minister has negotiated a deal with the United States, which is embodied now in the agreement, whereby we get back-end money—an advance on taxes. The minister speaks of the people of the Yukon using this advance through their government. That is a fiction, since all financial decisions are made by the Minister of Indian Affairs and Northern Development. I do not know why the government continues to abuse Canadian intelligence by trying to create the idea that there is some kind of separate government in the Yukon. Mr. Speaker, it is a colony. The cabinet and the minister govern the affairs of the Yukon from time to time as they see fit.

The minister's press release of September 9 stated that Foothills is obliged to make an advance payment as required between 1978 and 1982 of up to $200 million which, together with the interest charges, will be offset against the company's future tax liability. The press release assumes that Foothills will be able to raise this money at 10 per cent. In fact, Mr. Speaker, a book is being written now by Francois Bregha who points out that this government could borrow the money at a little over 8 per cent. The difference between approximately 10 per cent and 8 per cent over the retained period of 25 years could mean a loss of $50 million to Yukoners out of that fund. Not only has the minister thrown away the heritage fund, and the NEB went along with him, but by inept negotiation he has caused that $200 million to fall to $150 million.

The Yukon, in the meantime, will have to pay all the bills for schools and for the municipal infrastructures which will have to be put in place long before laying of the pipeline starts in January, 1981. The minister knows that construction, grubbing, clearing, surveying and engineering will have to be done a good year ahead. Foothills estimates that they will begin in 1979, so there is not much time to get these things in place. Where is the money to come from? The government has told the Yukon not to look to the Department of Indian Affairs and Northern Development for it. In effect, it has said not to bother planning schools or municipal facilities because it will not be advancing the money. It encourages them to borrow elsewhere if they can, and in that respect, Mr. Speaker, the deal is very harmful to the Yukon.

I should like to move to something else now. Knowledgeable as he is, my friend, the hon. member for Moose Jaw, may not be familiar with these things and I have not had the opportunity to discuss them with him since I received the bill. First of all, the justice facilities will be seriously taxed by the influx of 2,200 or 2,500 workers. I have written to the Minister of Justice (Mr. Basford) suggesting an increase in the Supreme Court in the north—I should say I am not carving out a sinecure for myself even though I might be favourably considered by this government. There will be great law enforcement problems as a result of this construction.

The minister says it was a good deal that Foothills were required by the agreement to instal feeder lines to supply communities in the Yukon, British Columbia, and elsewhere along the route. Unlike British Columbia and Alberta, the Yukon does not have any utility companies to look after distribution, and I hope the government does not intend to

impose that responsibility on NCPC. That would not be a good arrangement.

The minister also said that there will be time for the necessary studies to be made and some will be published in June. More important, he said that the timing will permit the settlement of native land claims. Mr. Speaker, those negotiations have been going on since 1973. In 1968 the Prime Minister made a speech in Vancouver in which he reaffirmed his belief—which was strange, coming as it did from a professor of law—that there were no such things as aboriginal rights and that no more treaties would be signed with the native people of Canada. Someone got to him, Mr. Speaker, perhaps in the debates in this House, or perhaps through the council of the National Indian Brotherhood. Local associations were not set up until they were funded by this government. By its funding and policies it lifted the lid on Pandora's box. Members of the government do not know where they are now on Indian policy, they do not know where they are going, and when they get there they probably will not know where they have been. The matter is totally, completely, and utterly out of control, with no guidance being offered by this government to bring these claims to quick settlement.

As recently as two weeks ago the CYI put the government on notice when they visited Ottawa that they are going to bend every effort to prevent this project from going ahead. I do not agree with that. On more than one occasion the leader of this party has stated our policy as believing that negotiations of these claims can proceed hand in hand, without one prejudicing the other. The position of the New Democratic Party is quite the reverse. There is no reason for the negotiation and settlement of Indian land claims going ahead at the same time as this or any other development, with one rider, that the development should not in any way prejudice the just settlement of these claims.

● (1652)

The government is in for a shock if it thinks that it is on the verge of settling any land claims with the Yukon native people. It will not happen unless it legislates them out of existence and that is precisely what I think it has smuggled into this bill. Unless I am mistaken on a combined reading of clause 16 together with clause 25(3), the bill deprives the right of the native groups to use a judicial device which they would be tempted to use in order to prevent construction from going ahead.

To illustrate I will quote some words said by a prominent member of our party on this side of the House. "In all my years at the bar and in all my time as a legislator here I have never seen a more gross intrusion of government control in any legislation." This is the first time I have seen anything like these repulsive clauses in a bill. It gives the governor in council, the cabinet, virtually the power to amend any regulation made under any act of parliament affecting any aspect of the pipeline or any person working on it. I believe I have that accurately. The Deputy Prime Minister nods his head. He is nodding his head in the affirmative. I hope he is not going to sleep.

This is one of the more important and most offensive points of this bill. It practically places the power in the hands of the regulatory agency to make a decision with respect to any matter it chooses. If there happens to be a law contained in a regulation under an act of parliament which conflicts with that decision of the board, we have to change it. It does not make any difference what act it is, unfortunately. I have not as yet looked carefully to see whether it offends the Bill of Rights, I do not think that it does.

Let us consider the example of CYI wanting to appear before the board to obtain a decision with respect to the route of the pipeline crossing lands which they have traditionally occupied as an established village for a few hundred years. If the board says to the native groups in the village, "I am sorry the pipeline has to go through the centre of your village; you have to take your pump and so on, that is it," what recourse does the group have? They have the power of appeal under clause 23(5). What appeal does that give to the offended citizen? It gives the Federal Court, and only that court, the right to confirm the board's decision or the right to refer the matter back to the board for further consideration. In my opinion that is a denial of a fundamental right of British justice guaranteeing the citizen free access to the courts.

Some hon. Members: Hear, hear!

Mr. Nielsen: The normal provision, and the Deputy Prime Minister is aware of this, provides that any legislation affecting jurisdiction of appellate tribunals is to provide in that appellate tribunal the power to quash, alter, refer back, or confirm. If that power in clause 23(5) were broadened to include in the power of the appellate tribunal the power to alter the decision of the board, it would be more acceptable. But the way it is now, it is totally unacceptable. We will be making every effort, short of any filibuster, to convince the committee members, and perhaps the government, prior to hearings in committee that it should do the proper thing and amend that clause, or declare its intentions so to do, so as to include that normal power of the appellate tribunal in this bill.

There are enormous transfers of power under the bill which can be transferred from one minister to the other. I assume that the Deputy Prime Minister will be the minister designated under the provisions of the bill—if he can patch up his differences with the Minister of Energy, Mines and Resources—at any time he can transfer his powers or any privilege. As far as the powers of the National Energy Board which are contained in this bill are concerned they are such that the National Energy Board is emasculated if the cabinet so chooses to decide. It can tell the National Energy Board to do anything it pleases. I think it does now anyway.

Some hon. Members: Oh, oh!

Mr. Nielsen: But this bill certainly is like the opening of the mail bill—they are going to make lawful now what I strongly suspect them of doing anyway.

It has not been satisfactorily explained to me yet why the National Energy Board itself could not be the single regulatory agency in this instance. It has the skills, the expertise, the historical experience in matters of this nature; it has dealt with it for years. If the National Energy Board does not have sufficient personnel at present to cope with the added responsibility, no one has explained that.

I know the Deputy Prime Minister in his press release thought that it would be staffed by 200 personnel at peak—I think that is what he said. But having regard to the track record of this government in keeping the lid on the growth of bureaucracy in this country, I am afraid I do not have much confidence in that statement of the minister's. The bill does not make any provision for a maximum number that will serve on this proposed new board. If the Deputy Prime Minister's estimate is wrong, and I am sure that it will be, instead of 200 there will be 1,000 bureaucrats working for that agency.

There is a further provision. The bill provides for the setting up of advisory councils. The number on these councils is limited to ten, but there is no limit to the number of advisory councils which can be set up. It could be one or it could be 100. What a refuge for goodness knows how many friends of the Liberal party that will be, having regard to their track record lately. I think I speak on behalf of my party on this side of the House when I say that the government must give some consideration to limiting the numbers required in the regulatory agency.

If the hon. member for Nickel Belt (Mr. Rodriguez) would like a pillow I will be happy to provide it. Perhaps I can call it five o'clock in order to allow the hon. member for Nickel Belt to have a nap.

* * *

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Temiscamingue (Mr. Caouette)—Public Works—Date of establishment of post office in Rouyn, Quebec; the hon. member for Winnipeg South Centre (Mr. McKenzie)—National Defence—Building of defence research centre in Winnipeg; the hon. member for Edmonton-Strathcona (Mr. Roche)—Airports—Edmonton International—Government position on improvements.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely notices of motions and public bills.

Environment

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): Order No. 4, the hon. member for Ottawa West (Mr. Francis). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Order No. 5, the hon. member for Egmont (Mr. MacDonald). Shall the item stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Order No. 11, the hon. member for Don Valley (Mr. Gillies). Shall the item stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Order No. 12, the hon. member for Edmonton-Strathcona (Mr. Roche). Shall the item stand by unanimous consent?

Some hon. Members: Agreed.

* * *

● (1702)

THE ENVIRONMENT

SUGGESTED INSTITUTE OF HUMAN ENVIRONMENTAL STUDIES

Mr. Walter Baker (Grenville-Carleton) moved:

That, in the opinion of this House, the government should consider the advisability of setting up, in co-operation with the provinces, an Institute of Human Environmental Studies to determine, among other matters the (a) degree of air, soil, water and noise pollution the human species can tolerate without serious effects on physical and mental health (b) type of environment which stimulates the most desirable qualities of physical and mental health in the human species (c) type of national development which would give satisfactory environment to the greatest possible number of Canadians (d) minimum of modifications to the present day indiscriminate and largely unplanned growth of our metropolitan areas necessary to put within reach of the inhabitants of these areas a quality of environment which would provide adequate (i) housing (ii) recreational facilities, including parkland (iii) social infrastructure, such as transportation, education, hospital and recreation facilities.

He said: Mr. Speaker, in rising to speak on this motion there are two things I should like to make clear at the outset. First, I would point out to you, Mr. Speaker, and to members of the House, that the original drafting of the motion is not my own.

The original drafter of this motion is a former colleague of ours in this House who represented the constituency of Malpeque, a minister of fisheries for many years in a former government who is now leader of the opposition in the Prince Edward Island legislature. I want to assure you, Mr. Speaker, that I have spoken to our former colleague about this matter; I had the privilege of being in the House on the last day he took part in the discussion of this motion, which was on October 18, 1974. I was impressed by the spirit of the motion and by what

it seeks to accomplish in terms of the human condition, and although I realize that many private members' motions lead to nothing concrete, it is nevertheless important, in my view, that from time to time an opportunity should be provided to discuss matters affecting the human condition.

I am happy to report to the House that this motion does not involve the setting up of a bureaucracy which would take any part of the decision-making process or advisory responsibility out of the hands of the public service. But it does give credence to the proposition that there is a split jurisdiction in environmental matters, among others. It is not intended to be an attack on the work which the federal Department of the Environment is doing, or on the work which any ministry in any provincial government is doing. As I said, it is brought forward so that members of this House can address themselves to a very important subject. This is not to say I would not be delighted if the motion, broadly based as it is, were to receive the approval of the House. But I do not rise in any anticipation that it will.

Mr. Angus MacLean, then member for Malpeque, introducing his motion on October 18, 1974, had this to say as reported in *Hansard* at page 537:

Mr. Speaker, I have no illusions that what I am about to say will cause a sensation ... however, I feel a strong urge to put forth my views—

Anyone who knows the hon. member will appreciate the sincerity of his feelings on this subject. About the greatest compliment which could be paid to him was paid by the House leader of the New Democratic Party a few moments ago; just before we began this debate he indicated that this was an all-encompassing motion and inquired whether there was anything our former colleague had forgotten. I assured him he had not.

One of the things which concerns all of us today in this country is our preoccupation with bigness, whether it is big government, big organizations or large communities. This has created problems both for those who are directly involved and for others outside big complexes who have seen their populations and opportunities diminish. The sad fact is that today almost three quarters of our population live in cities and towns. This is not necessarily bad in itself, but it is predicted that by 1980 almost two thirds of the Canadian population will live in 29 major communities, almost one third of them in the three cities of Montreal, Toronto and Vancouver. Whereas at one time cities were places where communication was easy, transportation was readily available and services could be supplied in an inexpensive way, this is not the case today. One has only to speak to a city planner or to a transportation expert to be told that cities everywhere, even the national capital area in which we live, are plagued by shortcomings in the services I have mentioned. So we have to consider carefully the direction in which we are moving and try to decide whether or not that direction is appropriate. We must attempt to decide whether or not the fixing of an optimum size for city growth is appropriate and, if so, whether development should be restricted. Are we neglecting the virtues which are to be found in the smaller communities of Canada?

[Mr. Baker (Grenville-Carleton).]

Industrialists are gregarious. They like to move to places where other industries are already established. Thus, from year to year our problems are compounded and the development underlined in the statistics I have quoted is reinforced.

Many writers have pointed out that the rural areas are beginning to suffer from decay; they are exporting their best people to the cities where jobs are available. Consequently, the agricultural community is increasingly less able to provide commodities upon which other sectors of the economy rely. It is important we should not assess blame. We have simply allowed this to happen.

• (1712)

The problem is compounded by the shortage of agricultural land in the vicinity of great cities. Those who provide the sustenance of life, as far as our weather allows it to be produced, are leaving the farms. We tend to rely on technology to which there is a limit. Plainly, we have to look at where we are going.

The object of this motion is to create an institution outside of the political necessities of government. There are political necessities regardless of what political party one may be talking about. One level of government must discuss in co-operation rather than in opposition with the other the problems that we face.

We have come to regard the trend of centralizing in large cities as so much a part of our national make-up that our heads are down. We really are not looking at what we are doing. We should look at the experience in the United States with some of their cities. I know that none of ours have reached that size. All levels of government in this country must look at this problem while there is time. The purpose of this proposal is to ask the government to consider ways in which a new direction can be found, or at least a new insight into our problems.

With very few exceptions, communities around the rim of the city of Ottawa are growing as residences and ancillary to the city of Ottawa. Rather than growing in terms of themselves, they are becoming dormitories.

Small towns which have amenities which are useful to people who would live there and establish businesses with resultant employment are not growing to any great extent as the movement to urbanization continues. This is important to the kind of lifestyle we want in our country. It is important to the lifestyle of those who by necessity or otherwise must reside in our cities.

I am also concerned about the environment the cities create and the housing problems that are there. Whether it be housing for men and women with young families or housing for senior citizens, in the smaller communities of Ontario on a per capita basis there is a better quality and a greater number of senior citizen residences in the smaller communities than in the cities. There is an atmosphere of concern. The problems are apparent. That is part of the goodness of living in a smaller community. In spite of this, we still develop large cities with large problems. It is to this question my motion directs itself.

Quite frankly, we are getting to the point where if a community in this country, or indeed in all of North America, boasts that it is the most rapidly growing community, it is like someone saying he has the fastest growing cancer in town. The ravages of growth are all around us.

The proposal in my motion is to couch the problems that we face as a nation, as a part of North America and as part of the civilized and now urbanized world. Appropriate policies must be designed not only to improve the existing environment but to ensure that we do not forget there may be an alternative. That alternative may well come through a form of co-operation that has not existed here before.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I congratulate the hon. member for Grenville-Carleton (Mr. Baker) on the remarks he has made today and, in particular, for paying tribute to a former colleague who first spoke on this motion in 1974. The motion was also presented by our former colleague in 1976. He was very persistent. It is now again before the government.

I wish to point out to the hon. member that there have been some significant results because of this coming before the House of Commons in that the Environment Contaminants Act was passed in 1975 or 1976. Much has been done and much more will be done. However, it is timely that this matter is again before the House of Commons.

I thank the hon. member, not for the practicality of the suggestion, because I do not think it is either practical or necessary, but because the motion demonstrates a real concern for our environment.

I do not think it is necessary to restate this government's concern for a clean, healthy environment. Rather, the record of the government speaks for itself. This is our best evidence. The measures the government has adopted, particularly since the establishment of the Department of Fisheries and the Environment, have been strong, positive measures designed to yield tangible results. I am pleased to say that we are beginning to see those results.

One of the best examples perhaps, only because it has been such an obvious pollutant, is sulphur dioxide. As a result of guidelines established by the Department of Fisheries and the Environment and the cooperation of the industries concerned, we are beginning to see a reduction in sulphur dioxide levels in the air. The same is true of particulates. All told, there have been guidelines established now for emission into the air of five significant pollutants and further guidelines for the discharge of five others into our rivers, lakes and streams.

Polychlorinated Biphenyls or PCBs, which are especially persistent in the environment, are being phased out of use and fluorocarbons are being carefully studied to determine their real effect. Progress through research is also being made on the problem of the long range transport of air pollutants. This is a particularly insidious problem that enables air pollutants from one source to have a detrimental effect hundreds or even thousands of miles away.

I mention these achievements, not simply to oppose the motion, but to demonstrate that concern for the environment is being translated into action. At the same time, however, I believe there there is one element in the motion that deserves some discussion.

The motion before us is praiseworthy in that it looks at the environment in a comprehensive way as a web of interdependent, complex, relationships. This government, largely through the Departments of the Environment, National Health and Welfare, and Urban Affairs, has been looking at the environment in the same way for many years. One of the humbling aspects of this approach, really the only approach, is the realization that we do not know all we should about the environment and the delicate relationships that comprise it.

One example that springs to mind is that of the Canadian chemical industry. That industry is now undergoing exceptional growth, growth that we all welcome. At the same time, however, we know that such growth must inevitably mean the planned introduction of thousands of new chemicals into industrial processes. Needless to say, our scientists cannot even hope to be able to keep up with the monitoring of these chemicals in the environment, either locally or on a wider scale. Unfortunately, I suppose progress dictates that this scenario is repeated time after time as our society expands and develops.

Clearly, neither this government nor any other would simply say that development must stop. Still the problem remains and, to my mind, there are only two solutions to it; research, and the establishment of mechanisms to prevent the introduction of potentially harmful substances into the environment, not after the fact but before.

• (1722)

We have already heard about the research programs now being conducted in the Departments of National Health and Welfare, and Urban Affairs. The Department of the Environment, as the lead department in environmental matters, also has extensive research programs aimed at discovering the kind of basic information and data asked for in the motion before us today. These are long-term, comprehensive research programs that have produced a great deal of knowledge in the past and will continue to do so in the future.

Additionally, the department has an excellent relationship with many faculties of environmental studies in universities across the country. There, more valuable research is being carried out and, I might mention, a great deal of it funded by the Department of Fisheries and the Environment.

Before I leave the question of research, however, I should like to emphasize that the investigations conducted both by and for the department are not carried out in a vacuum. Because I believe this is the primary intention of the motion, I can assure you there is a very real and useful exchange of information both between government departments and between those departments and the academic community.

Essentially then what is being asked for in the motion is already being done, and because this is so I can see little value

in adding another largely redundant bureaucracy. Such an action in these times of restraint and difficult economic realities would be irresponsible. In terms of real progress toward a cleaner environment, the establishment of the institute would be far more symbolic than real.

As I said earlier, research is necessary to enhance our knowledge of the environment. In the meantime, however, we must have mechanisms, not simply to clean up after ourselves, although those are necessary, but to prevent the introduction of harmful substances or to restrict potentially harmful activities.

In this respect, the Environmental Contaminants Act, passed by this House in 1975, is one of the world's leading pieces of legislation. It establishes the precedent that chemical or other potential contaminants must be approved for use before they can be introduced into processes through which they might enter the environment. I believe this to be an extremely important approach and one that reflects the concern of this government for our environmental well-being. No longer is it enough that a new chemical may make an industrial process cheaper or more efficient. Environmental destruction is not an acceptable price for higher profits.

Finally, in the area of potentially damaging activities, the government has also taken an important step through the establishment of the environmental assessment review process. The objective of the process is to determine the impact of federal projects before they are carried out rather than having to deal with the impact after the fact. Although the actual conduct of the process is still being refined, it is working, and there are now 22 separate projects under review.

In conclusion let me say that these are significant measures. More important still, they are positive action designed to prevent and solve problems—real problems. I do not think yet another institution will increase our ability to do that.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it is good to have the Angus MacLean motion before us again, and I congratulate the hon. member for Grenville-Carleton (Mr. Baker) on giving notice of it so we could have this discussion.

As the member who moved the motion indicated, I made a comment to him just before he commenced in which I indicated the terms in which I see the resolution, but it is obvious that the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson) did not see it at all in those terms.

My friend across the way made the surprising statement that we do not need this motion because everything it calls for is being done. How could my friend, a reasonable, decent, and honest fellow, make a statement like that? I think the reason he did it was that he thought in terms of the environment, as relating only to things like clean air, clean water and so on, and because he can claim the government has a department working on these things he says the same things are already being done, so we are on the road.

[Mr. Robinson.]

When I look at this motion it seems to me that what is being called for in the title "An Institute of Human Environmental Studies" is a body that will consider everything which relates to the human condition. Most of the bodies we have for studying things are cast in economic terms. We have the Economic Council of Canada, the Conference Board in Canada, and the C. D. Howe Research Institute. Most of these bodies make assessments and report to parliament or the government in economic terms. It would be a really good idea to parallel these bodies with this kind of institute that would be concerned about everything which affects human beings.

As the hon. member for Grenville-Carleton has pointed out, this would include not only clean air and clean water, but decisions as to the sizes of our cities, the spaces between our cities and towns, green belts, and all of that kind of thing. I suggest it includes matters having to do with conditions under which people live at various ages of their lives, what we do about education, about recreation for people during their working years and, as well, includes the question of whether older people should be maintained in their own homes or should be maintained in institutions of various kinds. This would include the effect on life of things that have to do with social security, and mental health comes into it, as well as the effect on our society of more crime than is tolerable, and so on. It literally affects everything. As I say, the thing I like about this motion is that very universality I see in it.

Like others, I recall very well speeches made by Angus MacLean when he was the member in this House for Malpeque, particularly his very strong presentation of the case for small being beautiful. I am glad, as I say, that the motion is before us again. I think the House might consider supporting it in one way or another because it seems to me what it seeks is for the government, parliament, and people in public life to think not only in cold, crass, materialistic, economic terms, but to think in human terms, and in terms of what everything that touches our lives can do to advance the human condition. That is our purpose surely in this life and in this country, not just to have a country that one can boast of as being prosperous and able to solve its economic problems. Surely what we want is a society that is a good place for human beings. For that reason I am very happy to join with the hon. member for Grenville-Carleton in supporting once again the Angus MacLean motion.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, the motion put before the House by the hon. member for Grenville-Carleton (Mr. Baker) concerns an issue which is both comprehensive and critical. If my memory serves me correctly, we have had a similar type of motion before the House on more than one occasion. At least in the time I have been here I remember participating in a debate on a private member's motion regarding the same suggestion being put forward here this afternoon. I cannot help but mention the sad position taken by members of the Conservative party, in that they speak on the one hand about too many Crown corporations, suggesting that we must cut back, conserve and be conservative, yet on the other they

want us to support a suggestion today that would create another agency for the expenditure of money, this makes no sense at all.

As the motion suggests, the human environment encompasses a broad range of factors including elements of the natural environment such as the purity of air and water, the condition of the soil, and the level of noise, as well as elements of the constructed environment such as the quality of housing, access to open space, and the availability of social services.

● (1732)

This wide spectrum of consideration touches the lives of individual Canadians in diverse ways. Our physical health can be impaired by the high decibel levels we must endure, the high concentrations of nitrogen dioxide in the air we breathe, the contaminants in the water we drink and the harmful additives in the food we eat. In corresponding fashion, our daily activities and levels of satisfaction can be affected for better or for worse by the design of our homes; the internal layout of the dwelling, the amount of living space available, the use of appliances, amenities and private outdoor areas. Similarly, our psychological well-being can be influenced by features of the neighbourhood where we live; the presence of greenery and open space, as well as the absence of stressful situations such as crowded city streets. Finally, the lifestyle we choose can be enhanced by the provision of social services, leisure programs and recreation facilities such as daycare centres, fitness classes and community social functions.

In a larger context, Canadians as a group also have been immeasurably affected by the rapid, seemingly haphazard expansion of this nation's largest cities. A few of the consequences of unbridled metropolitan growth have been the conversion of fertile farmland from agricultural production to urban uses; the competition for, and resulting price escalation of, scarce serviced land; low-density suburbanization which fosters excessive dependence on the automobile; ill-conceived and poorly located development which squanders our natural environmental resources; and rapid increases in public expenditures for urban services. The outward sprawl of metropolitan centres has also influenced life in core areas. Inner city neighbourhoods, which are generally the homes of low income groups, are usually marked by congestion, pollution, a scarcity of recreation facilities and a deteriorating housing stock. Finally, urbanization focussed on the largest urban centres has also exacerbated regional disparities in income and opportunity.

In short, the government recognizes that the complex array of factors which comprise the human environment are of vital importance to all Canadians. In recognition of that importance, the government has had in place for some time units within a number of federal departments which conduct research, administer programs and regulate activities concerning the human environment. In many instances, federal efforts in this field are either carried out jointly or conducted in close consultation with the provinces.

Therefore, the question must be posed: is there a pressing need to create another institution—an institution of human environmental studies—to duplicate the work already conducted in this field by existing public agencies? Although it may seem attractive to create a new organization each time a new problem rears its head, the creation of a new institute would be an inappropriate and unnecessary response. A high profile and a comprehensive approach are some of the potential advantages of a new institute. However, the Department of Fisheries and the Environment, the Department of National Health and Welfare, the Department of External Affairs and Central Mortgage and Housing Corporation are working already in a focussed and effective way to study, improve and protect our natural and built environment.

In support of this viewpoint, I will review briefly some aspects of the research efforts and action programs of Central Mortgage and Housing Corporation and the Department of Urban Affairs. The intent is not to provide an exhaustive list of the agencies' programs and activities, but rather to illustrate in a selective manner the wide array of environmental issues considered and the progress made toward alleviating problems and enhancing opportunities in the fields of housing, recreation, neighbourhood improvement, public participation, urban growth management and over-all quality of life concerns. First I will describe the agencies' research activities; then I will discuss the program currently in place.

The research activities of Central Mortgage and Housing Corporation and the Department of Urban Affairs may be considered as comprehensive yet focussed. A broad array of human environmental concerns are under investigation, but each research project zeroes in on a particular problem, whether it be to determine the most effective means for public participation or to assess the consequences of urban sprawl. Also it is important to recognize that the research is not conducted simply to expand our knowledge of the urban environment, although this undoubtedly occurs, but rather is directed specifically toward the development, assessment and further improvement of public policy.

The list of research efforts is quite impressive. Basic up-to-date information on the adequacy, suitability and affordability of housing in Canada's largest urban areas has been gathered and analysed by Central Mortgage and Housing Corporation through the 1974 survey of housing units. The study revealed that Canadians in the urban part of the country are well housed by almost any measure. The majority of the stock is less than 25 years old, is of good quality, has most of the facilities generally thought necessary, and provides a relatively high average amount of space per person.

However, housing involves more than bricks, mortar and mortgages. Even as an increasing proportion of the Canadian population has come to live in apartments, there continues to be a perception of high-rise as a spawning ground for alienation, isolation, crime and other forms of social pathology. In response, the Department of Urban Affairs has sponsored several investigations into the social and psychological consequences of living in high density conditions. The evidence thus

obtained suggests that modest crowding, such as may exist in Canadian housing units, as a rule does not adversely affect the health, family life, or behaviour of the inhabitants.

Discernible emotional stress or physical illness, however, need not be the prime criterion for determining the suitability of a particular housing form—high-rise apartments—for household-type families with children. Less stringent criteria, such as dissatisfaction with the living environment, also must be given due heed. In this vein the studies have, as an example, found that the arrangement of space—the design and layout of rooms in the dwelling unit—is at least as important to the satisfaction of the occupants as the total amount of space available. Though tentative, the evidence further suggests that certain dwelling types are better suited to particular stages of a person's life cycle, with apartments being more suited to the lifestyles of single adults and the elderly, while low-rise single-detached units are more conducive to the needs of families.

Lest the wrong impression be created, government research related to the urban environment extends beyond the dwelling unit and the residential area. Thus, in recognition of the fragmented and unco-ordinated approach taken to open space planning in many Canadian communities, a set of guidelines for urban open space planning has been developed and widely disseminated by the Department of Urban Affairs, in conjunction with the Canadian Parks and Recreation Association. Guidelines are provided for the selection of locations and planning of uses for a diversity of open space areas ranging from small pocket parks through to neighbourhood playgrounds, community sports fields and regional conservation areas. The guidelines indicate that some factors which should be taken into account in developing open space areas are the size and spacing of areas, the frequency and intensity of use, the sociodemographic composition of the population and the prominent natural features.

The need to provide a better environment for children caught in the midst of rapid urban growth has prompted several government activities. At CMHC the children's environment advisory service was established some four years ago to provide information on creative day care centres, playground facilities and play areas in residential projects. On a longer term project basis, urban affairs is associated with the University of Toronto and the Hospital for Sick Children on "The Child in the City" research program. The project team is currently exploring how the health, opportunities and well-being of children are affected by the physical environment and social changes in cities.

● (1742)

Nor has the importance of public participation to effective urban planning been overlooked. It has been widely acknowledged that involvement by citizens in expressing their needs and establishing community priorities can increase the responsiveness of urban plans, heighten the citizens' sense of personal efficacy and reduce their alienation with big government. As a consequence, the Department of Urban Affairs is currently performing research to determine the types of circumstances and range of techniques that would allow for a more effective citizen participation in the urban decision-making process.

Research into problems inherent in the management of urban growth have been tackled from several angles. As an ever increasing number of Canadians have chosen to live and often work outside the traditionally built up areas of cities, the downtown areas of many Canadian urban centres have declined in a physical, social and economic sense. In response, the department has begun to explore the various options available for revitalizing central areas, including a study of how the residential component can be retained within the urban core area.

Another pressing issue facing urban centres is the increased demand for adequate housing coupled with a continued decrease in the supply of suitable serviced land. To preserve agricultural land and to provide housing, the ministry has begun to examine the potential that previously built-up residential areas have for accommodating additional growth through the introduction of infill housing which utilizes existing infrastructure and amenities.

Inquiry into the causes and consequences of urban growth often takes the form of a joint endeavour with the provinces. Urban sprawl, a pattern of settlement characterized by a small number of scattered communities, ribbon development and large, thinly populated rural areas, can encroach on productive farmland, engender excessive use of the automobile, despoil natural areas and severely strain the financial capacity of government. The ministry, in co-operation with the province of New Brunswick, has therefore embarked upon a full investigation of the broad fiscal, social and environmental costs and benefits of urban sprawl to governments and individuals in New Brunswick. It is anticipated that the study will provide policy options and suggest alternative settlement patterns suitable to the province.

In a similar vein the federal government and Saskatchewan have recently agreed to support jointly the study of development in the areas surrounding Regina, Moose Jaw, Saskatoon and Prince Albert. The studies will encompass concerns such as agricultural use, urban sprawl, small community development, housing and regional services.

Last in this description but by no means least is the research effort that has touched on the broadest array of aspects of the urban human environment, namely, the development of quality of life profiles for Canadian cities. Under development for Canada's large and medium-size centres are statistical portraits of the health, education, work, leisure, housing, income and other aspects of residents' lives. Also measured are city differences in the provision of urban services such as health care, police and fire protection, recreational facilities and cable television. In order to expand public awareness and stimulate discussion on quality of life issues, some results from the nation's metropolitan areas have been reported in the publication "Urban Indicators: Quality of Life Comparisons in Canadian Cities".

Quite apart from the engrossing but somewhat frivolous pastime of determining which city is the best read, most

cultured or best educated, the development of quality of life profiles for urban centres serves more serious purposes related to policy development, namely, to identify deficiencies in the provision of services and infrastructure in specific cities and to monitor conditions over time in order to assess improvements or deterioration in various key aspects of urban life.

To complement the work on quality of life profiles, the human environment directorate within the Department of Urban Affairs is currently completing a research design to survey the perceptions that urban Canadians have about the environment in which they live. The survey will inquire about people's satisfaction with their homes, their neighbourhood setting, the community services they receive, the recreation facilities available to them, their downtown area and other salient aspects of their city. Also investigated will be the aspects of the environment that residents consider most important, the services that they most wish to see improved and the role that they think various government levels should play in the betterment of their urban area. The study design for the proposed survey of people's urban concerns is currently under consideration by Treasury Board.

The list of research activities described is long, somewhat longer than I had intended, but it serves to emphasize that investigation and analysis of human environmental issues by existing agencies at the federal and provincial levels is already extensive. This suggests that the initiation of a corresponding research program within an institute of human environment would prove somewhat redundant.

But government agencies do more than investigate human environmental issues; they also implement programs to manage development of and facilitate improvements to the environment. A few examples drawn from the activities of CMHC and the department should prove sufficient to make the point.

Communities which dump raw sewage directly into rivers and streams are major polluters of the nation's waterways, but the high cost of constructing sewage disposal plants and trunk lines places excessive financial burden on small municipalities. This problem has been tackled at CMHC through both technological innovation and financial aid. From a technological standpoint, the corporation has supported the development of the Canadian Water Energy Loop—CANWEL. The system, which renovates household waste water and recovers energy from domestic garbage, is being introduced as a demonstration plant in a Toronto apartment building. When completed, the plant will treat half the sewage and all the garbage generated by the building's one thousand occupants. On a wider basis, the municipal infrastructure program provides financial assistance to provinces and municipalities for sewage collection and treatment installation, water supply system and trunk storm sewers.

Designed to overcome water and soil pollution as well as to increase the supply of serviced land, the program has seen more than $1 billion in financial assistance extended since its inception in 1961. Perhaps the most highly profiled programs found at CMHC for the improvement of the urban human environment are the neighbourhood improvement program and the Residential Rehabilitation Assistance Program. NIP is designed to help municipalities and local residents preserve and improve the amenities and living conditions in older and low and moderate income neighbourhoods. Through a wide range of grants and loans the program assists designated neighbourhoods and eligible municipalities with a broad array of action, including the provision of social and recreational activities, the clearance of substandard properties, the redevelopment of clear land for social housing and the improvement of municipal services. Designed primarily to complement NIP, the Residential Rehabilitation Assistance Program provides funds for the improvement and repair of substandard dwellings to bring them up to locally accepted standards of health and safety.

Mr. Deputy Speaker: Order please. I have to interrupt the hon. member because his time has expired.

Mr. Maurice Foster (Algoma): Mr. Speaker, I am glad to have an opportunity to speak on the motion of the hon. member for Grenville-Carleton (Mr. Baker). The motion describes the activities of an institute of human environmental studies for the country working in co-operation with the provincial governments. The proposed institute is very much along the lines of an institute of environmental and occupational health related to the production of uranium to be located in my constituency. This concept was developed two or three years ago after the Hamm royal commission inquired into the health and safety hazards related to mining and also the production of uranium especially in the Elliot Lake area.

● (1752)

Subsequent to the report of that commission, several of us have worked to establish an environmental and occupational health research centre to be located at Elliot Lake, sponsored by the federal government, the provincial government and the mining industry. Companion to it would be an information centre dealing with providing information on various aspects of nuclear energy and uranium production. During this past year the federal government sponsored a study by the Elliot Lake centre into the design, function and operation of the proposed centre at a cost of some $200,000. It is encouraging that the mining companies and labour unions are very supportive of this proposal. When we consider what the demand for uranium will be in the next 30 to 50 years I believe the amount of money spent investigating the hazards is small. The Hamm royal commission report specified several areas where research should be done, such as safety standards, silicosis, dust levels in the mines and radiation levels in the mining environment.

Tremendous expansion of this industry is just beginning, Mr. Speaker. Elliot Lake has a population of about 12,000 at the present time and within eight to twelve years it is expected to reach around 30,000. A royal commission in Saskatchewan has mentioned the prospect of several new mines being developed in that province. Expansion of the mines means deeper levels of deposit of ore and greater problems of production.

I support the suggestion of the hon. member for Grenville Carleton with regard to this industry, Mr. Speaker. In the past, the difficulty with health and safety research has been its fragmentation between various governments, departments and agencies such as the Atomic Energy Control Board, Atomic Energy (Canda) Limited, the Department of Energy, Mines and Resources, the Department of National Health and Welfare and others. At the Provincial level research has been done by the department of health and the ministry of natural resources. Industry has also carried out some research. What we envisage is an independent research center with people drawn from both levels of government, from industry and labour.

The government, through the Department of Energy, Mines and Resources, has undertaken to provide $500,000 per year for the operation of the occupational and environmental research centre and there is some indication that the five underground uranium mining companies will match this. The federal commitment was made on the basis that the province of Ontario would provide an equal amount, but although the request was made in the spring of 1977 and the provincial government said it would indicate its intention by the fall, no support has been forthcoming. The project is thus delayed even though the initial stage is complete.

I think this institute is vital to carry out research and development for the safe expansion of the uranium industry in Canada. It should study community and environmental hazards, disposal of waste from the milling operation, occurrence of natural uranium within town sites and such problems.

The institute I have been speaking of could be very important to the health and safety not only of uranium miners but to people in the communities related to the production of uranium in Ontario and Saskatchewan, as well as in other provinces where it will be found in the future. The mines will expand from the production of a few thousand tons of yellowcake today to about 10,000 tons within eight to ten years. This kind of research facility could ensure that we will be able to cope with the problems of rapid expansion in the industry in Ontario and western Canada and, indeed, throughout the world. Each area of the world has different problems. Australia's problems, for instance, are not the same as those in Ontario, and Ontario's problems of deep underground mining are different from those of Saskatchewan with open pit mining.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I am glad to have the opportunity to talk out this motion. While one cannot but applaud the good intentions attending this motion, one is moved to question the wisdom of creating yet another agency to study environmental questions of the kind raised in the motion.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but the hour allotted to the consideration of private members' business has expired. I do now leave the Chair until eight o'clock tonight.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada, and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

Mr. Nielsen: Mr. Speaker, when I was speaking at the adjournment I called it five o'clock a minute or two early to enable the hon. member for Nickel Belt (Mr. Rodriguez) to have a nap, because he seemed to require some rest. I think he has slept in because I do not see him here now.

I regret that, although the spokesman on the issue for the NDP undoubtedly is here, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). As he usually does, he listens with judicious attention to what I have to contribute to these debates, as I do him. It would be my hope that what I have said thus far will convince him to convince in turn the members of his party that any attempt to delay the passage of this beneficial legislation in the best Canadian interests will be avoided here on second reading and in committee.

I want to draw to the attention of members that are here in such unfortunately small numbers—I could say the more important members are here—that before the drastic changes in the rules and the electronic conversion of this place to a very unexciting forensic forum a debate such as this would command the attention of two-thirds of the members of the House at least. There are not that many members attending committee meetings tonight who could not be here, and with legislation of this magnitude, it is rather shameful that members could not be present in greater numbers than they are tonight.

Again I castigate the government, if the Deputy Prime Minister (Mr. MacEachen) would just pay attention for a moment. I have already drawn attention to the fact that the bill itself was in possession of members of the public before it

was in possession of members of parliament. The press package was not even in the hands of most of the members until this morning's mail. Tonight members can accuse me of whatever they wish, but I was in the government's lobby looking for sugar for coffee and I found that the notes for the remarks of the minister, in both official languages, on the second reading of the northern pipeline bill are supplied in that lobby in stacks a foot high. There is nothing in our lobby that would enable members to have recourse to the actual words the minister used in the debate. This is the kind of attitude this government adopts with respect to informing members of parliament. If it was convenient for the minister to make these publications available in the governments' own lobby, why on earth did they not have the courtesy to make them available in the opposition lobby so that we on this side could have access to them in order to participate in the debate?

Before the adjournment, Mr. Speaker, I was speaking of the intent which is expressed in the appendices to the bill. Admirable as those intentions are, we have suggested that there should be some kind of regular quarterly monitoring process by parliament. I simply add that regardless of what degree of trust members throughout the House might hold with respect to the intentions of the government to follow through, the road to hell is paved with good intentions. It is essential, in our view, that that kind of monitoring process exist.

The Deputy Prime Minister accused the hon. member for Grenville-Carleton (Mr. Baker) of charging that we have been sold out. He charged the member with labelling the bill as a sellout before it was exposed to parliament. I reject that contention of the Deputy Prime Minister. We do maintain, as I am sure my hon. friend from Nanaimo-Cowichan-The Islands will maintain, that in certain areas we have been sold out, particularly those areas which affect my constituency. There are others which are more important and which I intend to mention briefly in a moment. Since the hon. member for Nickel Belt is not here, I do not have to be concerned about concluding too quickly.

● (2012)

An hon. Member: You will put him to sleep with that speech!

Mr. Nielsen: Before this electronic surveillance was introduced in the chamber I could hear that kind of intervention and reply to it. In any event, most of the interventions which come from that rump end of the House are worthless, so there is not much point attempting to listen to them, let alone reply to them.

Mr. Gilbert: The same applies to your end!

Mr. Paproski: Forget it. He can't hear you!

Mr. Nielsen: I want to reiterate the ground for this debate which was staked out by our leader on August 4—the conditions upon which we agreed in principle during that debate to accept the construction of the pipeline.

We have these reservations about it. Some of them have been covered by the Deputy Prime Minister in his remarks. Our leader said on that occasion that we agree in principle with the construction of that pipeline, but that before that construction commenced we would insist upon the following conditions.

That the $50 million advance impact payment to Yukon communities to the native peoples be in place.

That the $200 million heritage fund paid by the pipeline consortium to the Yukon government, up-front money, as recommended by the Lysyk inquiry and the National Energy Board, be in place for the purposes of planning.

That the investigation of temporary export permits for the sale of so-called Albertan "bubble gas" to the United States in return for future gas be in place.

That there would be pipeline capacity to handle future Canadian supplies; this is absolutely essential.

That a comprehensive study of the Dempster route, including the environmental and socio-economic impact and all of the other factors that go into such a study, be undertaken.

That there be no Canadian government financial guarantees. Such an undertaking has been forthcoming from the Prime Minister (Mr. Trudeau) as well as from other members of the government sitting on the treasury benches.

That there be maximum possible participation by Canadians in jobs and the supply of material for Canadians. This, we contend, can only be accomplished through parliamentary input initiated by such a process as we have suggested or some modification thereof. I am sure with co-operation we can achieve this unless the government adheres to an arrogant denial of the possibility of any constructive suggestions coming from the opposition.

We must insist that there be access to northern gas supplies by northern communities. We insist upon the creation of a single agency to deal specifically with the socio-economic impact of the pipeline. In this connection, may I say, there was an order in council setting up the Lysyk inquiry which had the full force and effect of the law, with the inclusion of a term in that order in council that there would be a second stage inquiry. The Lysyk inquiry repeatedly, throughout its hearings, led people of the Yukon to believe that the representations which they were making before it would come before a second inquiry. That is the law as expressed in the order in council.

I know the government may abandon or alter or ignore an order in council at their will; that is also the law. But as the CYI has pointed out, this reneging on the government's promise amounts to betrayal. I understand from the replies to certain questions addressed to the Minister of Indian Affairs and Northern Development (Mr. Faulkner) and the Deputy Prime Minister (Mr. MacEachen) that there is no such intention to hold any formal second stage inquiry but rather that it is the intention to allow the regulatory agency to accomplish this purpose. We want to consider that and make suggestions in committee with respect to how it can be accomplished. This

idea of delaying the production of certain studies which are now under way until next June will not help the government's commitment that was made to provide this second stage inquiry.

Last, and most important, we insist there be a standing committee of whatever nature may be necessary to monitor pipeline conditions. Those are the conditions which we set forth on August 4 during debate. The minister really said nothing during that debate with respect to the government's plans, which they well knew at the time and which we insist upon knowing now. In case there be any doubt about what I have said with respect to the Yukon input by its people, let me just refer to a special delivery letter mailed from the Yukon only five days ago which I received only this evening thanks to the Postmaster General (Mr. Lamontagne). The minister in the Yukon responsible for pipelines is directly at odds with the views of the commissioner and the Minister of Indian Affairs and Northern Development in this government.

The report in the Whitehorse *Star* quoted Mr. MacKinnon as saying:

> The pipeline legislation presently before the House of Commons reflects a growing and powerful federal presence in the Yukon.

He refers to the clause of the bill calling for a single regulatory agency with respect to the pipeline construction, and calls attention to the fact that the Yukon representative will sit on the federal side of the council and will be appointed by the federal government. He said he objected to the concept of the Yukon not being treated equally with provincial counterparts on the council. This is apropos of the parliamentary secretary's comment that this government would not lose any face if the Yukon adopted the views of their elected representative, which I have put forward today.

The commissioner-in-council indicated that a legislative assembly should make legislation which could be accepted. Mr. MacKinnon pointed out that the Yukon should be totally involved in all matters pertaining to the pipeline through the territory and that it should not be confronted with complete and absolute federal control. The commissioner of the Yukon, viewing federal civil servants appointed by the minister, says—it is not true—that this advisory council—referring to the federal-provincial advisory council—will allow Yukoners to make an input, and added that this view was put before the Lysyk inquiry and was completely ignored in the legislation. He also pointed to the provisions for second stage environmental hearings and further socioeconomic hearings, misleading the people of the Yukon into believing that there would be that second stage public hearing and opportunity for input. This is false.

The commissioner further said that the Yukon representative would be selected by the executive committee and would reflect Yukon policy, which he claims makes the appointment a political decision that follows the wishes of the Yukon representatives. This is false. That is not what is provided in the bill.

With respect to this commissioner, and previous commissioners in terms of the colonial status of the Yukon, when the minister says to his commissioner "Jump!", what the commissioner says is "How high?". That is exactly what is going to happen unless amendments are made to the bill.

● (2022)

The native position has been betrayed by the reneging of the government on their promise, embodied in the law, of a second stage inquiry. I can foresee grave difficulties being encountered in dealing with that situation in order to give quick and efficient passage to this bill.

The hon. member for Vancouver South (Mr. Fraser) will be the next participant in this debate. He will deal with the labour problems involved in this legislation and the utter lack of any plans being in place by the government regarding training. Private enterprise, through AGTL and others, have been in the process of training northerners, particularly native northerners, for six and seven years to assume operative skills once that pipeline is completed. What has the government done? Nothing. My friend from Vancouver South will deal with that at great length.

I was interested in a television program last night in which the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) participated. The subject under discussion was the pre-build of the Alberta section. I ask him to correct me if I am wrong, but I gathered it was his opinion that this would delay the Yukon construction some ten to 20 years. I am not that pessimistic.

We were assured by the Foothills officials with whom we spoke in our studies prior to this debate that there would be no delay. We were assured by the Deputy Prime Minister that it was the intention of the government to adhere strictly to the schedule which set forth the international agreement that pipeline laying would begin January 1, 1981 in the Yukon. If I were a gambling man, I would not bet on that because of the financial implications inherent in the pre-building of the Alberta section, enabling the more facile financing of the northern sections.

It is likely that the construction schedule will be delayed. That is of great concern to me, as it should be to all members. Complete financing will not happen; it will happen section by section. However, assuming complete financing at once, the implication could be as much as $100 million a month in interest alone on a project of this magnitude.

I want to mention something in passing, but with no less sincerity for it being mentioned in such a style. It is essential that the fovernment include in its overall Canadian content planning and Canadian participation in not only pipe and steel but all the related industrial requirements in terms of supplies such as valves, fittings and the like, the province of Quebec, their steel industry and their manufacturing capability. They should be very positively involved in a most encouraging way in this whole project. I can see very positive implications in this project of interest to all Canadians with regard to encouraging the process of national unity.

It concerns me that there may not only be governmental but financial pressures brought to bear with regard to tendering

practices and the bidding for the supply of goods and meterials and labour on this project. The intentions are spelled out. They all sound very well, but again the monitoring process is an effective parliamentary check on malpractices that could develop.

I wish to make a personal suggestion here, not as a party position. Perhaps the government might consider a provision in the bill similar to that inserted in the AIB legislation. Upon the petition of a given number of members, say 50, the progress of the project might be reviewed from time to time by a debate in parliament. That would at least accomplish exposure of any unfair practices or irregularities.

On the same television program, the hon. member for Nanaimo-Cowichan-The Islands also discussed the gas swap in terms of the Alberta pre-build. There are two points of view. The one he expressed contained an inference that there was a split in cabinet. I think that is putting it mildly. I agree wholeheartedly with the hon. member in the expression of that view, which is the way I understood it.

There is a body of opinion which believes it is impossible to arrange that pre-build without paying market prices now in terms of exports to the United States, and market prices three, four or five years from now in terms of the cost to Canada on the return of that swap. My own personal viewpoint, again not expressing the policy of the party, is that it should be gas for gas and volume for volume. In this regard I agree with the very sensible position adopted by the hon. member. I hope he is just as sensible in working toward the achievement of that kind of condition so that in the interest of Canadians generally we do not delay passage of the legislation.

Imagine the plethora of orders in council with which we are going to be confronted. Enormous powers will be granted under clauses 14, 15 and 16 of the bill. In the years of the Diefenbaker government, a gentleman's arrangement was made. The Deputy Prime Minister will remember this. Orders in council were to be tabled monthly, and they were. Since 1963, that practice has been discontinued. Unless you ask specifically for the tabling of an order in council, you never see it. Under the sweeping provisions of clauses 14, 15 and 16, we are going to be confronted with numerous orders in council that will not be tabled unless they are specifically requested.

I request from the government, if not an embodiment in the legislation, at least an assurance that once a month copies of orders and decisions of the board and any orders in council made under this legislation will be tabled in this House. In that way we will be informed of the manner in which the regulatory agency is conducting this project.

The hon. member for Calgary North (Mr. Woolliams) will be dealing with the judicial features of this aspect of the debate. He will deal with clauses 16 and 23 at greater length.

I am sure the minister unintentionally misled the House. I ask for his attention because I hesitate to speak about misleading the House when he is not listening. He unintentionally misled the House when he spoke of the judicial appeal provisions in clause 23 of the legislation. If I read him correctly, not having had the opportunity of studying the release in his lobby, he said that the American legislation had similar provisions. That is not correct. Close examination of the American legislation will reveal they have provided that there will be a court of appeal. That court of appeal will be district court of appeal for the District of Columbia in Washington. But there is no limitation whatsoever spelled out in the United States legislation with regard to the appellate tribunal. They may quash, alter or confirm. They have the ordinary full powers of an appeal tribunal. However, as I say, the hon. member for Calgary North (Mr. Woolliams) will be dealing with that in a more detailed fashion.

• (2032)

I have dealt with the second stage inquiry, and I would now like to conclude this debate, as far as I am concerned, on this note. I am sorry I did not hear the intervention about Solomon, or whatever it was, and again I blame the electronic puppetry we have in this place.

I think it is absolutely vital to the Canadian interest that there be an opportunity for Canadians as a whole to share in the equity investment of this project—that is essential. That is what the 1956 debate was all about. In those days the shares were to go to Americans for something like $10 apiece and had to be bought back by Canadians at something like $40 apiece. That is why the government fell on that occasion, that great sellout of the Canadian position.

Some hon. Members: Oh, oh!

Mr. Nielsen: I would suggest that the railroad spokesman for the NDP down there is off the rails.

An hon. Member: What about a used car?

Mr. Nielsen: I would not buy a used car from anyone in that government.

Mr. Goodale: Now they have derailed your train of thought.

Mr. Nielsen: They have not derailed my train of thought, for the benefit of the hon. member for Assiniboia (Mr. Goodale), one of the few over there from out west.

An hon. Member: A growing number.

Mr. Nielsen: There must be that opportunity for more equity investment by Canadians. It was denied to Canadians in 1956. If ever there was a betrayal, that was it.

We have a shining example of how this situation can be handled in the manner in which AGTL was set up, where the citizens of Alberta exclusively, because the resource was in that province and the action was there, were given the right to participate fully in the equity stock of that company.

It is my understanding that Foothills from the beginning has said that all of the equity would be held by Canadian firms or individuals. This is to that company a fundamental factor in the presentation of its plan for equity to Canadians. I am also informed that the company has not yet designed its final share

offering or how it is going to split it because it involves tax and financial problems, all of which have to be overcome. However, at the moment it would appear that a 25-75 equity debt system is envisaged by the company. The president of Foothills, Mr. Blair, has said there will be a share offering to the Canadian public in an equity way. I would commend to the minister, if he has not studied the matter yet, a reading of the AGTL legislation setting up that company, which in magnitude is far and away less than this one; but nonetheless, we have seen some very sound participation by Canadians in principal and equity stock.

The National Energy Board Act, as I understand it, stipulates that Westcoast and AGTL must retain 51 per cent ownership of Foothills. That does not cover the situation we envisage. We want to see Canadians as a whole participate in the largest possible equity sense. There is no doubt in my mind that a great many more than Foothills might anticipate would in fact invest in the equity. This is a very attractive investment and, goodness knows, there are enough savings in the fiscal system of Canada to be invested in a project of this nature.

The best I can say here is that we will be advancing at the committee stage suggestions which will be more specific and designed so as to ensure that in the bill there are positive requirements allowing the widest possible participation by Canadians as a whole throughout the country in the equity investment of this project.

Some hon. Members: Oh, oh!

Mr. Nielsen: Mr. Speaker, I see that the hon. member for Nickel Belt (Mr. Rodriguez) has finally awakened and is back in his seat. I welcome him back. Again I say it is a pity I cannot hear those hon. members but this new electronic suppetry we have here prevents that.

We believe, like the deputy minister, this bill with improvements will command the support of the Canadian people generally, but the government will have to amend its ways and soften its arrogance and intransigent attitude in respect of positive, meaningful and constructive amendments from this side. We too have studied the bill. We have gone into it in some depth. We have a modicum of information and some idea of what might be in the best Canadian interests. Normally we would reject it, but we think we can help to improve the bill and make it more meaningful and more positive. We will be making proposals and suggestions in the committee.

Some hon. Members: Oh, oh!

Mr. Nielsen: Unlike hon. members who are heckling from the rump to my left, whose interjections—

An hon. Member: We are just trying to be helpful.

Mr. Nielsen: I am sure the contribution that will be made by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) will be useful. I know he has some knowledge about the subject matter. I have listened to him for too many years to think otherwise. I am sorry I cannot share that same confidence in respect of the other members of that party in the rump, and that applies especially to the hon. member for Regina-Lake Centre (Mr. Benjamin) whose tongue is always in gear when his mind is not functioning.

Some hon. Members: Hear, hear!

Mr. Nielsen: This bill can do more to accomplish a sense of national purpose and unity in this country than anything that has transpired during ten years of Trudeau musings and of a tired and worn out government. I beg the government to approach the matter in that sense, and I ask the NDP to join with us in that purpose because it could contribute to that sense of unity. A project of this magnitude could do more for unity in this country than anything that has happened in the last ten years. We on this side urge members throughout the House to approach the debate with that overriding purpose. We urge them to give second reading reasonably rapid approval. Let us get the bill into committee, advance our arguments and amendments there, and eliminate unnecessary delays. The hon. member of Nickel Belt is crying about unemployment in the Sudbury basin and so on. Just think what this bill means in terms of employment and industry to this country. Let us not adopt an obstructionist attitude. Let us get the bill through second reading and into committee where we can possibly, get our amendments passed. The Liberals have the majority. If they do not want them, they will reject them; there is nothing we can do about that. If we do not adopt that attitude, the shock waves in the financial community and the political environment in the United States could very well kill this project, which is so vital to the national interest of all Canadians.

● (2042)

Some hon. Members: Hear, hear!

Mr. Milne: Mr. Speaker, would the hon. member for the Yukon permit a question?

The Acting Speaker (Mr. Turner): Will the hon. member for the Yukon permit a question by the Parliamentary Secretary to the Minister of Indian Affairs and Northern Development?

Mr. Neilsen: Yes, certainly.

Mr. Milne: Mr. Speaker, I have listened very carefully to the remarks of the hon. member for Yukon, as I am sure all members have. Would he summarize in 50 words or less exactly where he and his party stand on the second stage inquiry?

Mr. Nielsen: Mr. Speaker, obviously the hon. member has not been listening. I have described it as a betrayal by the government. The order in council setting up the Lysyk inquiry contained a term of reference promising a second stage inquiry. Throughout the inquiry, Dr. Lysyk repeated to the people of the Yukon that such an inquiry would be held. The native people relied on the second stage inquiry. They did not appear

before the first inquiry, relying on the fact that they would be able to appear before the second stage inquiry. Hon. members opposite are in trouble because of that.

Mr. Milne: Where does the hon. member stand?

Mr. Nielsen: There should have been a second stage inquiry. With proper direction, it can be embodied in the agency process, but it cannot be part and parcel of the over-all responsibilities of that agency. It has to be directed toward hearing the views and opinions of the people of the Yukon, who were promised that they would be heard on the second stage inquiry.

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, Bill C-25 seeks to give effect to the Canada-United States agreement, which was signed in Ottawa on September 20 by the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) on behalf of Canada, and by Mr. James Schlesinger, President Carter's energy aide, on behalf of the United States. Despite the fact that it has taken the government four and a half months to formulate legislation which the United States Congress has ratified already, the Deputy Prime Minister and President of Privy Council is now urging us to expedite this legislation as quickly as possible. I can understand the minister being very anxious to hurry this legislation through the House. What I cannot understand was the vehement attack which was made on the New Democratic Party by the hon. member for Yukon (Mr. Nielsen), who started out by saying that he had spent a great deal of time with representatives of the oil and gas companies. Also he indicated that they had informed him and educated him on this subject. I suggest a refresher course might be in order.

Then he went on to say that he was absolutely certain that hon. members of the New Democratic Party had not met with any of the officials of these companies which, like so many statements he makes, is entirely unfounded. As a matter of fact, members of my party met with all the groups concerned. They met with Arctic Gas when they were promoting the Mackenzie Valley pipeline; with Foothills when they were pushing the Maple Leaf line; and during the last year with Foothills (Yukon) Limited, both before the decision of the National Energy Board and since. As a matter of fact, we have met with them two or three times in the last two or three weeks. Just as much as the Progressive Conservative party, we have sought to familiarize ourselves with all points of view.

When the hon. member for Yukon accuses both the leader of the New Democratic Party (Mr. Broadbent) and myself of attempting to filibuster the legislation, he is talking absolute nonsense. As a matter of fact, if he visited this place more frequently, he would know differently.

Some hon. Members: Hear, hear!

Mr. Douglas (Nanaimo-Cowichan-The Islands): He would know that under our system of parliamentary procedure there is no way in which a party of our size can filibuster legislation. I have great difficulty attempting to decide on which side the hon. member for Yukon is on this question, as well as on which side the Progressive Conservative party is.

It seems to me the hon. member for Yukon, like the people of a very old profession, was playing both sides of the street. He started out by attacking the hon. member for Oshawa-Whitby because the latter had said, on the items which we had been promised with respect to the proposed pipeline, that most of them had gone down the tube. Then the hon. member for Yukon proceeded, item by item, to show that they had gone down the tube. He read the list of the conditions which the Leader of the Opposition (Mr. Clark) had propounded on August 4 as being the conditions to which the government should subscribe if it wanted the support of the Progressive Conservative party. Then he proceeded, clause by clause, to show that none of those conditions has been met. He wants to be in a position where he can say that his party voted for the pipeline because it will have some benefit to the Yukon, at the same time as being able to say that his party criticized the government for all its failures and deficiencies in this project.

Let me put the position of the New Democratic Party very clearly. In the first place, we suggest that this is the biggest and costliest project which has ever been undertaken by Canada in its long history. We are being asked to embark upon this project without knowing what the exact route is going to be. It has not been fully surveyed. It has had none of the environmental study which went into the Mackenzie Valley pipeline route. The Dempster spur has not even been studied, let alone surveyed. There are no gas contracts yet formulated and no prices yet set for the gas.

• (2052)

Most seriously, today when we are at the second reading stage of the bill we do not even know what the specifications for the pipe will be. I was appalled when the President of Privy Council stood in his place and suggested that, as long as we have that information before we take a vote, it is not necessary to have it while we are debating. The specifications will decide the cost of the line, for one thing. It will cost, by the government's own figures, $545 million more if high pressure pipe is used. The specifications will determine what the Canadian content will be and how much of the steel pipe will be processed in Canada, because we have very limited capacity to process high pressure pipe. These specifications will determine what orders will go to Canadian companies and what jobs will go to Canadian workers, but the President of Privy Council says that is not important and that we ought to be able to carry on an intelligent discussion about a project of this magnitude without having this information. That is also the position of the hon. member for Yukon, who says, "Hurry this thing through, you don't have to have this information."

Mr. Nielsen: I didn't say that.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Is he suggesting, like the President of Privy Council, that we should buy a pig in a poke? All the vituperations of the hon. member for Yukon and all the urgings of the President of Privy Council

will not persuade us to shirk our responsibility to insist that the government make clear all the terms and conditions which will apply with respect to a project which the Canadian people are going to have to live with for many years to come.

Let me look first at some of the events leading up to this pipeline agreement. For two or three years most of the ministers of the Crown had been supporting—some vigorously and some more than others—the application of Arctic Gas, a consortium of American companies which wanted to build the pipeline down the Mackenzie Valley. The most outspoken advocate was the Minister of Energy, Mines and Resources (Mr. Gillespie) who on every occasion implied that it could virtually be taken for granted that the National Energy Board was going to approve a permit for Arctic Gas. Members of the New Democratic Party opposed the Mackenzie Valley pipeline, and we did so for good and sufficient reasons which I have given to the House previously, and there is no need for me to repeat them here tonight.

The New Democratic Party was the first party to propose very serious consideration for the Alcan route through amendments and motions we moved on February 23 last and on May 13 last. We pointed out why we thought the Mackenzie Valley route would be disastrous for Canada, why it would be uneconomic and would hold no advantages for the Canadian people, and why we thought the government and the National Energy Board should give serious and favourable consideration to the proposed Alcan route. I must say that every reason we gave was fully vindicated by the decision of the National Energy Board, which emphasized many of the points we made in this House.

The leader of the New Democratic Party pointed out on August 4 last when this matter was last discussed the reasons we advocated very serious consideration for the Alcan route. The first was that it was the most preferable route with respect to the options we had before us. We had already stated our strenuous objections to the Mackenzie Valley route. That left two other options, the El Paso route or the Alcan route.

Most people do not realize that Canada was not the sole arbiter in this matter because the Americans did not need our permission to follow the El Paso route. We felt that the El Paso route—particularly the prospect of the LNG tankers going down the Pacific coast where we already have huge oil tankers moving between Valdez, Cherry Point and points south in the United States—would add to the problem of congestion on the west coast. Therefore, we thought that of the three options which were under consideration by the two governments certainly the Alcan route seemed to be preferable.

We were also impressed by the fact that Foothills (Yukon) Limited was a Canadian company and that it was going to raise its equity here in Canada, although it would have to go outside Canada to raise its loan capital. We were impressed by the fact that Foothills asked for no financial backing from the federal government, whereas Arctic Gas had made it very clear that its application was contingent on the federal government's backstopping its project in the event of cost overruns.

However, I think what impressed us most about the Alcan route was that Foothills (Yukon) had committed itself to Canadian content with respect both to the steel in the pipeline and to the laying of the pipeline.

The working paper which Foothills sent out says, and I quote:

> Line pipe represents the greatest single expenditure by any of the applicants. Foothills (Yukon) proposes to purchase all its pipe in Canada.

Before the National Energy Board the representatives of Foothills said again and again that they would purchase over 90 per cent of their pipe in Canada and that all their construction work would be done by Canadian firms and by Canadian workers. That appealed to us. We were impressed by the recommendation of the National Energy Board that a $200 million compensation fund be set up to alleviate some of the problems which the Yukon would have with respect to the infrastructure which must be built because of the influx of construction workers into that area. We were impressed when we were told that, whereas in the Northwest Territories the matter of native land claims was not nearly settled, in the Yukon an agreement in principle was expected in a matter of weeks or months.

We were also impressed by the suggestion which came from the Lysyk commission that $50 million should be paid to Yukon Indians in order to compensate them for dislocation until such time as their native land claims were settled. Those were the reasons we gave on August 4 for supporting this project.

It should be remembered that the primary purpose of this pipeline is to take American gas from Alaska to the United States, and if no Dempster spur is built Canadians will never get a cubic foot of that gas. This is a neighbourly gesture to the United States. Therefore, we have taken the position that, if we are going to provide our American neighbours with a land bridge by which they can take gas from Alaska to an energy-hungry nation, then Canada has a right to certain benefits accruing from that project.

Some hon. Members: Hear, hear!

• (2102)

Mr. Douglas (Nanaimo-Cowichan-The Islands): What happened to those benefits, Mr. Speaker? The Canadian government started to negotiate with the United States. It had all the cards because the United States desperately needed that pipeline. We did not need it. In spite of all that has been said about the fact that we are going to get gas over the Dempster spur, the fact remains that we are not desperately in need of gas from the Arctic. In 1976, five trillion cubic feet of gas was found in western Canada. In 1977 another five trillion cubic feet was found; that is ten trillion cubic feet in two years. Preliminary discoveries this year indicate we will get more than that in 1978. This means we will have well over 60 trillion cubic feet, almost 70 trillion cubic feet of gas in Canada. That is not an unlimited supply but it certainly means we are not

pressed for natural gas. The United States needed the pipeline. We could resolve their problem and so held the trump card.

The United States wanted the Alcan line in the first place. As President Carter told the press conference in Washington when the Prime Minister (Mr. Trudeau) was there, the Alcan route would save them $6 billion compared to the El Paso route. Second, the defence department in the United States was horrified at the prospect of having a large section of their people dependent upon gas which was being brought by tanker in time of war, so because this is a safe route the United States wants it.

When our negotiators—the operation might have been labelled "Innocents Abroad"—sat down with the United States negotiators, instead of pressing the natural advantages they had, they went on the defensive. If press reports are correct they began by stressing that there must be provision for a Dempster spur so that we could bring gas down from the Mackenzie Valley if and when we want it. There was no need to make that the number one issue. The President of Privy Council stressed again and again today that this was going to be a great asset. As a matter of fact, I doubt if any gas will come down the Dempster spur much before the middle of 1990 and probably not until beyond this century.

It is true that Foothills is committed to making application by July 1, 1978. It is true they are committed to making a survey. The fact remains, however, that you do not build a pipeline until you have contracts and nobody is going to buy Arctic gas at twice the cost of gas in southern Canada. You are not going to get gas contracts until gas is in short supply in southern Canada, and that is not going to happen for several years. There was no need to press that point, Mr. Speaker.

The second thing we stressed was that we had to justify the $200 million compensation fund because this was setting a precedent. Again there was no need to throw that card away, but we did. On the other hand, the United States negotiators played a marvellous game of poker. They bluffed the Canadian delegation completely out of the game. Reports kept coming every day. Columnists in the United States were writing to the effect that there was no doubt the United States was going to choose the El Paso route; they were not going to pay $6 billion more than they needed to get Alaskan gas. It was a good game of bluff.

It was not hard to bluff some of our Ottawa trained bureaucrats. For as long as I can remember they have been trained to believe that you must never stand up to the United States, because if you do they will resort to economic retaliation. I have listened to that for four decades—"We will get economic retaliation if we do not jump every time they snap their fingers."

We got to the final stage of negotiations in Ottawa and that took some 17 days. Then we got to the last stage when the President of Privy Council took charge. A lot of people wonder why the President of Privy Council was chosen. I do not know the reason unless it was to make sure that the Minister of Energy, Mines and Resources (Mr. Gillespie) was not put in charge. If that was the reason I certainly endorse it.

Mr. MacKay: It is like putting Custer in charge of Big Horn.

Mr. Douglas: Those negotiations went on for 17 days between officials, and then the President of Privy Council and Mr. Schlesinger, the economic adviser to the President of the United States, took over the final negotiation. That lasted seven hours. That is an exhausting negotiation, Mr. Speaker. Any trade union boss who took only seven hours to negotiate an agreement would be fired. Somebody suggested that was why the minister's hair turned grey during that period. We are glad to see it has resumed its raven hue.

The agreement was signed on September 20. Mr. Schlesinger praised the President of Privy Council for being a tough negotiator. President Carter praised the Prime Minister for being a tough negotiator. Mr. Speaker, when a Yankee trader tells you that you are a tough negotiator, you know you have been taken to the cleaners.

Some hon. Members: Hear, hear!

Mr. Douglas: Let us examine what happened as a result of these negotiations. The fact is—I do not say this with any pleasure—that the Canadian government was outmanouvred and outwitted. Canadians will pay a heavy price for their incompetence. I think the best summary of the negotiations is contained in the statement which Mr. Schlesinger made before the United States Congress on September 23 last, when he said:

> The proposed Alcan system will deliver Alaska gas at the lowest possible cost of service to U.S. consumers—below the cost of imported oil and substantially below the cost of other fuel alternatives.
>
> —But the agreement is particularly advantageous to the United States by providing ceilings on every aspect of potential U.S. liability while creating new incentives for efficient construction on a portion of the project that would normally be subject to exclusive Canadian jurisdiction.

In a single sentence Mr. Schlesinger is saying: "We have succeeded in maximizing the advantages to the United States and minimizing the benefits to Canada." Let us look at it closely, Mr. Speaker. First of all, there were the provisions with respect to the Canadian content which are so ambiguous and so weasel-worded as to be meaningless. When the treaty was signed the President of the Privy Council's office issued press releases telling the Canadian people that this would mean an expenditure of $4 billion in Canada and it would create 100,000 man-years of employment. But if you read the small print, as I understand it this includes the Dempster spur which may not be built for 15 or 20 years. It may not be built in the lifetime of most of us here—

● (2112)

Mr. Knowles (Winnipeg North Centre): Order!

Mr. Douglas (Nanaimo-Cowichan-The Islands): I expect the hon. member for Winnipeg North Centre (Mr. Knowles), like Moses, will live to be 120.

An hon. Member: He is already there.

Mr. Douglas (Nanaimo-Cowichan-The Islands): So we are not talking about $4 billion and 100,000 man-years of employment; we are really talking about $2.5 billion and 68,000 man-years of employment—if we get it. I say "if we get it" advisedly because there is no assurance in the treaty or the legislation that we will get it. As a matter of fact the treaty, in my opinion, says just the opposite.

When the House gave first reading to this bill the minister had a press conference, and according to the press reports he is supposed to have said the government could block any contract being granted. That is only true, as I see it, if he can do so under the provisions of article 7 of the agreement.

Let me put on the record article 7 of the agreement because it is germane to the whole problem. It says:

Article 7—Supply of Goods and Services.

Having regard to the objectives of this agreement, each government will endeavour to ensure that the supply of goods and services to the pipeline project will be on generally competitive terms. Elements to be taken into account in weighing competitiveness will include price, reliability, servicing capacity and delivery schedules.

It seems to me, Mr. Speaker, that that is perfectly clear. One may look at the provisions in clause 10 of schedule III in the legislation, but they are merely pious hopes, an expression of expectation. If the minister or anyone else blocks a contract which is competitive, it occurs to me that under article 7 he must show that it is ruled out of court on the grounds of either price, reliability, servicing capacity or delivery schedules. If he cannot do that, there is no way that the minister or anyone else can block such a bid.

I listened today to some strange statements made by the minister. He said one of the reasons assurances could not be put into the agreement was because this would interfere with GATT. I thought this was an agreement between Canada and the United States. Surely Canada and the United States can make any arrangement they want with reference to this. Or is the President of Privy Council suggesting that this has international ramifications and that the market is to be open to Japan or West Germany or anybody else? Is that what it means?

How much they know about it is shown by the fact that the Minister of Industry, Trade and Commerce (Mr. Horner), when he was appearing on the Patrick Watson program the other day, said: "You know, Japan cannot make large pipe." Are the government unaware of the fact that every bit of the Alyeska pipeline from Prudhoe Bay to Valdez is Japanese pipe? These are the brains we trust!

Surely it was not beyond the ingenuity of the Canadian negotiators, first of all, to recognize that there is not a provincial government in Canada which does not have included in all its contracts for highways and public buildings a preference clause for its companies and its own workers. Everyone has this preference because they are the people who pay the taxes in that jurisdiction, and they should have some preferential treatment. There is no reason why this could not be provided.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

If the government did not want to do that, there was a simple means by which the company, Foothills (Yukon) Ltd., could take any bid which came in from a Canadian company, and if it was too high and it was apparent that, by giving a preference to the Canadian companies method, they were taking advantage of the situation, they could submit it to the minister or to the commissioner and that bid would be thrown out and competitive international bidding would be installed.

I see no reason why Canadians should not have that market for the steel and pipe exclusively to themselves as long as the company in question is satisfied they are not being taken advantage of by the steel mills. What did the government do? The most amazing thing of all is that they proceeded under article 10 of the agreement to agree to the setting up of a technological study group for the purpose of testing and evaluating different kinds of pipe. It says at the end of the clause that it was understood that the decision relating to pipeline specifications remain the responsibility of the appropriate regulatory authorities. I asked the minister about it this afternoon and he said that the National Energy Board will make the decision. I hope he will consult the lawyers and table an opinion from the law officers of the Crown before we finish this debate. I know that the chairman of the National Energy Board will convey the decision of the committee to the minister, but when the clause speaks of "regulatory authorities", I take it that the American regulatory authorities working with the National Energy Board will have to reach some agreement with respect to this matter.

Why was it necessary to refer this matter to a joint technical committee of Canada and the United States? The National Energy Board had already set the specifications. The applicant, namely Foothills (Yukon) Limited, had already put those specifications in its application. Why did the matter have to go to a joint committee? I will tell the House why. If hon. members read the transcript of Mr. Schlesinger's remarks before the congressional committee they will see he was under pressure from two sides. The steel-producing states wanted him to give them a piece of the action. Secondly, he was under pressure to ensure that, during the time the pipeline was being built, they would be able to get Canadian gas.

That is why Mr. Mondale came to Canada. He too, of course, praised the government. Who would not do so if he was looking for some several trillion cubic feet of gas? He had done so well in negotiations before there was no reason why he should not expect to come here and with a little flattery get some gas. Unfortunately he made the mistake of going to Edmonton and ran into a negotiator as tough as he was. He went on his way, without any flattery and with no bouquets.

The difficulty I see is that although in clause 10 of schedule III it says the minister can ensure that the procedures followed by the company will not involve unfair trade practices, there is no definition of "unfair trade practices". Is the DISC program in the United States, by which the government subsidizes companies going into export trade, an unfair trade practice? Is the fact that the government gives transportation subsidies or tax credits or tax exemptions an unfair trade practice? Is the

fact that a company in the United States buys its steel pipe from Japan and then acts as broker to sell it to Foothills (Yukon) Limited an unfair trade practice? We do not know. I do not think the minister knows and certainly the legislation does not answer that very vital question.

Some of the other things which we had hoped for and which my leader, the hon. member for Oshawa-Whitby (Mr. Broadbent), enumerated on August 4 as being, in our opinion, absolutely essential if we were going to support legislation putting this agreement into effect included, for example, consideration of the route. The route which was recommended by the National Energy Board, of course, has been altered. That alteration could save the Americans some money. It could also save Canadians some money, but only if we build it in the first place, and, if we do build it, if we keep over-runs down to 35 per cent. It is interesting to note that Mr. Schlesinger said of this clause:

● (2122)

It provides a formidable incentive for Canada to build the main line as efficiently as possible, and decrease the overall cost of service to U.S. consumers to the maximum extent.

That, Mr. Speaker, is what we have got by agreeing to bring the line from Whitehorse and not through Dawson: we are committed to an incentive to keep cost over-runs below 35 per cent. But the most serious defect is that there is nothing said about the $200 million compensation fund, an idea which apparently has been rejected. There is nothing here about settling the native land claims: nothing about the $50 million which was to be given to the Yukon Indians; nothing about the second review of the sociological and environmental problems, though this was promised by the government.

Finally, and most serious of all, this legislation sets up an agency which will become a bureaucratic smokescreen behind which this whole project will be continued and operated beyond the scrutiny of parliament. Parliament will have no control. There will be no estimates. Whole sections of the powers given to departments would be relegated to this group—a minister, a commissioner, an administrator, probably a deputy administrator, a consultative council and a number of advisory committees. What control will parliament have over this project? What accountability will there be to parliament and to the people of this country?

The day we pass this bill, unless substantial changes are made, we shall lose control of a $10 billion project. I want to say on behalf of this party that though we support the building of a pipeline it is apparent that the promises and conditions which were set forth on August 4 have not been implemented, and unless they are implemented we have very serious reservations about whether this legislation should be passed by the parliament of Canada.

Mr. S. Victor Railton (Welland): Mr. Speaker, I listened with great interest to the speech made by the hon. member who has just resumed his seat. In the last portion of his remarks he appeared to be suggesting that parliament ought to be running this project on a day to day basis, as it were. In my view that would be one of the most foolish policies we could possibly adopt. Parliament has a hard time running its own business without trying to manage the construction of a pipeline.

Earlier in his remarks he emphasized the importance of cost over-run provisions. Certainly this is important. It is extremely important that we should build this pipeline cheaply and efficiently, because we get the Dempster line for nothing. If we do not get it for nothing, if we exceed the 35 per cent, the line will still be built when the time is opportune, so we would not have lost anything. The decision made by the negotiating minister was a very wise one.

I was interested, too, in the remarks made by the hon. member for Yukon (Mr. Nielsen). He recalled that the President of the United States said on September 22, 1977, that unnecessary delay would increase the cost of the pipeline a great deal. We must make sure there are no unnecessary delays.

I enter this debate because I have been a member of the energy committee for five years and also because Welland is the home of the biggest pipe mill in Canada. It has a competitor in Regina called Ipsco and I understand there are one or two others. There are certain differences between these companies but they will all be kept very busy making pipe if we get on with the job here. The main thing is that under the northern pipeline agency we want to maximize Canadian content. But, of course, these pipe mills want to maximize their own content. These companies are different from their American competitors. The great United States Steel Company, which is situated in Texas, has much further to ship its pipe than our own industry in central Canada.

Perhaps I should say a few words about Stelco, the Welland company. Stelco (Welland Tubes) built a 7.5-acre plant two or three years ago. The company was wise, expecting the pipeline to be built. Another two acres was recently added to the plant, which is all under one roof; it cost more than $50 million but all those concerned knew they had great competitive ability and the most modern type of machinery. The company is known throughout the world for the quality of its products and this has been the case ever since the time of the second world war when Page-Hersey Tubes came into being.

Some of the union members from Stelco came down to see the Minister of Industry, Trade and Commerce (Mr. Horner) recently. They told me that if this pipe mill were to start up on the basis of three shifts a day, each shift would put out a mile of pipe. The Welland pipe mill offers certain advantages when it comes to the assembly and bending of steel plate and welding the spiral type of pipe. It can use plate not only from Stelco but from other companies and produce pipe up to 80 feet long. Any diameter of pipe can be turned out and the mill can use all specifications of steel. Each 80-foot section can be moved into one of four bays in which the welding is done. Thus, it is not necessary to hold up the assembly line. According to the company manager, they are not worried about the thickness of the pipe. There has been talk about the fact that the National Energy Board has not brought out specifications

with regard to the thickness of pipe. This does not matter to the Canadian companies; they can use whatever thickness is required.

● (2132)

Second, it has been said that the National Energy Board should have decided what kind of steel it wants, the diameter of pipe and whether it is high or low pressure. The Canadian companies are not worried about specifications. They can compete with anyone.

The United States Steel Company has a huge plant, but it is not used to making pipe larger than 48 inches. It makes a straight weld down the centre of the tube. By lobbying, the United States Steel Company could influence the United States to use its steel in their section. However, the big point in that they are used to making only that kind of pipe. Stelco has been able to sell pipe in the United States right under the nose of the United States Steel Company.

There is also the question of pressure. It should be made clear that high pressure pipelines have never had extensive testing or use anywhere in the world. There has been some small amount of testing, but that is all. Nobody has yet built 500 or 1,000 miles of high pressure pipe, which is 1,600 pounds per square inch, to carry gas. This is very important to remember, because the National Energy Board has to ensure that it is not risking trouble for the future. If this pipe has never been used extensively anywhere in the world, it would be taking a chance to use it here.

We know that large diameter pipe can be built. We also know that low pressure pipe of 800 to 1,000 pounds p.s.i. could very well carry gas. All it needs is proper compressors. This is a chance for more Canadian industry. We in Canada are rather good at building turbines, compressors and pumps. No doubt our industry could be competitive with any company in the world.

Having said all this about the matter of specifications, I wish to emphasize that the specifications decided on by the National Energy Board should not be any excuse for holding up this debate or the pipeline act. We should get going on this great project for Canada. In our local situation, and I am being very parochial, there are reasons why I am most anxious to speed up this matter. I know that eventually our mills will get the business. I would like to see delay reduced as much as possible, and I will state why.

I live in a very industrialized part of the country. We have had our setbacks. We do not have the benefits of DREE. In fact, there is no body set up anywhere that I know of which will help municipalities in any area which have had setbacks as a result of plants closing and that sort of thing.

We have had all sorts of discussion in the House with regard to Inco. Port Colborne felt that situation very badly. Between 300 and 400 people have just been laid off. This has had a very adverse effect on the city's economic life. Algoma Steel has shut down its plant entirely. One hundred and fifty to 200 people were put out of work. Atlas Steel in Welland has had some bad news. Cuba is building a stainless steel mill. This communist country, obviously a tool of her great partner, the U.S.S.R., is to come into direct competition with Atlas Steel.

Finally, false fears have been fostered by the chambers of commerce in some municipalities regarding increased tolls on the Seaway, particularly on the Welland Canal. We are all convinced that raising the tolls will play no large part in increasing the costs of any of these companies. In fact, the suggestion that there will be any effect whatsoever on increased costs is really a bogeyman and is deluding the public on the economic outlook.

Locally, the Canadian content of manpower, materials and services will be maximized. This will amount to a large sum. The Deputy Prime Minister (Mr. MacEachen) has stood by his earlier assertions that it will amount to at least 100,000 jobs or 100,000 man years.

I would like to bring a few figures to the attention of hon. members. They seem very simple. The length of the pipeline in Alaska will be 731 miles. The length of pipe in the lower 48 states will amount to nearly 2,000 miles. The pipeline in the Yukon will be over 700 miles. The Dempster lateral and the pipe in British Columbia and Alberta will be over 2,000 miles long. In other words, Canada is building just about half of the line. This amounts to a Canadian figure of $4.2 billion. Of course, with the Dempster lateral, it could be a great deal more.

This work is going to be farmed out to a great many Canadian firms, not just to pipe mills, steel mills, iron ore producers, and producers of all the other minerals which go into the making of steel. In addition, there is going to be earth-moving machinery, trenchers, cranes, camps, construction of roads, airports, helioports, work for welders, truck drivers, probably increased length of railway lines, shipping of all types and relay stations. Think of the requirements for compressors, pumps and turbines which we are pretty good at building in Canada. Add the pipe itself and the labour to make it and finally you have a huge sum of spin-off.

Hon. members may be getting tired of hearing the comparison of this being the biggest private undertaking since the building of the CPR. In any event, it will add a great deal to the stimulus of our recovery in Canada from the rather slowly improving economic picture which we have now. In other words, the economic improvement generated by $4 billion to $6 billion will be greater by far than the $1 billion to $2 billion which we have injected recently into the economy with tax removals and make-work projects.

One of the greatest reasons for benefits to Canada is the way this pipeline act has been drawn up. I differ from the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). We need to have a powerful agency headed by a minister who is tireless in his efforts to bring this undertaking to a successful conclusion. He has to have veto powers. We have to make sure that the tenders and contracts are reviewed. I realize that Canada's attempt at national energy self-reliance will improve. This will open the way to further development in the high Arctic, after we get the Dempster lateral route producing.

The Northern Pipeline Agency will have the advantage of being a single regulatory window on all the undertakings under federal responsibility. The commissioner will run it from Calgary. He will be closely in touch with the Foothills company from day to day. There will be discussion with departments. For example the Departments of Indian Affairs and Northern Development, Public Works and Treasury Board will all be brought together under a single agency by having people seconded from their departments. Through the agency, the terms and conditions of manpower procurement plans which the Foothills company is considering will have to be submitted.

● (2142)

There will be public sessions held by these advisory councils that are to be set up. There is the requirement that the Foothills company has to make an application to build the Dempster line by July 1, 1979, and no later. In other words, they have to apply to do this while this line is being built. I certainly think it is very likely we are going on to greater and greater economic things in Canada.

The fact that more gas is being found all the time in Alberta does not worry me. It pleases me a great deal. In fact, in Ontario just recently there has been a rumour that a deep gas well has been drilled and large quantities of gas discovered near Sarnia and Windsor. As the House knows wells were drilled all over southern Ontario and a number of shallow gas wells were found, producing at a few hundred feet. They were all around the Lake Erie area and up into the Lake Huron area. As hon. members will remember, the first oil well in the world was drilled when they were looking for gas at Petrolia, Ontario, about 100 years ago. It is just possible that these areas of Ontario might also produce gas in huge quantities; who knows? This is all to the good in order to make Canada self-reliant in energy. But it will be a long time before we can develop any of these speculative fields, so it is very much to our credit to get busy making use of what we have already found by building a pipeline from the delta.

I think hon. members must realize that there are penalties involved in this legislation. This agency is pretty well all-embracing. The penalties apply not only to Foothills, which is constructing the pipeline, but also to other individuals or firms who have contracts. The penalties are as high as $10,000 a day for non-compliance. Even appeals from the decisions of the agency are looked after by ensuring that the Federal Court will hear these appeals without undue delay.

I do not want to go into a lot of uninteresting things like tolls and tariffs, but they are well looked after. The National Energy Board will be able to authorize the imposition of charges which are related to the project cost when the pipeline is capable of starting up and when it is actually transmitting gas.

Finally, there is the self-destruct provision that the whole agency will be taken out of action about a year after the pipeline begins to function. I think the major fact is that the powers of this agency, which seem huge to some people, will allow the minister to make sure we have a pipeline that is economical in nature. It is important also that it is built with private money, that of the people of Canada. The people generally are not again to be billed for a huge public project.

This matter of guarantees is a very vexatious one. If we asked for a guarantee of 90 per cent or more Canadian content, men, material and services, including pipe, this would have almost meant a handout or a real come-on to private companies to gouge the government and the company. Even union members themselves know this and accept it readily. It is up to Canada to see that we not only have the most efficient use of manpower and services, but also that it maximizes Canadian content. It is important to keep efficiency in mind as well as cheapness, and if we can keep the cost of over-runs down to 35 per cent or less we will get that Dempster line completely free. That is not a small thing; it will amount to $1 billion or $2 billion. It will free some cost in this way, but we will still get the line even if we cannot manage to do that.

Another wise idea, which is new to me and I think to most Canadians, is that the Foothills company is asked to pay the cost of this national pipeline agency, which could amount to anywhere from $5 million a year or more for the next three to five years. This does not seem too much when you are thinking in terms of $10 billion to $15 billion for the whole pipeline cost, but this is a new departure. It has been used in the United States in the past but not in Canada. Since we know the minister is definitely anxious to make this suggestion work, I wonder if, in respect of future pipelines, we could make Crown agencies or corporations pay for their monitoring bodies, such as the CBC paying for the cost of the CRTC and the railway companies paying for the cost of the Canadian railway commission.

These are matters which are worth considering, Mr. Speaker. In my opinion we have a huge but worthwhile project here. It will take a strong hand to make sure that Canada gets proper treatment. It will take a strong hand to make sure the Yukon natives and the Yukon itself will be assisted and helped by this project. It will take a strong hand to make sure we maximize Canadian content, both in respect of labour and materials. I think the best action we have taken is putting the present Deputy Prime Minister (Mr. MacEachen) in place as head of the northern pipeline agency.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, in rising to take part in this debate I think it would only be appropriate if I said at the commencement how much we in this party have appreciated the help of the officials of the Foothills company and also—and I say this especially in respect of the help I received personally—from representatives of the labour movement in Canada. They have been very generous indeed to me in conversations I had with them, as well as giving me advice and assistance, helping me to come to a better understanding of what are the issues regarding the pipeline itself, and particularly in regard to the terms of the bill before the House this evening.

I regret having to say that in many respects we have received a lot more help from the company and those interested in the work and services that will result, and the material that will be supplied to this pipeline, than from the government

itself. I say that advisedly. Nothing could symbolize more the neglect with which the government has treated hon. members in this House on this matter than the fact that even a day or two after the Deputy Prime Minister (Mr. MacEachen) held his press conference and made his announcement describing the terms of the bill my office made inquiry as to whether the kit or material were available, and we were told that members of parliament would get it in due course. The initial distribution was to senior public servants. I am told by some hon. members this afternoon that they still had not received the material.

I have to say to the government, Mr. Speaker, that this is really not good enough and there is no excuse for it. This government comes to members of the opposition, whether in this party or in other opposition parties, and constantly asks us to help get legislation through. Members tell us they need help to keep things in the House moving. It would not take very much to remember some of the fundamental courtesies. When telephone calls were made to the Deputy Prime Minister's office, a very courteous but, unfortunately, not helpful secretary said there were no kits and no material available. This is just a little thing. I recognize, as my good friend the hon. member for Welland (Mr. Railton) has said—I listened to him carefully—that this is a very big undertaking. Other hon. members in the House realize that. But quite frankly, the trouble with this little act of neglect by the government is that it is symbolic of the manner in which this act has been approached.

● (2152)

In 1972 in British Columbia, the then minister of the environment for the government indicated that we did not need to worry about tanker routes down the west coast because the trump card was the overland Mackenzie pipeline. It was not clear from that whether he meant an oil and gas pipeline, but clearly the thinking with respect to the supply of energy in this country was confused. In 1971 it was decided deliberately not to encourage our American friends to count on any Canadian co-operation for an oil pipeline. I suspect Americans got the message in those days, and no doubt they had reason to believe that would apply to a gas pipeline as well.

The record of backing into a phony energy crisis in the winter of 1973-74 does not put the government in a very good light, looking back on it in hindsight. Generally speaking, the entire approach of the government to the energy problems we are facing seems to be symbolized by the fact that not even hon. members received copies of the material which had already been distributed in the Yukon, to the press and to senior members of the public service.

The Americans have managed to deal with this problem more expeditiously than the government of Canada. I do not want to inject a note of irritation at this late hour, but it is nonsense to listen to anyone on the government side suggesting it is the fault of the opposition that this bill has not been passed days or weeks ago. The American Congress passed its bill weeks ago. In the middle of the summer, the hon. Leader of the Opposition (Mr. Clark) asked the government to introduce legislation as quickly as possible. For reasons only the government knows, suddenly we are faced now with the bill. We are told it must be passed immediately. The inference is that if anyone wants to ask any questions about it, somehow he is working against the national interest.

To further illustrate the necessity of hon. members of the opposition asking questions, I should like to refer to the matter raised by the hon. member for Welland (Mr. Railton). He discussed the specifications as to pipe size, which are apparently in front of the National Energy Board, at the same time as they are in front of an American regulatory authority. The inference was that we must not become disturbed about this, and that basically any of the pipe can be made in Canada. Perhaps this is so in so far as size is concerned, but the hon. member for Welland pointed out that the question of high pressure indeed is something different. The hon. member for Welland indicated there was no reason to doubt the estimates of 100,000 man-years of employment that this project would provide for Canadians.

I realize the hon. member for Welland is not given to making incautious or inaccurate statements, but what is forgotten is that the estimate of 100,000 man-years was received by the government from the company itself. I am not criticizing the company for giving that estimate. I am not criticizing the government for saying that is an estimate which should receive serious consideration. But that estimate is based on the manufacture of 48-inch low pressure pipe, which was the pipe advocated by the company from the start. If some other pipe is to be made—and I am not talking about 54-inch pipe which can be made in Canada—such as the 48-inch high pressure pipe, perhaps it can be manufactured by one plant in Canada, but there will be severe problems from corporate and union sources in the installation of this pipe and the expertise which is required. As the hon. member has pointed out, there is very little experience in the handling of that pipe.

This afternoon I asked the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) the following:

> I wonder whether the Deputy Prime Minister and President of Privy Council would answer a question relating to the option now being studied as to 48-inch low pressure pipe, 48-inch high pressure pipe or 54-inch pipe. Would he indicate to the House at this time any estimate of what differences there would be in the estimates that so far have been put forward in terms of man-years available on this project if, for instance, the selection was other than the 48-inch low pressure pipe, which the company has recommended from the start, or the 54-inch pipe, which is also capable of being produced in Canada, as opposed to the 48-inch high pressure pipe, in the sense that this may not be easily produced in Canada and may have to be obtained offshore from the United States or some other country? Can the minister give us any estimate of what difference it would make in total man-years of work?

I asked him how the changes in the specifications would affect the number of man-years of work. He replied that he did not know. Presumably the government has not studied this at all, yet we are asked to hurry this debate. My responsibilities are for labour in this caucus; thus this question is of great concern to me. We do not know what the difference in specifications will mean to the number of man-years of work.

The statement of the Deputy Prime Minister on the first day of this debate was quite incredible.

Mr. Speaker, may I call it ten o'clock?

Mr. Railton: Will the hon. member permit a question?

Mr. Deputy Speaker: Since it is ten o'clock, the hon. member for Welland (Mr. Railton) requires the unanimous consent of the House to ask a question of the hon. member for Vancouver South (Mr. Fraser). Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Is the hon. member for Vancouver South ready to receive the question?

• (2202)

Mr. Fraser: Mr. Speaker, of course I am always prepared to answer a question from my hon. friend.

Mr. Railton: Mr. Speaker, I just want to ask the hon. member for Vancouver South if he realizes that the United States steel industry does produce 48-inch pipe but not necessarily high pressure, and that Canadian pipe mills can produce 48-inch pipe just as well as U.S. mills, either high pressure of low pressure.

Mr. Fraser: Mr. Speaker, I would not make the mistake of pretending to be an expert in these matters. What I have been able to learn is that there is grave doubt among both management and labour that 48-inch high pressure pipe can be produced easily. There is certainly doubt about the feasibility of this and the expertise available. So I must say that that is all I have learned to this moment. That is why I am raising the question, and surely my hon. friend will assist me and speak to members of his own party to be sure that the question we have raised and discussed tonight is adequately answered in the interests of all Canadians.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

[*Translation*]

PUBLIC WORKS—DATE OF ESTABLISHMENT OF POST OFFICE IN ROUYN, QUEBEC

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, on February 2 last, I put a question to the Minister of Public Works (Mr. Buchanan) about the construction of a federal building in Rouyn. I experienced some difficulty in trying to remind the minister that in 1972, the decision had been taken to build a post office in Rouyn.

In a letter dated March 16, the then postmaster general, the Hon. Jean-Pierre Côté, indicated that the construction was expected to begin in 1972-73. On May 11, 1972, the Minister of Public Works replied that an amount of $200,000 had been earmarked for 1972-73, $300,000 for 1973-74 and $250,000 for 1974-75. On December 12, 1972, Public Works officials met with the civic authorities of Rouyn and Noranda. On July 9, 1973, a letter was effectively sent to the architect indicating that his services were required for the construction of that building and on January 24, 1974, a letter confirmed the right of the architect to hire consulting engineers. But of course we should not forget that an election was held in July 1974. Apparently that occasion was used to play politics. On June 23, 1976, that is a year after the election, we suddenly realized that the government has decided to hire a different architect. The first one was dropped and a new one appointed to spread confusion.

On July 13, 1976, as a result of representations made by my predecessor, the mayor of the city of Rouyn and the local chamber of commerce, a retraction was made and finally it was confirmed that the contracts were being given to the architect who was first contacted in 1973. To summarize, on December 5, 1977, in reply to my letter, the minister advised me that Treasury Board had in fact approved the project on May 20, 1976. Note that this is four years after the initial decision.

Unfortunately, on January 20, 1978, a Public Works civil servant got in touch with the responsible architect advising him that there would be a one-year delay, that construction would probably not start before February 1, 1979, and that the offices would most probably be ready by August 1, 1980. So, on February 2, I put my question to the minister asking about the moneys involved. What has been done with the credits voted in 1972-73, 1974-75 for a total amount of $750,000? What has happened to them? I have had no reply to that question. And with regard to the unemployment problem we are now studying, statistics dated February 7, 1977, indicate that in northwestern Quebec, the unemployment rate is 25.8 per cent.

• (2207)

So I asked him a second question: could he accelerate the construction of that post office particularly in view of the circumstances prevailing in northwestern Quebec where the unemployment rate is as high as 25.8 per cent? I asked the minister that simple question but I got no answer. This is why I decided to ask the same question tonight to get an answer. I do so to get a real answer and not only a partisan answer. We know there will probably be an election in 1978 or in early 1979 and the letter from Mr. Havor of the Department of Public Works makes me believe that once again the building of that post office will serve political interests. As I said earlier, after the 1974 election they hired a different architect. So we the people from that area are asking that the initial undertaking be met and that local architects be hired as would be justified.

Is the minister trying again to play political games or is he waiting for the next election to delay that project once more? And I sincerely wonder if in northwestern Quebec they are playing the same game as in the Gaspé Peninsula where 15 elections have been run on Gros-Cacouna harbour, for which people are still waiting.

Mr. Speaker, these are the comments I wanted to make this evening about a matter which greatly concerns us in northwestern Quebec, and especially in Rouyn. I repeat that since we have 25.8 per cent unemployment, I believe it is time to grant exemptions and start as soon as possible to build this post office in Rouyn.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, in 1972 representatives of the Post Office Department asked us for a first group post office: consequently, we had expected to build in Rouyn a one-service post office. However, afterwards, other federal departments also requested facilities at that location, and after examining the various alternatives, we submitted the present suggestion which was approved by the Treasury Board in May, 1976, and which provides for the construction of a new Canadian government building which will have a total area of about 56,000 square feet and will cost approximately $4,482,000.

● (2212)

[*English*]

Expenditures to date on this project are as follows. In 1972-73, $4,000 for miscellaneous; 1973-74, $61,000 for land purchase and miscellaneous; in 1974-75, $351,000 for land purchase and miscellaneous; in 1975-76, $3,000 for miscellaneous; in 1976-77, $12,000 for miscellaneous; in 1977-78, $120,000 is projected for consultants, demolition and miscellaneous. That gives a total of $551,000.

Proposed expenditures for future years will be reflected in the 1978-79 main estimates "blue book" when tabled in the House. The present schedule is as follows. Tender call, November 15, 1978, contract award, January 31, 1979 and in service June 30, 1980.

The schedule for this project cannot be significantly advanced because of the work remaining to be done on the plans and specifications and the availability of funds for capital expenditures in the department's program in 1978-79.

NATIONAL DEFENCE—BUILDING OF DEFENCE RESEARCH CENTRE IN WINNIPEG

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, for the last four years I have been asking the Department of National Defence and the government when they will finalize the purchase of 111 acres in the Tuxedo area of Winnipeg where the federal government is supposed to be building a national defence research centre. I have received a series of evasive answers, and the old Liberal runaround is the best way to describe it.

[Mr. Caouette (Témiscamingue).]

Last Friday in the House I questioned the Minister of National Defence (Mr. Danson) once again as to where the federal government stood in regard to the purchase of the property, and the minister replied:

However, the negotiations are continuing and alternatives are being pursued.

Are these alternatives to be explored to eternity, Mr. Speaker? I am asking the parliamentary secretary tonight, will the federal government stop playing political games with the city of Winnipeg and withdraw from this transaction, and give the land back to them so they can do something constructive with this 111 acres in Tuxedo? If the 111 acres are returned to the city the federal government can negotiate with the city fathers for an alternative piece of land, or negotiate a settlement in a reasonable length of time. There is much land available in the city of Winnipeg. If they cannot find appropriate acreage in the city, they can approach the provincial government. We have land available in Manitoba. Certainly 111 acres or the amount of acreage which the department may require is available without placing the city of Winnipeg in the frustrating position they are in.

To reiterate some background, in February, 1974 the then minister of national defence announced plans for locating a new research defence facility in Winnipeg. Nothing materialized. In October, 1976 I raised the question again in the House and the parliamentary secretary to the minister of National defence said: "I am pleased to inform the hon. member that the new research establishment in Manitoba will be constructed in his constituency". Here we are in 1978 and nothing has materialized.

In February, 1977 the Minister of National Defence informed me that plans to build the $25 million facility had been deferred for six months to one year. The next statement which the minister made was on February 28, 1977, when he said that Winnipeg was advised to use the land, that the federal government is not releasing the city of Winnipeg from this land purchase transaction. The minister said at that time that Winnipeg should not hold its breath in expectation of the long promised defence research establishment. According to the Winnipeg *Free Press* of February 28, 1977:

He said in the House of Commons that it doesn't expect the city to hold on to the land it has earmarked for the research centre, suggesting that city council might as well use it for other purposes.

Those are very bold statements, Mr. Speaker. The federal government has not released the city of Winnipeg from this land purchase agreement; they are playing political games with the city. Their stalling tactics have put the city of Winnipeg in the position where for over four years they have had 111 acres of land which has not produced one cent of revenue during that time because of the procrastination of the Liberal government. It has also put an unnecessary burden on the taxpayers of that city.

If the Department of National Defence is serious about its intentions to purchase the land in Winnipeg, they should immediately reopen negotiations with the city. The value of

the land has increased three times from the original asking price of $1,200,000. The government cannot continue to act in this way. Let them abandon the plan and look for a different site.

● (2217)

One of the excuses put forward by the government is the existence of a number of 65-year-old caveats. Well, the federal government has the power to overrule any of these caveats. I might add that there has been an endless list of correspondence by letter and telegram over the last four years. The situation amounts to a complete charade and it is time this nonsense came to an end. I have a copy of a telegram the former mayor sent to the Minister of National Defence on January 18, 1977, in which he said:

> I have again been asked by my colleagues what assurances your ministry has given that will allow this project to proceed.

Nothing has proceeded, yet we are well into 1978.

In closing I wish to state that if the land were returned to the city it could be a source of much-needed revenue to finance municipal projects such as the Tuxedo golf course. If this land reverted the city would get $3 million or $4 million and could use the money to purchase the golf course or for other municipal projects in the city. There has been a great deal of disenchantment among residents of the area, many of whom assert that the land could be put to better use as a site for new homes. As things are a valuable source of income has been denied.

I feel the government has no choice at this point but to abandon its plans and choose a less contentious site. In the four years during which there has been delay in purchasing the land, the city has received no tax revenue at all. I hope the parliamentary secretary will provide a satisfactory answer tonight without further evasion.

[*Translation*]

Mr. Jacques Guilbault (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, I think we must first of all recognize that the hon. member has perseverance. He has come back to this question many times and I can at least congratulate him on his tenacity in defending his cause. Unfortunately, I do not think I can give him this evening a much better answer than that given by the minister last Friday in reply to his question.

Negotiations are still going on with the authorities of the city of Winnipeg and various alternatives are being considered by the department for the various projects that it wants to carry out in the Winnipeg area. The agreement which provides for the purchase of the 111 acres of land mentioned by the hon. member has been in the hands of the authorities of the city of Winnipeg since December, 1977. As he said himself, I understand that various complications have caused the delays. Nevertheless, the building program of the Department of National Defence for this area is now being completely reviewed for several reasons, including the representations that the hon. member has been making for some time. As soon as the decision is made, it will be announced in due time.

[*English*]

AIRPORTS—EDMONTON INTERNATIONAL—GOVERNMENT POSITION ON IMPROVEMENTS

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, at a time when Edmonton is experiencing a vigorous boom and is in need of improved transportation facilities, it is difficult to understand the government's refusal to link transportation policies with development in this key commercial centre of western Canada.

First, the government reneged on its promise to fund urban rapid transit, a promise made on the eve of the 1974 general election. Then came the announcement that the urban transportation assistance program would be terminated in 1983 leaving massive deficiencies in road, rail and grade separation financing, particularly along the Yellowhead Highway corridor. Now the government is refusing to make structural changes at Edmonton International Airport although the Ministry of Transport states that such changes are necessary.

● (2222)

It is time this House was informed that the city administration, the chamber of commerce and, indeed, the travelling public are angry at the way our representations are being dismissed by the Liberal government. It is not one bit more concerned about the problems in western Canada than it was before the dubious acquisition of the hon. member for Crowfoot (Mr. Horner).

The fact is our airport was built for an age which has gone by. It is severely overtaxed now with 1.7 million passengers per year. By 1980, the number of users will be 2.2 million. Chaos will prevail unless we get some action now. As the Department of Transport's own study shows, and I quote:

> The present air terminal building, completed in 1963, was designed to accommodate aircraft such as the Vanguard which carried 90 passengers and the early DC-8 and 707 aircraft which carried up to 120 passengers. Today's passenger jets carrying anywhere from 100 to 450 passengers have created passenger and aircraft handling problems. Therefore, Edmonton International's basic aircraft handling capability is a mismatch for today's large jet aircraft.

The growth of Edmonton's airport usage was noted by the department as far back as 1975 when studies began, particularly following the signing of a bilateral treaty between Canada and the United States which would provide for preclearance facilities in both Edmonton and Calgary.

Because of the unique situation in Alberta where both Edmonton and Calgary operate international airports, many routes are operated with Edmonton and Calgary as co-termini. It therefore became essential that preclearance facilities in Alberta had to be instituted simultaneously in both cities. Edmonton was repeatedly assured it would receive this consideration, but it has never happened.

The $28 million program proposed by the Department of Transport in 1975 was turned down. Ultimately, $5.8 million was approved last fall. However, this program will only permit

improvements to the external part of the building, such as parking lots.

We are now left with the situation where the airport will have customs facilities that can barely meet 50 per cent of the present demands. It will be prevented from having the institution of preclearance facilities. We will be maintaining intolerable passenger flow configuration per international, transborder and domestic passengers. We will be maintaining insufficient airside capacity for the amount of aircraft arrivals. It is a totally insufficient operation.

In the closing days of 1977, the government grudgingly announced $417,000 for temporary customs facilities. This was because of the impending arrival of Commonwealth Games travellers. That small amount is not going to meet the demands of the airport as it tries to service a city and a province growing in Canada's transportation and development needs. Following the $417,000 announcement, the Edmonton *Journal* commented, and I quote:

> For the 1.7 million people who now use the airport, baggage facilities will still be unreal, there will be no customs preclearance, and services for arriving passengers will still have all the charm of a department store during a Boxing Day sale. By 1980, there will be 2.2 million passengers trying to make do with a building ill-designed for another age.

I ask the government on behalf of the city of Edmonton to give reconsideration to the request for the very needed facilities of a structural type to improve the Edmonton International Airport.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, it is a pleasure to pinch-hit for the Parliamentary Secretary to the Minister of Transport, the hon. member for Charlevoix (Mr. Lapointe), tonight. I understand that he was with the minister in Quebec city today dealing with matters relating to the Old Port of that historic city and I am pleased to take his place in responding to the hon. member for Edmonton-Strathcona (Mr. Roche).

The continued strong economic growth experienced by the province of Alberta generally, and the city of Edmonton specifically, has created a demand for air travel which cannot continue to be met by the existing terminal facilities at the Edmonton International Airport. To quantify the need and to obtain the necessary approvals to proceed with detailed planning and implementation, Transport Canada prepared a comprehensive plan for the expansion of the terminal building and for the provision and upgrading of related facilities. This expansion program was designed to accommodate the forecast growth. In particular, more capacity would have been available for the processing of international passengers and preclearance facilities would have been provided for transborder passengers. As the minister indicated in reply to the hon. member's question on January 30, those improvements will be made when our financial position permits.

• (2227)

A number of the most pressing related projects have been approved and include an extension to the aircraft parking apron, a new central utilities plant and a project to upgrade the water and sewage system. This work is scheduled for completion in 1978-79 at an estimated cost of $5.8 million.

In recognition of the expected influx of visitors and participants for the Commonwealth Games in 1978, approval has been given to an interim plan for expansion of the capacity of the terminal building for processing passengers, especially international passengers.

From the description I have given of current work, work which, I repeat, Mr. Speaker, is estimated at $5.8 million, I believe it is readily apparent that these projects at the Edmonton International Airport are not in the nature of cosmetic improvements but, rather, will provide the facilities which are essential if we are to meet our immediate responsibilities to the air travellers of the Edmonton area.

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

Motion agreed to and the House adjourned at 10.28 p.m.

HOUSE OF COMMONS

Tuesday, February 14, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

GOVERNMENT ADMINISTRATION

ODDS IN FAVOUR OF WINNING LOTTERY PRIZE COMPARED TO OBTAINING JOB UNDER GOVERNMENT POLICIES—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a matter of urgent and pressing necessity, under the provisions of Standing Order 43. My motion is concerned with the fact that under this government which has created the just society, among other things, the chances of winning a prize in the state lottery are 1 in 9, while the chances of getting a job are 1 in 26. Therefore, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this House directs the Prime Minister to explain to the premiers the inner workings of the "casino" economy which his government has created, and in particular to elucidate the philosophy of government which has led him to create a society where it is three times as easy to win a prize in the government's lottery as it is to get a job out of the government's economic policies.

* * *

[*Translation*]

LABOUR CONDITIONS

RECOMMENDED CREATION OF MERCHANT MARINE TO ALLEVIATE UNEMPLOYMENT—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to introduce a motion dealing with a very important matter, especially for the unemployed.

Considering that the Lauzon shipyard could easily provide work for over 3,000 employees but that it has slowed down operations with very few workers, which is worsening the unemployment problem on the south shore area, and to cope with those conditions, I move, seconded by the hon. member for Champlain (Mr. Matte):

That this House suggest the establishment of a special committee to consider the possibility for Canada of creating a merchant marine as soon as possible to provide work for the large number of unemployed.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*English*]

ALLEGED MISLEADING BY GOVERNMENT RESPECTING NUMBER OF JOBS CREATED—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Yesterday the Prime Minister of Canada, at the federal-provincial conference of first ministers stated, "our economy generated 250,000 jobs in 1977". At the same conference, the Minister of Finance stated, "the number of Canadians with jobs rose last year by more than 250,000". In view of the fact that Statistics Canada, the official, objective record for such information, reported that only 182,000 jobs were created last year in Canada, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House of Commons condemns the Prime Minister and the Minister of Finance for uttering such blatant, dishonest, misleading information to the people of Canada.

Mr. Speaker: Such a motion can be presented for discussion, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NORTHERN PIPELINE ACT

CONCURRENCE OF PROVINCES TO CERTAIN PROVISIONS OF LEGISLATION—MOTION UNDER S.O. 43

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. The urgency of my intervention arises out of the debate currently before the House in respect of Bill C-25, the Northern Pipeline Act. Having regard to the requirement contained in the bilateral agreement between the government of Canada and the United States to achieve concurrence from the provinces in respect to certain limiting provisions in the bill, in light of the fact that the government of British Columbia has attached certain conditions to its statement of acquiescence, and in light of the fact that these conditions are not embodied in the text of the bill but are pertinent to the debate, I move, seconded by the hon. member for Victoria (Mr. McKinnon):

S.O. 43

That the Deputy Prime Minister and President of Privy Council table immediately British Columbia's communiqué of August 31, 1977, which contains the aforementioned demands and conditions.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FIRST MINISTERS' CONFERENCE

REQUEST CBC TELEVISE PROCEEDINGS ON BOTH FRENCH AND ENGLISH NETWORKS—MOTION UNDER S.O. 43

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter which directly relates to the conference being held today. In view of today's agenda at the first ministers's conference, which deals with sectors of the economy affecting all parts of the country, yet the proceedings are being televised only over Radio-Canada by the Canadian Broadcasting Corporation, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That this House immediately directs the Canadian Broadcasting Corporation to televise the proceedings of the conference on both the English and French networks of this public corporation.

Mr. Speaker: Such a motion can be presented for discussion, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

NFU MEMBERS OF WHEAT BOARD ADVISORY COMMITTEE TO ATTEND GENEVA CONFERENCE—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Negotiations for a new international grains agreement are getting under way in Geneva. Because this multilateral trade agreement is so vital to prairie farmers' interests, members of the producer-elected Wheat Board Advisory Committee have been invited to attend the talks as observers, that is, all members except the advisory committee's chairman and two other committee members who are members of the National Farmers' Union. Because it is important that all producers be represented at these vital negotiations, I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

[Mr. Oberle.]

● (1412)

That this House requests the minister responsible for the Canadian Wheat Board to drop his childish vendetta against the National Farmers' Union and invite all duty elected members of the advisory committee to Geneva as observers.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

INDUSTRY

REQUEST GOVERNMENT REQUIRE ITS CONTRACTORS TO USE CANADIAN PRODUCTS—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and important matter.

Considering that the unemployment rate continues to be particularly high in some underdeveloped regions; considering that this situation could be corrected if the government banned imports of foreign goods which can be produced easily in Canada; and considering that concrete cases coming under the federal government—such as the contract between the CNR and the Laurentide plant in St. Tite which led to employees being laid off for three weeks pending the import of 800 dozens of gloves to respect the contract—point out the necessity of banning imports of that product, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That the government order that any contract under its jurisdiction be exclusively fulfilled by Canadian products whenever possible.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

CONSUMER AFFAIRS

MINISTER'S STATEMENT THAT HOUSEWIVES "TECHNOLOGICALLY UNSOPHISTICATED"—MOTION UNDER S.O. 43

Mr. J. Robert Howie (York-Sunbury): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of very pressing and urgent necessity. My motion concerns a paper circulated by the Minister of State for Science and Technology which epitomizes the arrogance of this government toward the

people of Canada. I refer specifically to the report's conclusion at page 7, which is that because the household labour force is technologically unsophisticated, it cannot always make the right decisions when it makes its purchases. In view of this gratuitous insult to my wife, the minister's wife, Your Honour's wife and all those who work at home, I move, seconded by the hon. member for St. John's West (Mr. Crosbie):

That this unsophisticated minister apologize to the millions of Canadian housewives for his arrogance and slurs on their intelligence.

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

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

INDUSTRY

NORTHERN PIPELINE—CANADIAN CONTENT OF PIPE—REQUEST BORDEN REPORT BE TABLED

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Deputy Prime Minister. As the Deputy Prime Minister must be aware, the Department of Industry, Trade and Commerce prepared for the government a study outlining expected Canadian manpower and manufacturers' content in the pipeline project, entitled "Canadian Industry and Manpower Requirements and Content for a Northern Gas Pipeline". The study was finished in July, 1977. It was headed by Dr. Borden. The report suggests that 82 per cent Canadian manufacturing content is the maximum that can be achieved under perfect conditions, and that the Canadian content may vary substantially from that percentage, for various reasons, including pricing conditions, tied and concessional financing, government monitoring, corporate attitudes, and other factors.

Will the Deputy Prime Minister confirm the existence of this report? Will he release copies to members of parliament so that we can have them while the debate on the pipeline is under way, and does the government accept the conclusions in that report as being correct?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I know that various documentary material has been prepared in connection with the negotiations for the pipeline and various estimates have been produced. I would have to verify the name and content of the report to which the hon. member refers, and consider whether in the circumstances it could be made available.

Mr. Crosbie: Mr. Speaker, I am sure the Deputy Prime Minister will agree that he gave us no new information yesterday. Does the Deputy Prime Minister not agree that members of parliament are entitled to information on the important question? This study deals with the manufacturing content of the pipeline project and what percentage of that, and manpower requirements, can be Canadian. Is this not the kind of information members of this House should have, together with information on pipe dimensions that was promised us yesterday? Could the minister assure me that we will have this report once he verifies its existence?

• (1417)

Mr. MacEachen: Mr. Speaker, I believe it is perfectly reasonable to have as much information as possible. We will be going into committee and we will make every effort to provide information on questions of manpower possibilities and the rather enormous job opportunities that will occur as a result of the construction and operation of the pipeline.

Mr. Crosbie: A final supplementary question. When the Deputy Prime Minister checks, he will see that apart from the pipe to be used in this project, the report says the project can only obtain the Canadian content figure that the government indicates if appropriate guidelines, controls and monitoring are instituted. Will the Deputy Prime Minister indicate whether the government is prepared to have the proposed pipeline agency make available to parliament quarterly reports on the objectives of Canadian content and the progress being made toward these objectives, and have those quarterly reports referred to a standing committee of this House so that we can ensure there is proper monitoring in this area?

Mr. MacEachen: Mr. Speaker, in his speech yesterday, the hon. member for Yukon made a suggestion along these lines and asked that it be considered and dealt with in committee. I am not sure if we want to deal with matters in the question period that will be dealt with by the House during orders of the day and when we go into committee on the bill.

NORTHERN PIPELINE—TABLING OF REPORTS RESPECTING CANADIAN CONTENT OF PIPE

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a supplementary question for the Deputy Prime Minister dealing with the exceptionally shoddy behaviour of the government and the manner in which members of this House have been treated with regard to information relevant to the pipeline debate. To be fair, I had a call today from Colin MacDonald, of the minister's office, for the first time offering assistance.

Arising out of the question put by the hon. member for St. John's West, will the Deputy Prime Minister now table the report which has been referred to and any others he may have up his sleeve and is keeping secret by tomorrow at the latest, so we may have this information in front of us during the remainder of the debate? Or is it his intention to continue the 1956 tactics of hiding reports?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I will consider what the hon. member has said, but I do not think I can add

anything further to what I said to the hon. member for St. John's West.

Mr. Nielsen: A further supplementary question, Mr. Speaker. This is not the only report the minister is hiding from hon. members and the Canadian people. A report prepared by the Department of Regional Economic Expansion states that under policies identical to those the government has embodied in the legislation now before us, Canadian content could be reduced to 67 per cent. Will the Deputy Prime Minister now come clean and release this report immediately, so that members may compare his statements and promises of yesterday with the prognostications of his officials?

Mr. MacEachen: Mr. Speaker, the hon. member knows that there are all sorts of memoranda, reports and information prepared for the use of the government. It is not normal to table documents which are prepared for that purpose. However, I will consider what information can be made available. With respect to the particular report which has been referred to in the House and elsewhere, it is true that the department did prepare a "worst possible" scenario which, in the worst possible case, could result in Canadian content of the percentage mentioned by the hon. member. It seems to me this was a very useful thing to do because it provides us with information on where we are vulnerable and the steps we can take to overcome these difficulties.

As far as I am concerned, I have not changed the statement I have made so often, which has been confirmed by the proposed builders of the pipeline, that we will be able to produce approximately 100,000 man-years of employment as a result of this project.

● (1422)

Mr. Nielsen: If the Deputy Prime Minister and the government have nothing to hide, I find it difficult to understand this cover-up. Will the Acting Prime Minister, in his capacity as House leader, now unequivocally give the House the assurance that the government will unconditionally support any and all requests made by the select committee that has been set up to study the provisions of the bill concerning the pipeline for the subpoena of material and witnesses during its consideration of the bill?

Mr. MacEachen: No, Mr. Speaker; I do not propose to anticipate proceedings that will arise in the committee and give unqualified undertakings concerning unknown requests.

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URBAN AFFAIRS

WATERFRONT DEVELOPMENT PROGRAM FOR QUEBEC CITY—APPLICATION OF PROGRAMS TO OTHER CITIES

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, considering the receptive, if belated, questions about the government's cover-up on the pipeline, I cannot understand why the hon. member for Yukon gave the government assurance yesterday that the Conservatives would give speedy passage to the bill.

I have a question for the Deputy Prime Minister. Yesterday, Mr. Speaker, the Minister of State for Urban Affairs, plus five other cabinet ministers who were in Quebec city, announced a $42 million waterfront development program for that city.

Some hon. Members: Hear, hear!

Mr. Broadbent: Given the need for precisely such programs at a time when more than one million Canadians are unemployed, will the Deputy Prime Minister indicate to the House whether this is to be part of a package of proposals which will include other cities in Canada, or is it simply traditional Liberal pork-barrel electioneering in the province of Quebec?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, it is already part of a package of projects to ensure additional jobs in the country. The hon. member might himself update some of the positive proposals that were made at the federal-provincial conference and were so well supported by the Premier of Saskatchewan, including the Alcan pipeline which he said was a key project and ought to get under way at once.

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

NORTHERN PIPELINE—JOB OPPORTUNITIES FOR CANADIANS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the Deputy Prime Minister is really ready for the Senate. I remind him that the Premier of Saskatchewan said yesterday, at the conference to which the minister alluded, "provided job guarantees and preferential treatment are given to Canadians". This seems to have escaped the memory of the Deputy Prime Minister. More specifically, in 1974 the Prime Minister promised, on one hand $290 million of assistance for urban transit which would help cities, other than those in Quebec—for example, Halifax, Vancouver and Toronto. Also, in 1974 he promised the city of Winnipeg an aircraft maintenance-facility that would guarantee 800 jobs. Winnipeg has an empty hangar as a result of that promise, and no city has received money for urban transit assistance.

I ask the Deputy Prime Minister, in all seriousness, given the commitment made in Quebec city yesterday, whether the government of Canada intends to live up to this four-year old promise made to other cities in Canada, before the next election?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, if the hon. member does not spruce up his information-collection ability, he will be ready for the back bench.

Some hon. Members: Oh, oh!

Mr. MacEachen: I will read to him what the Premier of Saskatchewan said. He made absolutely no reference to legislative guarantees. He said if the federal government made sure that the pipe could be made in Canada, the steel plant in Regina could expand its capacity, creating both construction work and nearly 500 permanent jobs. There was no suggestion of legislative guarantees. We are now assured that this pipe can be made in Canada.

Mr. Broadbent: Mr. Speaker, I wish the Deputy Prime Minister would not bring in irrelevancies. If he would discuss the matter specifically with the Premier of Saskatchewan, he would find out that the Government of Canada does not guarantee it, and that is what he means.

Some hon. Members: Oh, oh!

● (1427)

Mr. Broadbent: Will the Deputy Prime Minister now answer the question he was asked with regard to the government's intentions? Does the Government of Canada intend to live up to its promise and provide $290 million in urban transit assistance to the municipalities of Canada? This would help many cities across the country. Specifically, does the government intend to live up to the commitment made to the city of Winnipeg to provide the new aircraft maintenance facility that was pledged in 1974?

Mr. MacEachen: Mr. Speaker, the government usually lives up to its promises.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

* * *

[*Translation*]

INDUSTRY

NORTHERN PIPELINE—POSSIBILITY OF USING DISCARDED AUTOMOBILES IN MANUFACTURE OF PIPE

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Deputy Prime Minister. During the last few years, I have had the opportunity to travel with a former environment minister and other parliamentarians in the vast northern regions and we have seen large quantities of pipe that had been manufactured for the construction of a pipeline. Those pipes had been made in Japan. Given the fact that Canadians sell their used cars and that these cars are crushed and shipped to Japan and that these recycled materials are used in the manufacture of pipe that Canada buys for the construction of the pipeline, could the minister tell the House whether he would encourage Canadian industries to use these old cars and manufacture pipe that could be used in the construction of the pipeline which is proposed in Bill C-25 and which is the subject of our discussion here today?

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am not in a position to comment on the technical feasibility of the hon. member's suggestion. However, I am confident that Canadian steel producers and manufacturers can produce the pipe that is required and will produce the pipe that is required. The companies that are preparing to build the pipeline are confident, on the basis of past performance and their knowledge of current prices throughout the world, that Canadian producers can provide this pipe. In circumstances where there is dumping or unfair trade practices, it will be possible for the pipeline agency that is proposed in the bill, and the minister, to take steps to ensure that such bids will not be accepted.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I have a supplementary.

I gather from the minister's answer that the matter has already been considered but I would like the minister to tell the House whether this question was examined when the agreement with the United States was signed in order to protect the interests of Canadian industries and contribute indirectly to alleviate the unemployment plague in Canada?

[*English*]

Mr. MacEachen: Yes, Mr. Speaker, the question f the use of Canadian manpower and Canadian materials was foremost in our minds during the negotiations. One of the objectives of the pipeline agreement was to ensure that each country would maximize its industrial and energy benefits. I believe the legislation that is now under discussion will make it possible to ensure that Canada will, indeed, maximize its industrial and energy benefits from this particular project.

[*Translation*]

NORTHERN PIPELINE—JOBS GUARANTEED TO CANADIANS IN CONSTRUCTION

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I have a supplementary question.

Since the minister indicated that the agreement provides for guaranteed employment in both countries, can he tell us precisely what guarantee has been given to Canada in the agreement concerning employment in the construction of the pipeline?

● (1432)

[*English*]

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the basic guarantee of employment in Canada is the competitive capacity of Canadian producers. In our view, no such guarantee as the hon. member mentioned was necessary, because already Canadian producers of pipe are able to capture this market on a competitive basis. Indeed, in addition to their ability to compete in Canada, the Steel Company of Canada—

Mr. Munro (Hamilton East): In Hamilton.

Mr. MacEachen: —has indicated its intention to secure some of the market in the United States for the pipe to be laid in that country. It seems to me the hon. member can be assured that Canada is in an extremely good position to gain great benefits from this project.

NORTHERN PIPELINE—DISCREPANCY IN ESTIMATES OF EMPLOYMENT CREATED

Mr. John A. Fraser (Vancouver South): The Deputy Prime Minister has consistently referred to 100,000 man-years of employment. The study to which two of my colleagues referred the estimate of the Department of Industry, Trade and Commerce, which includes both Alcan and Dempster speaks of not 100,000, but 69,078 man-years. If the Dempster link is not constructed and a reduction of 30 per cent is made, the figure is brought down to 46,000 or 47,000 man-years. Is the minister prepared to table this report and explain the divergence between the figures of the Department of Industry, Trade and Commerce and the figures he himself has been using?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): The Foothills company itself, in its estimates placed before the National Energy Board, made an estimate of the manpower required. I am sure that on the basis of varying assumptions, one could reach different conclusions and I am not surprised if reports such as the one referred to by the hon. member for Yukon, prepared by the Department of Regional Economic Expansion, indicate that, given the worst possible assumptions, the employment content would be at a different level.

As I say, I am not surprised if that should be the case. But I will have no hesitation about attempting to deal with these varying estimates before the committee. However, it does seem somewhat futile to attempt at this stage to engage in battles over the estimated number of jobs which will be provided. What we ought to do is get this project under way and make it a reality.

Mr. Fraser: I must say we would progress a lot faster if the Acting Prime Minister would come clean with the House. Yesterday, asked how the number of jobs would be affected by the type of pipe selected, he said, "Certainly, I have no estimate prepared on the basis of high-pressure pipe." Is the hon. gentleman prepared to put before the House and the committee the government's own, independent assessment of the number of man-hours of employment which will be created by this project, and stop this fluffery, these statements that there are perhaps some low-basis calculations floating around which the government has not found out about yet?

Mr. MacEachen: We have not hesitated to put before the country our projected estimates of the number of jobs which will become available. These estimates were made public after the agreement was announced in Washington by the President and by the Prime Minister. They reflected our view of the total man-hours which will be derived from the pipeline system as a whole, including the Dempster as well as from the pipeline system excluding the Dempster. Contrary to what was said yesterday by the hon. member for Nanaimo-Cowichan-The Islands, none of it was put in small print; it was all in the same large-size print which even the hon. member can read.

Mr. Fraser: In view of that reply, can I ask the minister why he made it quite clear yesterday in this chamber that the only estimates he was using were those he had obtained from Foothills? How can the hon. gentleman now say that he has given the government's figures to the House, the country or anybody else?

Mr. MacEachen: The hon. member misunderstands the situation. Yesterday he asked a question with respect to estimates prepared against the possibility that the National Energy Board would recommend the use of high-pressure pipe. I am not prepared at this stage, for obvious reasons, to begin issuing estimates on the basis of high-pressure pipe being used.

* * *

ESTIMATES

DELAY IN INTRODUCTION—TOTAL FIGURE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the President of the Treasury Board. As we have heard much rhetoric from the other side of Wellington Street concerning fiscal restraint at the federal level, would the hon. gentleman tell us why he has chosen to delay the introduction of his estimates into the House, by comparison with former years? Will he tell us whether those estimates in total will amount to a figure below $45 billion, on a national accounts basis?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I indicated that the estimates would probably be tabled on February 22. As far as I recall, they were tabled last year on February 16. I regret the six days' delay. There is nothing significant about it. As to the figures, they will be made known to the House when I table the estimates on February 22.

Mr. Stevens: Bearing in mind that fiscal restraint is an important discussion point at the first ministers' conference, would the President of the Treasury Board not at least consider allowing that meeting to know what, in fact, will be the figure of total government spending for fiscal 1979, bearing in mind that in October when the Minister of Finance brought in his so-called budget, he did not choose to show the 1979 figures, as had been the custom in former presentations?

Mr. Andras: The tabling of expenditure plans for next year goes on at different dates for different jurisdictions throughout the country. Ontario is planning to make its figures public on or about the first week in March. This is a normal process. I do not intend to make a statement at the federal-provincial

conference when the proper place to do so is right here in the House of Commons.

* * *

FINANCE

BUDGETARY DEFICIT FORECAST FOR 1979

Mr. Sinclair Stevens (York-Simcoe): My supplementary is addressed to the Minister of Finance, who laughs at the question of fiscal restraint. Would the hon. gentleman indicate what he anticipates will be the budgetary deficit for fiscal 1979, bearing in mind that it is $9.2 billion estimated for fiscal 1978? Does he expect it to be more, or less, than that figure?

Hon. Jean Chrétien (Minister of Finance): First, Mr. Speaker, may I say I am very surprised that there is no question from the official opposition today with regard to the inflation rate.

Some hon. Members: Oh, Oh!

Mr. Chrétien: Could it be they do not want to acknowledge that there is a big reduction? As far as cash requirements for next year are concerned, we have acknowledged that there will be a special problem next year because we shall be obliged to cope with the expenditure of $2 billion in interest payments on Canada Savings Bonds. The total cash performance will be known when I present my budget.

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[*Translation*]

ENERGY

NUCLEAR CONTROL COMMISSION—UNIONS' REPRESENTATION

Mr. Prosper Boulanger (Mercier): Mr. Speaker, I want to direct a question to the Minister of Energy, Mines and Resources, or to the acting minister if the former is not here.

In light of the fact that Bill C-14 on nuclear control will increase membership on the Nuclear Control Board from five to nine members, does the minister intend to appoint a union representative on the board as was requested by the Director of the United Steelworkers, Mr. Docquier, in order to make sure the workers have their say regarding safety on the job?

[*English*]

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): I will take note of the representation and pass it on to my colleague.

• (1442)

EXTERNAL AFFAIRS

COMPENSATION BY U.S.S.R. FOR COST OF RECOVERING DEBRIS FROM SATELLITE

Mr. Claude Wagner (Saint-Hyacinthe): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Further to the talks the minister had over the weekend at the United Nations, may I ask him whether he has officially submitted a claim to the U.S.S.R. in order to compensate for Canada's expenditures in recovering the debris of Cosmos 954 which fell on our soil?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, no official claim has been put to the U.S.S.R. So far, we have notified the Secretary General. Initially, I did that by way of a formal letter, and I did it in person with Mr. Waldheim yesterday. We have also notified the Soviet Union. Incidentally, I received some clarification yesterday from the Secretary General on this matter. The next step is to determine the technique through which the costs can be identified as being related to this activity. Of course, also we are awaiting a response from the U.S.S.R., which has not arrived as yet, indicating what their reaction is to our note in this regard.

I suspect it will be some time before there is any further clarification. Also, I should add that the search is continuing; therefore, at this point we would not want to identify a final cost. It may be possible to put in some kind of interim billing, but we would not want to cut ourselves off from the availability of presenting these charges and costs for as long as the operation is continuing.

* * *

NATIONAL DEFENCE

DAILY COST OF RECOVERING DEBRIS FROM SOVIET SATELLITE

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is supplementary but it is directed to the Minister of National Defence. Because of the government's apparent ignorance of what is in treaties 6 and 7, and the resultant bungling of the notification, it appears likely we will be stuck with the bill. Can the minister tell us how much the bill is as of now, and how much it is increasing, on a per diem basis?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I cannot give those precise figures. We know it is well in excess of $1 million. Actually, it is beyond $2 million at this time, if the full recovery costs are taken into consideration. That is difficult to define specifically, as the search is continuing. My last report, received yesterday, was something over 1,000 hours of flying time. This is continuing. Decisions are being made on the extent of the search and at what level it must be continued. The teams in charge of this operation are now on site and in the area. I will have more information,

when they return to me with their report, on which to base my instructions to them.

* * *

THE CANADIAN ECONOMY

REASON FOR DIFFERENCE IN PRICE FARMER RECEIVES FOR BEEF AND COST TO CONSUMER

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Acting Prime Minister. Obviously, the Minister of Finance was pleased with the 9 per cent inflation rate. I should like to ask the Acting Prime Minister a question about that. The Canadian price index indicated that the price of beef in this country went up by 33 per cent last year. Meanwhile, the producer price has increased by 19 per cent over that of last year. A 1,000 pound steer brought the farmer an extra $80, and the consumer paid an extra $180 for the same steer. I should like to ask the Acting Prime Minister, or the Minister of Finance for that matter, if they can explain the gap. Why is there a $100 gap between the farm and the table? What will be done about it?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, of course, with regard to costs being passed on to the consumers, controls played their part for two years and a half. I know full well the hon. member represents a party which wants us to lift controls, and feels we should never have had them. But part of the market cannot be controlled while the other is not. I believe that some companies dealing in the consumer goods sector were forced repeatedly to return some of their profits to the consumers; however, the NDP saw fit not to take that into account.

[*English*]

Mr. Nystrom: Mr. Speaker, obviously, controls did not work here. The farmer received an extra 19 per cent for the steer, but the consumer was paying an extra 33 per cent. Why is there such a spread? What will the minister do about it?

[*Translation*]

Mr. Chrétien: Mr. Speaker, obviously the distributing and marketing companies exaggerated in that field; come the end of the year, when the AIB reviews their profits, they will of course hand over their excess profits to the consumers.

[*English*]

Mr. Nystrom: Mr. Speaker, the Minister of Agriculture said that if we needed it in this country, he would bring in an act to set up a meat trade authority. I should like to ask the Acting Prime Minister whether we can expect to see such a bill before the House.

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am taking note of the question and shall convey its contents to the Minister of Agriculture whose responsibility this is.

[Mr. Danson.]

[*English*]

FINANCE

REQUEST PREMIERS RECEIVE CANADA'S PROPOSALS AT GATT NEGOTIATIONS

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, my question is directed to the Minister of Finance. Since the economy of every province is profoundly affected by the Gatt negotiations, will the government accept the request of the premiers and forward to them, on a confidential basis, the negotiating list Canada is presenting at Geneva?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this matter was discussed this morning at the first ministers' conference. The Prime Minister agreed that, on a confidential basis, information would be transmitted to the various premiers for the tariffs which affect their provinces.

Mr. Kempling: Mr. Speaker, this information will be transmitted to the premiers: will it be on a piecemeal basis? In other words, are we going to let one provincial premier know what is going on in his province, or are we going to let all the premiers know what is going on in all of Canada?

Mr. Chrétien: Mr. Speaker, I think there was general discussion and agreement among the premiers this morning that the responsibility of those negotiations is the responsibility of the federal government. There was an agreement that there should be exchange of information between the provinces and the federal government. I think that is the proper course to follow.

INFORMATION ON GATT PROPOSALS AVAILABLE TO PREMIERS

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my supplementary question is directed to the Minister of Finance. Is he telling the House of Commons that the government intends immediately, today or tomorrow, to make available to the premiers of Canada all, or a part of the GATT negotiating list which Canadian officials are presenting at Geneva? Is that what he is telling us, or is he telling us that information will be made available to the premiers at a later time, which is quite a different position?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, several consultations have already been held between the provinces and the federal government on the subjects discussed. Of course, the question put to the Prime Minister this morning dealt with whether or not the provincial first ministers would be advised of the American position. The Prime Minister of Canada said that he was thinking of conveying part of that information to the first ministers concerned.

[*English*]

Mr. Clark: Mr. Speaker, I think the Minister of Finance would want to reconfirm what went on at the federal-provincial conference this morning, because that is not what happened. I would like to know from the Minister of Finance—or

from any other minister who might be prepared to enter into this question—whether or not it is the intention of the government to make available, now, to those provinces which express an interest in knowing it, the negotiating position Canada will be presenting at GATT? Will that information be made available now, or is some other kind of information going to be made available later on a confidential basis?

● (1452)

[*Translation*]

Mr. Chrétien: Mr. Speaker, I have nothing to add to what has already been said by the Minister of Industry, Trade and Commerce and by the right hon. Prime Minister. This morning the provincial premiers and the Prime Minister of Canada have had a very frank discussion and I understand they have reached an agreement.

* * *

ADMINISTRATION OF JUSTICE

INQUIRY WHETHER SOLICITOR GENERAL HAD MEETINGS WITH POLICE ASSOCIATIONS

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to put a question to the Solicitor General.

Could the minister tell me if he had an appointment yesterday to meet the representatives of Canadian police associations and, if so, why was he unable to meet them, and did he know what they wanted to talk to him about? In the meantime, did he have the opportunity today to meet the representatives of these Canadian police associations?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I did not have an appointment to meet this association yesterday and my agenda makes it impossible for me to meet them. Indeed, Mr. Speaker, I will be attending the federal-provincial conference after the oral question period.

Mr. Lambert (Edmonton West): May I ask a supplementary question, Mr. Speaker?

Did the minister's executive assistant advise him that they tried to meet him yesterday with regard to this issue?

Mr. Blais: Mr. Speaker, I was not made aware that someone tried to meet me yesterday. I was not there anyway.

* * *

[*English*]

POST OFFICE

SUGGESTION POSTAL RATE INCREASES POSTPONED UNTIL LEGISLATION INTRODUCED

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, my question is for the Postmaster General. I congratulate him and sympathize with him as he becomes the sixth person to hold this office in as many years. In view of the promise of his predecessor that postal rate increases shall come only after the Post Office has achieved a satisfactory level of efficiency, and the further promise that there will be consultation with major postal users before any announcement of rate increases is made, will the Postmaster General postpone the rate increase announced by his predecessor last November, to take effect on April 1, until such time as the conditions outlined in the preamble to this question are met?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I must say that the decision to increase postal rates was taken before I came into office. I think these increases were quite wisely planned for they will greatly help reduce the $600 million deficit. That will not in any way prevent us from making postal services more efficient and solving current labour problems.

[*English*]

Mr. Dinsdale: Mr. Speaker, is the Postmaster General aware of the reply of one of his predecessors, the present Minister of State for Urban Affairs, to a written question in the House of Commons, appearing in *Hansard* for March 13, 1974, when he said:

> Rates of postage for domestic letter mail are set out in section 10 of the Post Office Act. Changes in these rates, therefore, are possible only by act of parliament.

In light of this opinion expressed by the minister's predecessor, and in face of a $600 million deficit, will the new Postmaster General now agree to increase postal rates legally, by act of parliament, rather than illegally by ministerial decree?

[*Translation*]

Mr. Lamontagne: Mr. Speaker, since I am the sixth Postmaster General in seven years, I cannot be aware of all the statements made by my predecessors, however, I will take notice of the question in order to give an adequate answer.

* * *

[*English*]

FREEDOM OF INFORMATION

DENIAL OF INFORMATION TO OPPOSITION MEMBER

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I would like to ask a question of the Deputy Prime Minister. Given the fact that there is far more openness in the United States as a result of the Watergate scandal—a similar scenario we watched with interest developing in Canada—can the hon. gentleman indicate if he will facilitate the work of a member of this party in trying to secure, under the freedom of information act in the United States, the information which the hon. gentleman personally, and the government, has denied to the hon. member for Yukon and other hon. members of this party? If he will not facilitate such an application, will he at least indicate that the government will not frustrate an attempt to secure information in that way, as was done in connection with the atomic energy cartel case?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the question has been couched in such an obscure way that I feel like answering "yes and no".

* * *

FINANCE

RELOCATION OF CIVIL SERVANTS—EFFECT ON ECONOMY OF OTTAWA AREA

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I have a question for the Minister of Finance. It arises out of the report of Woods-Gordon on the economic crisis facing Ottawa as a result of relocation, the effect of which will be an estimated burden of $250 million on Ottawa and surrounding municipalities over the next ten years. In view of the fact that property owners are facing a double inconvenience, the inconvenience of travelling a greater distance to work as well as an inconvenience caused by an increase in their tax load as a result of the shrinkage of the tax base—that is the essence of the report—when does the government intend to bring in its grants in lieu of tax legislation, so that property owners, tenants and others in Ottawa and surrounding municipalities can expect some kind of relief? This was caused basically by the government's decision to relocate.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, in my meeting with the mayor and other officials, I said I would look into some aspects of the legislation referred to by the hon. member. I said I was prepared to consider some changes, and we are in the process of looking into that matter at this time. However, I would like to point out to the hon. member that he is confusing two policies. There is a relocation to Hull, but there is also a policy of moving some of the bureaucracy out of the national capital region and into other areas of the nation. I would like to tell the hon. member that that was one of the main topics of the program of his leader in his campaign for the leadership of the Tories.

Mr. Baker (Grenville-Carleton): Mr. Speaker, I am not talking about the politics of the situation. The minister has proved that with respect to decentralization, he is a great political animal but a very poor equitable animal. When is the minister going to match with deeds his promise to the ratepayers of this area? When does the government intend to introduce this bill? Has the bill been drafted and, if so, when will it appear on the order paper? There has been a lot of wind, but not very much substance, to the minister's promises. He is hardly believable any more.

Mr. Chrétien: Mr. Speaker, in talking about wind, I have an example to follow from this hon. gentleman.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Chrétien: We met with the municipalities as recently as two or three weeks ago. We are working on this problem at the moment, and we will be pleased to table the bill as soon as it is ready.

* * *

[*English*]

ENERGY

CAPE BRETON—DATE OF ANNOUNCEMENT ON OPENING OF NEW COAL MINE

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, my question is for the Deputy Prime Minister, who is from Cape Breton. Since he is from Cape Breton, and since he is the Deputy Prime Minister, I am sure he will have the answer to my question. Can the hon. gentleman advise this House if tomorrow the Minister of Energy, Mines and Resources and Premier Regan are going to announce the opening of a new coal mine in Cape Breton or, if not tomorrow, how soon will it be announced?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am aware of the interest of the Cape Breton Development Corporation in opening a new mine. As I understand it, drilling activities have been very promising and have established the reserves which would make possible the consideration of a new mine. But I also understand that at the present time there must be an engineering design study in order to estimate the cost of such a new mine, and I think it is early, despite the promising possibilities, to confirm that construction will begin as soon as the hon. member and I might wish.

Mr. Muir: Mr. Speaker, may I ask my hon. friend if, as the date for a provincial election in Nova Scotia draws closer and a date for a federal election draws closer, there will be a multiplicity of these announcements, which have been advocated by the opposition over a period of years?

Mr. Speaker: Order, please. The hon. member for Victoria-Haliburton.

* * *

TRADE

DISCREPANCIES IN RETAIL PRICE OF GASOLINE—REQUEST FOR INVESTIGATION

Mr. W. C. Scott (Victoria-Haliburton): Mr. Speaker, my question is for the Minister of Industry, Trade and Commerce. It concerns discrepancies in the retail price of gasoline charged by various oil companies. As there is often a variation of up to 16 cents per gallon for the same grade of gas in a given area, and as this places the major chains in an advantageous position, will the minister undertake an investigation into possible collusion between major oil companies and further monopolization of this industry?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, that aspect of marketing gas has

been studied extensively by both the Alberta government and the Ontario government in the past. The hon. member's representation will certainly be noted.

Mr. Scott: Mr. Speaker, I asked this question of the government in February, 1975, and also in July, 1975, and received a very similar answer. Perhaps this question should be directed to the Minister of State (Small Business), but I will direct it also to the Minister of Industry, Trade and Commerce. I know we are all aware that small operators in this country are being forced out of business at every turn. Can the minister indicate if his department plans any action to protect the small and independent retailer from further absorption by the major conglomorates?

● (1502)

Mr. Horner: Mr. Speaker, we are working closely with small and independent retailers in order to assist them. The question of the marketing of gas falls within the jurisdiction of the provinces.

* * *

POST OFFICE

POSTAL WALKS FOR NEW SUBURBAN AREAS

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I have a question for the Postmaster General. For the past three years members of parliament from all large urban centres have been endeavouring to get postal walks added to the new suburban areas of their cities. The minister's two predecessors always replied that because of restraints, none could be added. Now we find that in the riding of Scarborough West, 355 homes received a new postal walk at the request of a Liberal member. Can the Postmaster General advise the House when other large urban centres can have the additional postal walks which are needed?

Mr. Speaker: Order, please. I regret to advise the hon. member that the question is in precisely the terms of a question previously put and answered.

* * *

EXTERNAL AFFAIRS

ROSEAU RIVER PROJECT—VIOLATION OF BOUNDARY WATERS TREATY—GOVERNMENT POSITION

Mr. Jake Epp (Provencher): Mr. Speaker, may I put a question to the Secretary of State for External Affairs? In view of the fact that the government of Manitoba has taken the position that the Roseau River project will cause damage in Manitoba, and in view of the fact that the governor of the state of Minnesota has restated his support for that project and is campaigning in Congress for additional funding for it, can the minister indicate whether the government still supports the position held by the government of Manitoba, that the Roseau River is in violation of article 4 of the Boundary Waters Treaty?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I would prefer to withhold the answer on that question for at least 24 hours. I had a preliminary discussion with the responsible minister from Manitoba this morning. As soon as question period is over, I will be meeting him at the Conference Centre to discuss these questions, so I might be in a better position to elaborate tomorrow or the next day.

* * *

PRIVILEGE

MR. LAMBERT (EDMONTON WEST)—PARLIAMENT HILL—USE OF FACILITIES FOR LIBERAL PARTY CONVENTION

Mr. Speaker: There remains outstanding from last Wednesday some questions relating to a matter of privilege raised by the hon. member for Edmonton West (Mr. Lambert). Perhaps the background should be recalled briefly.

The motion related to the intention to use the buildings of parliament for the purposes of holding a reception coincident with the forthcoming national convention of the Liberal Party of Canada, in a few days. Several months ago, as I have already indicated to the House, an application was made through me, which is in keeping with our regular practice, for the use of the premises for this purpose.

Over the last two or three years I have had ongoing discussions with representatives of all parties in this House as to the appropriate policy in respect to the use of these buildings. I formulated a policy some time ago which attempts to balance, on the one hand, the appropriate use of these buildings for the reception by elected people of their constituents and other visitors, for indeed that is a legitimate aspect of our function as elected members. We have to balance the use of the premises for those purposes against the other conditions that ought to be met here constantly, and that is that these are parliamentary and not commercial premises. They ought not to conflict with events that ought to be held in the area of commercial enterprise. Anything taking place in these buildings certainly ought to have a parliamentary connection and ought to be in keeping with a number of conditions that respect the dignity of the premises.

When the original application was made to me I examined the precedents and the dimensions of the request. I granted permission, which I felt at that time was in keeping with principles which had been established along those lines, and I directed my attention at that time to something in the nature of the dimensions of the requirement of this particular reception. I had researched the precedents in respect of the use of the Hall of Honour which, in addition to the use of the Confederation Room in the West Block, would certainly indicate the size of the reception. After that, as I have indicated, I gave permission and the matter proceeded.

Last Monday morning some concerns were raised with me as a result of some publicity or other information that had come to the attention of some hon. members who brought the matter to my attention. I immediately contacted the organizers of the event to receive their assurances in respect of the conditions I had previously laid down. Having received those assurances I informed all House leaders, by letter on the following day, that the original permission was under certain conditions, and that I had received assurances that those conditions would be met not only as to the use of the premises but also as to the recovery of cost, which in every case would be a full recovery of cost, in order to make sure that nothing would be taking place at public expense which was for a private purpose.

That permission was granted, and I think hon. members will understand that it would not be my intention to withdraw that permission at any time, particularly close to an event, even if it meant a re-examination of the policy would have to take place. I think that would have been an abdication of the responsibility I had originally assumed, and would have been an injustice to the organizers of an event which would perhaps have left them unable to complete the arrangements they had in mind on the basis of the permission which I had earlier given.

In any case, on Wednesday further concerns were raised, and the hon. member for Edmonton West raised a formal question of privilege in the House. Extensive discussions were held on that question of privilege, during the course of which the President of Privy Council (Mr. MacEachen), representing the government in this matter, indicated a willingness to discuss it with me. The matter was therefore held under reserve. I should indicate that while the matter was under reserve there was a fundamental difficulty with the question of privilege, in my mind. That was, of course, that having given my decision and my permission, if I were to give a preliminary decision on the question of privilege in such a way as to put it to the House, I really would be asking the House to send to a standing committee a matter which would place under scrutiny my own decision. I frankly did not have much relish for that. I would likely, therefore, have had a good deal of difficulty in granting the question of privilege.

I recognize the merits and concerns in the point that was raised, however, and it would have led in any event, and will lead to discussions about this policy and the feeling of members about it, as well as, perhaps, an attempt to formulate something more exact.

I am happy to say the matter largely becomes academic now; because of the discussions offered by the President of Privy Council last week I may now inform the House of a letter I received this morning from the minister. It is available in my office for members who wish to read it in its entirety, but I think I should quote only from two paragraphs. The letter sets out the background as I have cited it to the House, and the guidelines and principles that I have exposed to the House.

[Mr. Speaker.]

The last paragraph on the first page reads as follows:

> In spite of compliance with these guidelines, the proposed function has caused concern among some members and has placed you in a position of having to make a ruling on a question of privilege. This seems to me to exaggerate this matter out of all proportion in relation to the time the House of Commons should be devoting to the important issues before it. As I noted earlier, no final decisions have been taken on the location and the nature of the social event in question. I should now like to advise you that the members of parliament involved are withdrawing their request to you and will choose one of the other alternatives which were also under consideration.

The letter goes on to request further discussions in respect of the policies to be followed in this case, because the difficulties remain that access to these buildings for the purpose of meeting with, sometimes on a partly social and partly parliamentary accasion, elected members, is still a valid use of the premises. On the other hand, there are the other principles that have to be followed such as an assurance that this does not come in competition with commercial enterprises in the city, and also that any event that takes place here respects the privileges and rights of other users of the buildings and, of course, respects the dignity of the premises.

I will be inviting representatives of all parties, as they have always done in the past, to cooperate to establish and formulate clearer guidelines in respect to the use of these premises in the future.

● (1512)

MR. HNATYSHYN—PRESENCE OF MINISTERS IN HOUSE DURING QUESTION PERIOD

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise on a question of privilege. I will attempt to make my interjection brief at this time because we have important business to carry on.

As you know, Mr. Speaker, certainly members on this side of the House have attempted on every occasion to take steps to expedite matters and to try to do things with respect to the order of business of the House generally. In this connection part of my responsibilities on this side of the House involves the arrangement of question period, that portion of the day involving the questioning of members of the government and members of the treasury bench, and we have followed a policy of attempting to notify individual ministers who might be asked questions from time to time so that they would know in advance they will be asked questions and that their presence would help facilitate the business of the House. Indeed, we went to some trouble on this side of the House to contact individual cabinet ministers who might be involved in respect to the question period on a specific day.

As a result of this particular effort, which I thought was a courteous gesture on my part, there were a number of complaints raised with my office and my staff that we were in effect bothering individual ministers by asking that they be telephoned during the course of the day to determine whether they would be in the House. Whereupon I was subsequently informed that henceforth an arrangement would be entered into with the chief government whip's office by which one phone call in advance of the opening of the proceedings of the

House would allow me to obtain a list of those ministers expected to be present in the House from the whip.

That situation was satisfactory as far as we were concerned. It allowed us to circumvent the procedure of phoning each minister. It also provided a simple way by which the government could let us know, not too soon before the question period commenced, who might be in the House, and it would also result in facilitating the business of the House.

My office has been informed by the office of the chief government whip that henceforth there will be no notification, and in fact we will not be apprised as to which minister will be in the House during the course of any question period, and also that this information is of a confidential nature and should not be disclosed. Aside from the fact that this is in line with the paranoia and determination of secrecy on the part of the government with respect to almost everything it does, I suggest it has very serious consequences for the way in which this House will operate. If the government is to take this position, childish and poor as it is during the course of an election year, it would seem to me in line with the ruling that you yourself made with respect to the obligation of ministers to be present and receive questions, as opposed to answering them. I believe this particular practice will affect the ability of members on this side in carrying out their functions as members of parliament. I bring to your attention, Sir, the extent the government is prepared to cover up and hide from answering questions in this House.

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, I may be accused of many things but seldom of lack of co-operation.

I would like to say that the first time I heard about this matter was a few moments before entering parliament. One would presume if I was involved in any kind of agreements that someone would have spoken to me before that time. Certainly no request of any nature has been made to me personally. My House leader has not informed me of any kind of agreement which exists. My staff are quite loyal and would follow the strict instructions which say that at no time do you discuss with the media, with the opposition or with anyone else, attendance in the House. Those are strict instructions which I have issued. Even if someone phoned our office concerning some of the opposition's attendance, it would be no one's business. I am sorry if it in any way has destroyed any kind of agreement that would help the House. If an agreement was wanted I would presume a little person like myself might have been spoken to.

Mr. Speaker: Order, please. Essentially the point, of course, establishes private arrangements. It concerns matters of discussion and negotiation about House business and does not constitute, in any way, matters of privilege.

ROUTINE PROCEEDINGS

[*English*]

REGULATIONS AND OTHER STATUTORY INSTRUMENTS

CONCURRENCE IN SECOND REPORT OF STANDING JOINT COMMITTEE

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare) moved that the second report of the Standing Joint Committee on Regulations and other Statutory Instruments, presented to the House on Wednesday, February 8, 1978, be concurred in.

He said: Mr. Speaker, I understand that the hon. member for Peace River (Mr. Baldwin) wishes to make a point at this time with regard to the regulations and statutory instruments committee.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a brief intervention to make on this important matter. It is important because it constitutes a situation where all members of a hard-working committee, without regard to partisan politics, have produced this report, as they have produced other reports.

This particular report provides for the reconstituting of the criteria under which this Standing Joint Committee of the Senate and the House of Commons on Regulations and Other Statutory Instruments examines orders in council, regulations, and decrees. Having in mind the debate in which we have just been involved and other things, members should be aware of some of the criteria which we have adopted. I mention that because two and a half years ago this House and the other place adopted such a report. It was for that specific session and we are now reintroducing it. I hope the government House leader might give some thought to having these criteria made legal every session. He might introduce the criteria as amendments to the Statutory Instruments Act which can then become part and parcel of the basis under which that committee operates.

I will read some of these criteria and ask hon. members on both sides to take a note because many of us in committee have had discussions with our colleagues who have sometimes challenged orders in council and decrees on the basis on which they are made. We have said that here is a vehicle by which it is possible to examine regulations and let the committee have an opportunity of providing it with material to do so on their behalf. I will not go over all of them. There are 18 points in the criteria contained in 15 orders. Some of them are as follows. We object to a statutory instrument if it, and I quote:

● (1522)

4. makes some unusual or unexpected use of the powers conferred by the enabling statute or by the prerogative;

5. trespasses unduly on the rights and liberties of the subject;

6. (a) tends directly or indirectly to exclude the jurisdiction of the courts without explicit authorization therefor in the enabling statute; or

(b) makes the rights and liberties of the subject dependent on administrative discretion rather than on the judicial process;

8. appears for any reason to infringe the rule of law or the rules of natural justice;

10. in the absence of express authority to that effect in the enabling statute or prerogative, appears to amount to the exercise of a substantive legislative power properly the subject of direct parliamentary enactment, and not merely to the formulation of subordinate provision—

11. without express provision to the effect having been made in the enabling statute or prerogative, imposes a fine, imprisonment or other penalty, or shifts the onus of proof of innocence to the person accused of an offence;

13. is not in conformity with the Canadian Bill of Rights;

14. is unclear in its meaning or otherwise defective in its drafting.

I have taken a few minutes of the time of the House to read those for the benefit of civil servants and members of the bureaucracy engaged in the drafting of orders in council and regulations, looking at the pipeline bill about which the Deputy Prime Minister (Mr. MacEachen) is concerned. He will agree with me that there is very great scope in the bill for drafting orders in council. It may well be essential. I hope that he and other ministers will draw to the attention of the bureaucracy and the members of the civil service who have any involvement in the drafting of orders in council that these are the criteria which this parliament, operating through both its Houses, has laid down as being conditions precedent. These criteria must, in our opinion, be met before there is a proper order in council.

I make that point not in a partisan sense because every member of the committee on both sides of the House in all parties feels exactly the same way. Having in mind that we are getting to the stage where there is so much governing by regulation and decree, it is imperative that these criteria be printed and put in the high offices of most of the public servants in this country who are involved in any way in the drafting of regulations.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 112, 113, 409, 732, 735 and 965.

[*Text*]

LEASED PREMISES AT 640 STE. CATHERINE STREET WEST, MONTREAL

Question No. 112—**Mr. Herbert:**

1. Was the Department of Public Works charged with the responsibility of the lease for the premises on Ste. Catherine Street West, Montreal, previously occupied by Information Canada and presently known as the Post Office House and, if not, which department carried the cost?

2. What was the term of the lease?

3. Was an attempt made to sublet the premises and were any offers received by prospective tenants for amounts less than the balance payable on the lease and, if so, what are the details?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): 1. Yes, the Department of Public Works was charged with the responsibility of the lease for the premises at 640 Ste. Catherine Street West. The former occupant, Information Canada, carried the cost until October 31, 1976.

2. September 15, 1971, to September 30, 1981.

3. Yes, a public tender was published on March 14, 1977, and one bid received but rejected as being too low. The proposal consisted of: Annual rent: $20,000. Term: approximately four years five months commencing as soon as premises were available and terminating September 30, 1981 (date of termination of DPW's lease). Use: a family shoe and/or clothing store, including accessories.

OCCUPANCY OF 640 STE. CATHERINE STREET WEST, MONTREAL

Question No. 113—**Mr. Herbert:**

1. What was the date of occupancy by the Post Office Department in the premises on Ste. Catherine Street West, Montreal, designated The Post Office House?

2. What is the duration and monetary terms of the lease?

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): 1. Occupancy by Post Office Department commenced October 3, 1977.

2. Duration of the lease is September 15, 1971, to September 30, 1981, at a rental value of $243,922.63 per annum. There are escalation clauses covering operating costs, real estate taxes and the cost of living index.

LAURENTIAN PILOTAGE AUTHORITY—PERSONS UNDER CONTRACT

Question No. 409—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Laurentian Pilotage Authority and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): 1. Two. None are retired public servants.

2. (a) $34,535.01; (b) $47,040.23. None of which was paid to retired public servants.

HMCS "BRAS D'OR"

Question No. 732—**Mr. Jones:**

1. (a) What is a breakdown of the total cost for the construction of HMCS *Bras d'Or* (b) were tenders called?

2. What was the cost of maintaining, storing and operation for each year since the construction of the *Bras d'Or?*

3. What use will be made of the research and technology gained by Canada as a result of the *Bras d'Or?*

4. Has Canada sold or given any of its interests in such research and technology to other countries and, if so (a) on what date (b) to which countries (c) what was the nature of such interests?

5. What disposition will be made of the *Bras d'Or* and at what cost?

6. Has the government considered selling the *Bras d'Or* by tender?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Supply and Services and National Defence as follows: 1. (a) The total project cost was $51.5 million. A breakdown of the total construction contract cost for HMCS *Bras d'Or* is as follows: Material, $6.4 million; labour and overhead, $13.5 million; direct charges, $16.5 million; administrative overhead, $4 million; sales tax, $1.03 million; fees, $0.5 million; total, $41.93 million. Other contracts awarded in support of the project total $9.6 million; (b) No.

2. One-time cost of storage facility, $98,914. Average annual cost for inspection, maintenance and security, $52,800.

3. The weapons integration command and control systems for hydrofoils were applied to the development of the DDH 280 and will continue to be usefully applied to other shipbuilding programs.

4. No.

5 and 6. Disposal options are currently being studied by the department, but no conclusions can yet be drawn.

NAVAL DEFENCE RESEARCH BUDGET

Question No. 735—**Mr. Jones:**

What amount of money was budgeted by naval defence for research for the years 1970 to date and what amount is to be budgeted for the next five years?

Hon. Barney Danson (Minister of National Defence): Precise figures for naval research cannot be given as the department's budgeting procedures do not provide for an accounting of individual Canadian Forces elements. The following table is an estimate of expenditures that have been, and will be, provided specifically to naval research: 1969/70, $5,544,000; 1970/71, $7,985,000; 1971/72, $7,744,000; 1972/73, $7,462,000; 1973/74, $8,222,000; 1974/75, $9,561,000; 1975/76, $9,645,000; 1976/77, $10,674,000; 1977/78* $13,110,000; 1978/79* $14,148,000; 1979/80** $14,503,000;1980/81** $15,544,000; 1981/82** $16,678,000; 1982/83** $17,870,000.

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* These amounts reflect existing budgets and programmed costs from the Defence Services programme.

** These amounts reflect an escalation of existing budgets using rates contained in the DND economic model and programmed costs from the defence service program.

Order Paper Questions

AMOUNT PAID TO NEW BRUNSWICK FOR SECOND LANGUAGE TEACHING

Question No. 965—**Mr. Howie:**

For the fiscal year ending March 31, 1977, what amount was paid to New Brunswick to assist in the teaching of a second language?

Hon. John Roberts (Secretary of State): Department of the Secretary of State: herewith are the amounts paid to New Brunswick (with respect to second language instruction) for the fiscal year ending March 31, 1977, under the program administrated by the Language Programs Branch, Department of the Secretary of State:

		(000's)
(1)	Formula payments (5 per cent formula)	$ 648,798
(2)	Special projects	177,580
(3)	Others programmes*	
	Fellowships	60,500
	Teacher Bursaries	85,298
	Travel Bursaries	16,463
	Summer Language Bursaries	227,419
	Language Training Centres	100,000
	Total	$1,316,058

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* (Funds are made available under most of these programs both for teaching in the language of the minority and for second language instruction. As it is impossible to break out the sums for the respective objectives, global amounts paid to the province of New Brunswick under these programs are cited here.)

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if questions Nos. 168, 252 and 723 could be made orders for return, those returns would be tabled immediately.

Mr. Speaker: The questions listed by the parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 168, 252 and 723 be deemed to have been made orders for return?

Some hon. Members: Agreed.

[*Text*]

HEARING DISABILITIES AMONG CANADIANS

Question No. 168—**Mr. Friesen:**

1. What is the estimated number of Canadians (a) with severe hearing disabilities (b) totally deaf (c) with some hearing impairment?

2. Are such statistics based on Canadian surveys and (a) if so, by whom were they collected (b) if not, for what reason and by whom were they collected?

3. What is the estimated number of Canadians (a) with severe visual disabilities (b) totally blind (c) with some impairment to their vision?

4. Are such statistics based on Canadian surveys and (a) if so, by whom were they collected (b) if not, for what reason and by whom were they collected?

Order Paper Questions

5. Are there income tax exemptions for the (a) deaf (b) blind and, if so, on what degree of impairment are the calculations based?

6. Are hearing aids tax deductible and do they receive special treatment under the Income Tax Act, i.e., deduction specifically for the deaf?

7. Are Canada Manpower offices equipped with interpreters to council deaf or applicants with some hearing disability and, if so, how many are there and where are they located?

8. Does the Federal Court have a registry of qualified interpreters of the deaf for those disabled who have been called before the Court and (a) if so (i) what are the qualifications required for this certification (ii) how many are on the list, by province (b) if not (i) for what reason (ii) what arrangements are available for the hearing disabled?

9. In (a) 1970 (b) 1971 (c) 1972 (d) 1973 (e) 1974 (f) 1975 (g) 1976, what was the amount of government funding for programmes related to those with (i) visual (ii) hearing deficiencies and what was the nature and amount in each case?

10. Does the CBC plan to utilize the Line 21 sign language captions concept of a captioned news within the next two years and (a) if not, for what reason (b) if so, on what date?

Return tabled.

CANADIAN WHEAT BOARD FIELD INSPECTORS

Question No. 252—**Mr. Schumacher:**

1. How many field inspectors were employed by the Canadian Wheat Board on January 1 each year 1968 to 1977 inclusive in (a) Alberta (b) Saskatchewan (c) Manitoba and, in each province, on an annual basis how much was expended by the Board for (i) salaries (ii) expenses?

2. On what date did each of the field inspectors join the service of the Board and where were they previously employed?

3. By year, from 1973 to date, in (a) Alberta (b) Saskatchewan (c) Manitoba, how many charges have been laid at the instance of the Board against (i) the Alberta Wheat Pool (ii) the Saskatchewan Wheat Pool (iii) the Manitoba Wheat Pool (iv) United Grain Growers Ltd. (v) Pioneer Grain Co. Ltd. (vi) Cargill Co. Ltd. (vii) Parrish & Heimbecker Ltd. (viii) Paterson & Sons Ltd. and against elevator managers employed by, and producers who were customers of, each of these companies and, in each case, how much was spent by the Board for legal fees and services provided by staff personnel, by Department of Justice Personnel, by standing agents for the prosecution of such charges, and how much has been recovered by way of fines in each case?

Return tabled.

MINISTRY OF STATE FOR FITNESS AND AMATEUR SPORT—EXPENDITURES

Question No. 723—**Mr. Herbert:**

During the past year, what amount was contributed by the Ministry of State for Fitness and Amateur Sport to each sport-governing body and sport and recreation association?

Return tabled.

[*Translation*]

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

Some hon. Members: Agreed.

[Mr. Friesen.]

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed from Monday, February 13, consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

Mr. John A. Fraser (Vancouver South): Mr. Speaker, when I finished at ten o'clock last night, I was referring to the problem that we have because apparently the government has either not done any independent study of the probable number of man-years of work that will result from the pipeline project or, if it has, it is deliberately keeping those particular studies from the scrutiny of hon. members.

Hon. members will recall that a few minutes ago there were a number of questions asked of the Deputy Prime Minister (Mr. MacEachen) which revealed that there are in fact several studies of which we have some knowledge. I am sorry to say that, at least from the comportment of the Deputy Prime Minister this afternoon, it would appear he had no knowledge of them whatsoever.

Mr. Baker (Grenville-Carleton): Oh, I don't know.

Mr. Fraser: One of my colleagues has indicated he does not know.

Mr. Baker (Grenville-Carleton): They have been available since last August.

Mr. Fraser: Mr. Speaker, this is a problem that we on this side have to struggle with when trying to determine what ministers know or do not know. We do know one thing, however. Ministers seem to go out of their way to make things as difficult as possible for members of the loyal opposition to find out fundamental facts that we have to know in order to do our job.

I wish to say, Mr. Speaker, in making this portion of my remarks specifically on the question of Canadian labour content in this project, that we want this project to go ahead. We do not want to be associated with the suggestions and untoward allegations made by members of the government that honest inquiry into what the aspects of this project may be amount to delay. I am sure all hon. members realize that this is not so. As a consequence, Mr. Speaker, my remarks are along the line of the obligations we have as members of the opposition. These obligations are pertinent.

Under schedule III of the pipeline bill, referring specifically to paragraph 9 on page 51, the company must submit to the minister a detailed manpower plan designed to ensure the maximum possible use of Canadian labour. Apparently the company plan can be amended by the minister, but once this is done the company must comply with the plan.

Curiously, on page 3 of the minister's release dated February 3, 1978, which is entitled "Outline of Northern Pipeline Agency", the following words appear. Hon. members would do well to consider them carefully. I quote:

> Other responsibilities of the agency such as the development of detailed procedures and guidelines relating to Canadian content, and the co-ordination of the development of an appropriate manpower training and delivery system will also be undertaken by the commissioner in the interim.

These words are pertinent:

> —co-ordination of the development of an appropriate manpower training and delivery system will also be undertaken by the commissioner in the interim.

What does this mean? Under paragraph 9 of schedule III, the responsibility clearly lies with the company to establish a manpower plan. The words in the minister's release clearly infer that the government will be involved in the co-ordination of the development of an appropriate manpower training and delivery system. Does this mean that the manpower training and delivery system is the responsibility of only the company, or does this mean that it is only to be done by the company subject to the approval of the government; or does this mean that in addition and complementary to the company's manpower plan the government is accepting responsibility for training Canadian workers so they will be available to fit into the company plan?

The reference in this regard in the minister's release is not consistent with paragraph 9 of schedule III. It raises the very important question of just who is responsible for ensuring that Canadians get the jobs. I want to point out, Mr. Speaker, that the company can, with the best of good will, submit a plan that calls for maximum Canadian content in labour, but if trained Canadians are not available the plan may never be fulfilled.

The only specific mention of Canadian labour content in the material that we have in front of us is in schedule III of the bill where, as I pointed out, the company must supply a detailed manpower plan. It is true, Mr. Speaker, that in the Canada-United States agreement, in paragraph 7, there is a provision that states:

> Having regard to the objectives of this agreement, each government will endeavour to ensure the supply of goods and services to the pipeline project will be on generally competitive terms.

It goes on to say:

> Elements to be taken into account in weighing competitiveness will include price, reliability, servicing to capacity and delivery schedules.

Assuming for the moment that labour content can be included within the word service, it could be argued that this is a reference to labour content. But even if it is—and this is certainly not clear because the word services is not defined in the bill—this clause in the agreement could actually work against Canadian labour content because, in some circumstances, if foreign labour were more competitive within the meaning of that term as set out in clause 7, it would result in precluding Canadian labour content rather than including it. It is all very well for the Deputy Prime Minister—I see he is now back in the chamber—to talk about competitiveness. There is no way Canadian labour can compete if this clause is relied on by the government as the basis of Canadian labour content. It does not guarantee Canadian labour content, and may even preclude it.

● (1532)

I know the Deputy Prime Minister will agree with me when I say there is no way in which the agreement can be re-negotiated to obtain a guarantee with regard to Canadian labour content. Apparently the Canadian negotiators assumed this was not necessary on the basis of the confidence of the company that it could employ 90 per cent or more Canadian labour. I want to say to the hon. gentleman that it is devoutly to be hoped that this assumption is correct.

Officials of the pipeline company are confident they can achieve the objective of maximum Canadian labour content. This view is based on their experience of past projects as well as on their experience of training manpower for pipeline construction. Union officials have quietly and unofficially indicated that they believe the major unions involved in pipeline construction will be able to provide a large proportion of the labour required. Again, it is to be hoped that this confidence turns out to be well placed.

What is missing in any discussion of this issue is corroboration by independent government studies of the estimates made by the company and the opinions of certain labour leaders. The Deputy Prime Minister stated in September that the project would create 100,000 man-years of employment in Canada. According to his release of February 3, 1978, entitled "The Northern Pipeline—Facts and Figures", if the company's objective of achieving 90 per cent input of Canadian goods and services in the project in this country, including the Dempster lateral, is realized, the hon. gentleman's earlier estimate of 100,000 man-years would be fulfilled. But this depends on three things. First, that there is in fact a 90 per cent input of Canadian goods and services; second, that the Dempster lateral is, in fact built; and, third, that there is presently available, or will be available by the date on which construction begins, sufficient trained Canadian workers to do the work which is on offer.

The estimates which have been put forward depend on all three assumptions being valid, and in these circumstances the government has an obligation to be completely open with parliament both during the present debate and in the committee hearings. Questions must be asked in addition to those which were asked during the question period today and in the course of the debate last night.

A study has been prepared by the Department of Industry, Trade and Commerce which puts the total number of man-years at 69,078. This is a far cry from the 100,000 man-years the minister has told us will be created. There may be an explanation for this lower figure. Indeed, if the study were

available in its entirety we might find that it contained an explanation. Clearly, it demands one. This study was referred to during the question period a few minutes ago. It is not a simple statement. It is headed "Estimates of Canadian Man-Hours Related to Pipeline Construction." It refers to the joint project and is broken down into the construction phase, engineering, project management, transportation and related services, and so on. There is also a separate item for the manufacturing phase, and the total number of man-years estimated is 69,078. It is common knowledge that if the Dempster link is not built, a reduction of about one third is to be expected which reduces the number of man-years according to this still secret study to about 47,000. I hardly need point out to the Deputy Prime Minister that this is less than one half of the estimate he has been giving the country for some months.

An Ottawa columnist, Mr. Richard Gwyn, recently published an article disclosing that a further study exists with respect to Canadian content. This was carried out by the Department of Regional Economic Expansion. Noting that the figure 100,000 man-years is based on the assumption of 90 per cent Canadian content, Mr. Gwyn cites this study as saying Canadian content could be as low as 67 per cent. The author quotes the study as follows: "Unless there are more effective controls to ensure Canadian content this 67 per cent may be the more realistic projection." The Deputy Prime Minister has told us he does not intend to get into debate about what might happen upon the basis of the worst possible assumptions. But if this study, which remains unavailable, is correct, then the estimate of 90 per cent content being equal to 100,000 man-years for both Alcan and Dempster is just not realistic.

A further cause for concern are the words "unless there are more effective controls to ensure Canadian content—" What do these words really mean? Do they mean that a government department believes the controls are not effective and that some officials in government are concerned that in the absence of more effective controls—we do not know their nature—pressures will build up to by-pass Canadian content during the construction period? Again, this situation should be clarified to the satisfaction of parliament and of the labour movement during this debate.

Then again, the question must be asked: will the Dempster line be built? As of today its construction does not seem to be completely assured. According to the press the Department of Energy said recently that Canada has enough gas in the south to meet all its needs into the middle of 1990-2000. What is the government's response to this assertion? What is the position of the government on the likelihood of the Dempster link being built in the coming years? Obviously this is important because, as I have pointed out, without the Dempster link the estimate of the 100,000 man-years, even if accurately based, drops by 30,000.

There is a third important consideration. Assurances must be given by the government that its own department of manpower has under way, or will have in place in time, an adequate training program. At present there is considerable confidence that the principal unions involved can supply the manpower needed now to be sure of maximum Canadian labour content. We want to know that the present capacity will in fact be available in 1980 and throughout subsequent construction years. I might add that inquiries of the Department of Manpower by my office and myself have not resulted in any information on this point. We understand that certain training programs in the field of skilled work on pipelines have been in place for sometime but, as far as I can determine, nothing is in place specifically for the Alcan pipeline project.

The Minister of Employment and Immigration (Mr. Cullen), in a speech reported in the *Globe and Mail* on February 10, said:

● (1542)

—he expects arrangements will be made with the pipeline companies to have interested Yukon residents sent south for training and experience on pipeline jobs.

The article continued:

There will be major pipeline construction for this training in Alberta and British Columbia during the next few years involving two of Foothills companies, the Alberta Gas Trunk Line Co. Ltd. of Calgary and Westcoast Transmission Co. Ltd. of Vancouver.

It is interesting that the minister, in his recent speech, seems to be putting the entire onus for training on Foothills or its associated companies. Perhaps this is satisfactory, but surely parliament should know whether the company alone can provide the training required.

Despite assurances from the company, based on its own experience, we really do not know whether a sufficient and satisfactory manpower training plan is either in effect or being planned. This question must be clarified, especially in view of the newspaper report to which I referred.

It continued:

Mr. Cullen said that, depending on the demands for skilled workers by other projects, the gas pipeline might require the use of foreign workers in certain trades.

If the Minister of Employment and Immigration made this statement as recently as last week, I should think someone on the government side owes us an explanation. How many workers might this involve? What categories of work are involved? What unions are involved? Does the government have information which casts doubts on company assurances that the highest degree of Canadian labour will be used? All these questions need to be answered. Most certainly they were not answered by the Deputy Prime Minister in his speech opening the debate yesterday, nor today in answer to questions posed in the House.

The hon. member for Yukon (Mr. Nielsen) put the position of the Progressive Conservative party exactly, when he said that there is a need to have some sort of monitoring of Canadian content. It is all very well to be given vague assurances, but the proof of whether these assurances are taking place can come only in the future. No one is suggesting that the company, or for that matter the government, does not want Canadian labour content. Reports should be sumitted to parliament on a regular basis indicating clearly the job situation

and illustrating the extent or otherwise of Canada labour content from time to time. Even the government, with its well known instinct for secrecy, should not object to our proposal. As the hon. member for Yukon has stated, we will be proposing an amendment to provide for such monitoring and reporting. Canadians have a right to know, after the promises, whether those promises in fact are being kept.

At this point I should like to refer to an extract from the report of the Department of Industry, Trade and Commerce. I ask government members to listen carefully. In part the report reads:

> There is sufficient uncertainty about what Canadian content could be achieved . . . some method of monitoring to ensure the implementation of high Canadian content will likely be required.

That is an extract from the government's own study. Either the government knows about it and has not told us, or the government just found out about it today. It emphasizes the position my party is taking. There must be a monitoring on the question of Canadian content in materials, as well as Canadian labour content.

There have been stories circulating which indicate that the American counterparts of international unions intend to send their workers into Canada to seek jobs on the pipeline. Of course this cannot be allowed, except where there is no possible way to obtain Canadian workers. The Anchorage *Times* of October 2, 1977, carried a story that teamsters from Alaska would be sent into Canada. I am sure this was a misunderstanding on the part of our friends in Alaska. I have been told discussions have taken place within the last two weeks in which Canadian union officials made it quite clear that American workers would not be able to move into the pipeline jobs.

I should like to deal with another aspect of this project which was touched upon yesterday by the hon. member for Yukon. What is the government doing, and what is being done to ensure Canadians have a chance to take an equity position in this particular pipeline? The experience in Alberta clearly shows that this kind of equity opportunity would prove to be very popular, not just with financiers and the wealthy, but with the vast majority of people with modest means who would like an opportunity to take some part in the future of their country through this particular project. It is incumbent upon all government members to ensure that this is given adequate consideration during committee hearings in order to ensure Canadians an equity position in the pipeline.

Yesterday hon. members on the government side indicated that it was important to have a powerful agency to conduct, co-ordinate, and regulate the work. There is no quarrel with that. That agency must have the power to do the job. I ask hon. members to look carefully at the provisions in the bill which only allow an appeal from an agency directive to the Federal Court. The Federal Court may send the appeal back. It can do one of two things; it can confirm the act of the agency, but there is no appeal from then on, or it can send the question back to the agency for reconsideration. What the Federal Court cannot do, which any appeal court ought to be able to do, is to make a decision against the order of the body appealed from. I urge the Deputy Prime Minister, as well as the Minister of Justice (Mr. Basford), to consider carefully those remarks. They are not given in a pejorative sense.

Despite the comments of the Deputy Prime Minister the other day, which indicated that this is a political House and the others are judicial houses, this is still the highest court in the land in the eyes of most Canadians. All hon. members should be conscious of judicial processes. Those processes should not be interfered with in the House of Commons, even with the plea that there must not be undue delay. There does not need to be undue delay, but there ought to be an appeal in the real sense. There cannot be an appeal unless the body appealed to can reverse the decision of the arbitrary agency appealed from.

In closing, I thank hon. members for their attention. Members of my party will study this question of Canadian labour content with great deliberation in the proceedings before committee. We are not attempting to delay this bill. As I indicated today during oral questions, on more of a note of irritation than at the moment, if the government provides us with the facts, we will move the bill along quite expeditiously.

Some hon. Members: Hear, hear!

● (1552)

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): Mr. Speaker, I regret that I was not in the House yesterday to hear the hon. member for Yukon (Mr. Nielsen) or the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). Since my return I have not had a chance to read those speeches, but I intend to do so. I simply apologize for not dealing today with some of the points raised yesterday, and I look forward to dealing with some of those points as they relate to my particular responsibilities at the committee stage, if that is acceptable. I think the hon. member for Vancouver South (Mr. Fraser) has also raised some interesting questions today, and I assure him that those will be dealt with in the committee as well. Perhaps that is in fact the best place in which to deal with some of them.

I would also like to express my gratification at the expression of general support for the bill and for its expeditious passage offered on behalf of the official opposition by the hon. member for Yukon and reaffirmed this afternoon by the hon. member for Vancouver South. That coincides very much with the general feeling of the government.

My purpose in getting into the debate today is to elaborate on certain questions which are a particular responsibility of my ministry and which affect, directly or indirectly, the planned northern pipeline. It is to be hoped my remarks will assist hon. members in understanding the direction of our planning as it relates to the pipeline.

First, let me say that I personally believe we can set terms and conditions for the building of the northern pipeline which can maximize potential benefits and minimize adverse effects. I believe we have the time to plan. I think we have the time to involve communities, but equally I think it is important to

make the point that we have very little time to waste. We have very little time to agonize over the challenge. This pipeline is a national undertaking and must be viewed with that in mind, and we need the time which is at our disposal to do the job properly.

Second, let me say that although this is the largest capital project undertaken by private industry in Canada, it is certainly not the most difficult. It poses nothing like the serious problems associated, for example, with an oil pipeline.

Much more challenging, I suspect, will be a project like the LNG project in the eastern Arctic or other large scale, high technology energy projects proposed for various parts of Canada.

Let me turn to the implications of the proposed legislation. The northern pipeline bill is without doubt one of the most important pieces of legislation to come before this parliament. The project is of great significance to the national economy and should provide a much needed stimulus, as others have pointed out. In the longer run it will also facilitate access to Canadian reserves of gas in the Mackenzie Delta. As minister of Indian Affairs and Northern Development I am particularly conscious of the effects the project will have on the lives and expectations of those who live in the north and close to the route of the pipeline. Economic activity has been at a low ebb throughout the north in the past two years. Unemployment and a stagnant investment situation prevail. I see the decision to go ahead with the pipeline changing that in a fairly dramatic way.

A project of this scale will give a boost to all sectors of the economy in the Yukon through the generation of new and permanent employment opportunities. In addition, I am optimistic that some of the economic stimulus of this project will extend into the Northwest Territories. There is, Mr. Speaker, a very distinguished member of the Northwest Territories Ex. Comm. in the gallery, but parliamentary procedures do not allow me to recognize him formally beyond that.

At the same time, it must be recognized that people living both in the Yukon and in northern regions of the provinces of B.C. and Alberta look upon the pipeline with mixed feelings. I think we have to be quite candid about that. Many people, especially natives, have real concerns about the potential for seriously disrupting their lifestyle and their economy. Some see employment and business opportunities but are wondering whether they will be able to realize these benefits. The Indian people in the Yukon have all these concerns plus an additional one regarding the possible affect of the pipeline project on the settlement of their land claims.

These questions are a very real concern to me and represent, I suspect, the most difficult challenge we must meet if this project, which is to be carried out in the national interest, is also to yield net benefits for the north. To me this is central to northern economic development policy.

Last month I had the opportunity and honour to address the Northwest Territorial Council on this very subject, and I believe my remarks there were germane to the Yukon. In the past we have too often seen northern development in terms of economic growth. Most commonly this has meant exploitation of northern renewable resources to meet national or foreign needs. All too frequently such projects have yielded little or no lasting benefits to the local people living in the north. My own objective in economic development is that it must be for the north, not just of the north.

The bill before this House, and the Canada-U.S. agreement it incorporates, provide the statutory basis for unprecedented benefits to the Yukon. The bill provides the legislative framework for my commitment to make the Yukon a full partner in this undertaking.

I should like to set out 12 key points about the project which are of particular importance to the Yukon. One, the pipeline itself will provide economic benefits to the Yukon. That does not seem to be disputed. Two, the creation of a single window regulatory agency to ensure efficient construction and full compliance. Three, a second stage inquiry to be conducted by the agency to review the proposed terms and conditions with the Yukon public. Four, an agency office in Whitehorse headed by a top official to be established under clause 10 of the bill. Five, Yukon representation on the federal-provincial consultative committee under clause 17 of the bill. Six, an advisory pipeline council for the Yukon Territory to be created under clause 18. The main reason that provision is in the bill is to help us take account of the special concerns of the Yukon. Seven, a major role and major responsibility for the Yukon territorial government is mitigative impact planning for the pipeline. I will have more to say about that later in my remarks.

Eight, the addition of a fourth elected member to the executive committee of the Yukon territorial government specifically to deal with pipeline impacts and native affairs. This I authorized in November. Nine, the establishment of a pipeline impact information centre located in Whitehorse to disseminate reliable information about pipeline impacts. Ten, substantial taxation revenues for the Yukon Territory including financing of essential mitigative measures and the creation of a Yukon pipeline heritage fund. Eleven, in addition, as soon as agreement in principle is reached on the Council for Yukon Indians land claim the government is prepared to create a $50 million advance on the land claim settlement. Twelve, the bill makes specific provision for the construction of a Dempster lateral when the necessary pre-conditions are met. The point I am making is that these 12 points constitute a substantial package of participation and benefits for the Yukon Territory. It will ensure that the interests of the Yukon are met in building the pipeline.

Let me now deal further with these 12 points. The building of the pipeline itself will provide a major boost to the economy of the Yukon, as it will to the economy of Canada as a whole. Because a major part of the route will directly cross the southern part of the territory, the Yukon stands to reap major economic benefits in the form of jobs, new businesses, permanent additions to infrastructure and new energy sources for

Subsequent to the approval of the Alaska Highway line by the Canada-U.S. governments last fall, the environmental assessment panel was reconvened and has since issued guidelines for the preparation of the environmental impact statement. The panel will be continuing its work over the coming months and will be holding public hearings in the Yukon.

With regard to socioeconomic matters, the Lysyk report recommended that the second stage of the inquiry be carried out by the agency that was set up to regulate the planning and construction of the pipeline. I want to make it clear to the House that this recommendation has in principle been accepted by the government. We intend, however, that the public review process should be focused on a specific set of proposals and be designed to help us reach concrete decisions.

Wide ranging examination of the implications of pipeline construction in the north have been carried out in recent years by the Berger inquiry, the National Energy Board, the Lysyk inquiry, the Alaska Highway pipeline panel, financed by Foothills, to name only the most promiment. The analysis provided to the government from these quarters has been of a very high quality. In addition, many aspects of northern pipelines have been under study by departments of the federal government since the first major discoveries were made at Prudhoe Bay in 1968. What is needed now, in my judgment, is not more studies, more research, more lawyers and consultants, and TV cameras. What is needed is for the government to decide upon a range of concrete measures and then to put its proposals out for public scrutiny and debate.

The process we have in mind is as follows. Work is currently in progress within departments of the federal and territorial governments on a wide range of socioeconomic terms and conditions for the construction of the pipeline. The coordination of this work is being carried out by my department in consultation with the northern pipeline commissioner. We expect that a draft set of terms and conditions will be ready by this spring, at which time the agency will assume responsibility for carrying out a public review process which will include public hearings in communities along the route of the pipeline. I would expect this process to bring to light public concerns about any major deficiencies in our proposals. On the basis of this public scrutiny, the agency would, by the end of the summer, make the necessary revisions and additions to the terms and conditions, after which they would be issued to the company in legally binding form.

● (1612)

The provisions we are making for effective public and local access to the management process do not end there. The bill before the House provides for the creation of advisory councils. We will be establishing such a council in the Yukon at an early date to represent all the major Yukon interests, including the Indian people. The role of the council will be to provide effective two-way communications between the public and the agency beginning this spring and continuing throughout the life of the project. The advisory council will be kept fully informed of the activities of the agency, and be in a position to make recommendations to the commissioner of the agency on a continuing basis concerning the project.

I would like to turn now to the challenge this bill and this project pose to the Yukon territorial government. The terms and conditions will govern the actual construction of the pipeline by Foothills. What they will not cover are the myriad secondary, indirect impacts that will result. It is in many of these areas that the Yukon territorial government has primacy under existing legislation and program arrangements. The elected members of territorial council have a special responsibility.

Senior members of the territorial government have been involved in the pipeline decision from an early stage. The Commissioner of the Yukon territory participated in discussions with ministers prior to the negotiations with the United States. The full executive committee of the Yukon territorial government was invited to Ottawa to meet with ministers prior to the pipeline decision in August. I have myself met with members of the territorial council, the executive committee, and the executive committee member responsible for pipelines on more than one occasion, and there has been a continuous series of meetings between officials of the two governments since last fall.

It is no exaggeration that managing pipeline impacts will be a major challenge for the Yukon territorial government. It has a clear responsibility to start planning now in areas where it has primary responsibility. I am referring to such critical areas of probable pipeline impact as education, welfare, the control of rental accommodation, and municipal services.

The eyes not only of the people of the Yukon but of all of Canada and of the members of this House will be focused on the Yukon during the critical pipeline construction period. The government and my department have already taken several steps to support the territorial government in preparing for the pipeline construction period.

In November I expressed my willingness to support the establishment of an impact information centre for the Yukon. I note that the Lysyk report also recommended independent monitoring of social impacts. As was confirmed in my recent fact-finding visit to Alaska, an impact information centre can play a useful role in disseminating reliable information about pipeline impact, before, during, and after the construction period.

In addition, at the request of the territorial council, the elected membership of the executive committee, or Ex. Comm., was expanded to four. This was specifically to provide for expanded initiatives in the areas of pipeline planning and native affairs.

Previous speakers in this debate have charged the government with failing to respond to the Lysyk recommendation for the creation of a heritage fund. In fact, in my judgment, we have done better. We have negotiated a tax régime with the United States which represents a tenfold increase over revenues anticipated by the Yukon government. It will generate a net return of over $1 billion over a 25-year period. This is after

Yukon communities. There will be significant economic multiplier effects.

● (1602)

Let me quickly summarize the scale and scope of the project. The plans of the company call for some preparatory work, requiring a work force of a few hundred, to be undertaken in the Yukon in 1979, and to continue on an expanded scale until 1980. This work will include surveys, preparation of gravel pads, and clearing rights-of-way. The laying of pipe for the first construction spread is scheduled to begin in January, 1981. By the summer of the same year large scale activity will be in progress and will continue until the project is completed in 1983. Foothills have estimated that their peak labour force in the Yukon will number about 2,200 and that the total in-migration will be short of 5,000. That figure is open to some argument. It may be conservative.

Some hon. Member: Conservative?

Mr. Faulkner: Demographically conservative.

For the benefits to be achieved without unacceptable environmental social and economic costs would require systematic compliance with regulatory standards. But it is equally important that pipeline construction costs not be pumped up by overblown, overlapping regulations and competing regulatory agencies. For this reason the government has established the concept of a "single window" regulatory agency. This will bring all the relevant regulations under one responsible, responsive, umbrella organization. This, in my judgment, is the central thrust of the northern pipeline bill before this House.

The concept applies for the whole of the Canadian portion of the pipeline, but it has special importance to the Yukon. The Yukon is especially sensitive to environmental and social impacts. The ecology of the Yukon is very delicate. A significant portion of the Yukon native population is dependent upon the land for food and other basic needs. The Yukon wilderness is a priceless national asset as well as for all Yukoners, native and white. It must not be crippled or destroyed by the construction of this pipeline. The Yukon population is small, only 22,000 people.

An hon. Member: But the quality is high.

Mr. Faulkner: With some exceptions.

The economic and social impact of pipeline construction, if not properly managed, could wound the Yukon deeply. It could leave permanent scars. We should have no doubts about that. The construction of the Alaska Highway has left scars. We must ensure the construction of the Alaska Highway pipeline does not do similar permanent harm. That is the challenge which faces the pipeline company, the regulatory agency, and the federal and territorial governments.

I would now like to turn to the terms of reference for the second stage of inquiry which has been the subject of some dispute, some controversy, some discussion, and some observations—some of those observations accurate, some inaccurate. To ensure that the benefits will outweigh the adverse impacts, firm and imaginative action will be required. The potential negative impacts are clear from the experience of the recently completed oil pipeline in Alaska. They include a significant influx of southerners, some as employees of the pipeline company, some as employees of the secondary enterprise, and some as transient work seekers and speculators and camp followers. We can also expect that high salaries, extensive overtime income, and a swollen population will produce a degree of regional inflation.

In moving to meet these problems we will have the benefit of valuable work done by the Berger commission and the Lysyk inquiry, the National Energy Board, the pipeline company, various interest groups, and departments of the federal government.

There are two main elements to the government's approach. First, we intend to contain the foreseeable impact to the fullest possible extent through terms and conditions of construction that will be enforced by the agency. As an example, we intend to discourage an influx of job seekers into the Yukon by requiring applicants for work on the project who have not already established residence in the north to present themselves at the hiring hall south of 60°. Wide publicity is to be given to this measure and I would contribute to a better understanding of it today by saying to anyone in Fredericton or Winnipeg or elsewhere who was thinking of going to Whitehorse to look for a pipeline job, "Don't. They will just send you back to Edmonton or Vancouver to make your application there. In any case, it will be two years or more before hiring in the Yukon begins on a large scale."

Other terms and conditions will include preferences for northerners in employment and contracting, and measures to insulate communities from the work camp. We expect to define a northerner in such a way that native people and permanent residents of the Northwest Territories as well as the Yukon will be given substantial opportunities through such preferences.

General terms and conditions have been set out in the bill, but these are not fully comprehensive. It is now necessary to work out precise and concrete conditions to be applied on the project.

At the request of the northern pipeline commissioner, work is in progress in my department, together with the territorial government and other interested federal departments, on developing the full range of socioeconomic and environmental terms and conditions that will govern the construction of the pipeline.

If the past month or so some confusion and controversy have developed over the question of whether second stage inquiries into socioeconomic and environmental issues should be held in the Yukon. Let me begin by recalling that last spring and summer preliminary assessments of the socio-economic and environmental impacts of the Alaska Highway were respectively carried out by the Lysyk inquiry and an environmental assessment panel established by my colleague, the Minister of State (Environment), (Mr. Marchand).

the Yukon has funded the additional programs required as a result of the project; these are currently estimated to cost in the region of $70 million up to 1983.

In 1983, the first year of operation, Foothills will pay taxes of $30 million. In each succeeding year this figure will be escalated by the GNP price deflator. The construction of the Dempster line in the 1980's would expand revenues still further, and, coupled with further mining development, should bring the Yukon close to a position of fiscal independence from the federal government. With fiscal independence would inevitably go a greater ability to Yukoners to manage their own affairs.

In the initial years, if we applied all the new tax revenues against the annual federal deficit grant there would be no net gain to the Yukon. I do not believe this is just, and therefore I accept fully the concept of a heritage fund first proposed in the Lysyk report. I wish to announce that to establish this fund the federal government is prepared to exempt a portion of the pipeline revenues, and all other new territorial taxes, from the calculation of the annual deficit grant. The fund would be capitalized to an eventual total of $50 million and the moneys used by the territorial government to provide lasting benefits to the Yukon.

I have also informed the territorial government that we wish to negotiate an agreement with them relating to other pipeline matters and, in particular, the provisions of loans to pay for pipeline related expenditures in advance of the funds becoming available from pipeline taxes. I am proposing that the territorial government be free to borrow up to $200 million from Foothills or from any alternative source it may choose, thereby ensuring the best possible rate. This will be the first time that a territorial government has had the right to undertake independent borrowings. Such borrowings would supplement the very substantial expenditures which the federal government expects to incur on its own account in the Yukon.

I have outlined several major steps which are already being taken, Mr. Speaker. As minister responsible for northern affairs, I stand ready to co-operate with the territorial government in other ways. For example, clause 17 of the bill before you makes specific provision for a representative of the Yukon on the federal-provincial consultative council. I look forward to co-operating with the territorial government in the selection of this representative.

The people of the Yukon and the federal government are looking to the territorial government for leadership in the management of pipeline impacts within its areas of responsibility. I urge the territorial government, and particularly the elected members of council, to take up the challenge. It will require political courage to make the tough decisions that lie ahead. Specifically, they will be called on to commit significant financial resources to meet pipeline needs, particularly in such areas as housing, social programs, and municipal services. In the measures announced today and the action previously taken, the federal government is meeting some of its major responsibilities. In addition, the fiscal measures we have developed will ensure the territorial government has the resources to play a leadership role in the management of pipeline impacts in the Yukon territory.

It will be clear from what I have said thus far that the interests of native people in relation to this project are very much in my mind. This is true, not only of the Yukon Indians, but of those in Alberta, B.C., and Saskatchewan as well. Pipeline co-ordinators have already been designated in the regional offices of the Indian Affairs program in the three western provinces plus the Yukon. They will be working closely with Indian leaders and the company to ensure that Indian interests are protected, and that Indian people are able to take advantage of the economic opportunities inherent in the project. The results of their work in the next few months will be reflected in the socioeconomic terms and conditions we are preparing. Alberta Gas Trunk, one of the principal members of the Foothills consortium, has established an excellent record in working with native groups, and our discussions with its president, who is also president of Foothills, has left us in no doubt that we can count on full co-operation from the company.

I would now like to look specifically at the Yukon Indian land claim. I have purposely left the most pressing issue to last, and that is this issue of the Yukon land claim relative to the pipeline. The pipeline is a reality which cannot be avoided. It is therefore in the interests of both the government and the Yukon Indian people to ensure that the land claim is settled quickly and fairly, and that both sides do everything possible to avoid prejudicing the negotiations toward the settlement of the claim. We have three full years before construction starts in earnest in the Yukon, and I believe this should be sufficient to achieve a just settlement of the claim and to make a good start on its implementation.

• (1622)

The Yukon Indians presented their paper, "Together Today for our Children Tomorrow", five years ago today. Three years ago the government made an initial offer for the settlement of the claim. A sustained set of negotiation meetings was held during the course of 1977, and by the end of the year there was agreement on both sides that an agreement in principle should be attainable by the spring of 1978.

In the past few weeks the Yukon Indian leaders have informed us that they wish to reassess and consolidate their position, and that they intend to present a new and comprehensive statement of their claim before the end of March, 1978.

I fully recognize that northern claims, including the one in the Yukon, have to do with more than land and cash, important though these may be. The claims reflect the legitimate desire of native people to establish for themselves a more effective role in northern society and northern institutions; they are an attempt by people who have been virtually powerless to gain effective control of their lives. The federal government is in full sympathy with these aspirations.

The government has made clear its willingness to consider modifying existing institutions and systems, and to develop with native people ways of providing special protection for

their interests, whether through legislative or other measures. Indeed, special protection for native interests may be particularly important for Yukon Indians because they are a minority and there is danger that their position will be eroded further as the pipeline and other major development projects proceed.

I am confident that, with trust and good will established on both sides, measures can be developed that will give native people in the Yukon both political and cultural security, together with substantial and lasting opportunities for economic development.

The Lysyk report proposed that a fund of $50 million be established in order to enable implementation of the settlement to begin in advance of the final agreement. I informed the council for Yukon Indians last November that we are prepared to give very serious consideration to a proposal whereby such a fund would be established as soon as an agreement in principle was reached. While the principal would be held by the federal government—and this is in the spirit of the Lysyk recommendation—pending signature of the final agreement the Yukon Indians could set up a corporation to use and manage the interest accruing from the fund. These interest moneys, which might be of the order of $4 million or more per year, could be used to establish Indian enterprises that could take advantage of economic opportunities arising from the pipeline project, to carry out community improvements, and to provide programs for the protection and enhancement of Indian culture in the Yukon.

In summary, I believe that the pipeline project, although it is being undertaken for national reasons, can be managed in a way that will provide substantial and lasting benefits to the north—that it will be consistent with the objective I stated at the outset of promoting development for the north, that it will be consistent with the objective I stated at the outset of promoting development for the north as opposed to simply development of the north.

In particular, I believe that through the development of effective terms and conditions for pipeline construction, through the enhancement of government programs, through the creation of a heritage fund, and through the benefits that could result for all Yukoners from a just settlement of the Indian claim, we can produce a better order of things in the Yukon. South of the sixtieth parallel, the project can create significant economic opportunities for Indian people.

The agency that will be created by this bill will have a key role to play in combining firm regulation with simplified and expeditious management of the government's role in the project. It is important that the measures in this bill receive the earliest possible approval so that we can all get on with meeting the challenges that lie before us.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, before the minister sits down, may I ask a question?

Mr. Speaker: The hon. minister will have to give his permission.

Mr. Faulkner: Yes, Mr. Speaker.

[Mr. Faulkner.]

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, last year when we were discussing this matter it was suggested that the native land claims were close to settlement. There was a real possibility that by the month of September, 1977, a settlement in principle would be reached. September has come and gone.

The minister seems to be reasonably hopeful that a settlement will be reached in the spring of 1978. I would like to ask the minister if any discussions have been held within the past six months, or are presently being held, concerning the native people of the Yukon regarding their land claim? If not, has the whole process been stalled so that no hearings or discussions are being held at all? What stage are the negotiations at with the native people on land claim settlement?

Mr. Faulkner: Mr. Speaker, what I referred to in my remarks was that we had hoped to have an agreement in principle by March of this year. This was agreed to on both sides in the fall of last year. Negotiations have been going on fairly regularly. I cannot give the hon. member the actual number of meetings, but I would be pleased to get it and provide it to him privately. With the government putting forward a more precise proposal in December, 1977, it moved away from the general terms of the settlement to some specifics.

In the process of negotiations a few weeks ago, the CYI indicated to us that they would like to withdraw and review their position with a view to coming forward in March of this year with a comprehensive statement of their position. This is in juxtaposition to the position that we put forward in December, 1977. I will be visiting the Yukon in early March, and I hope to have meetings with the leadership of the CYI, and others, who are responsible for the conduct of the negotiations from the native side. I cannot give the hon. member a firm prediction of the date for settlement. I can only give him my best judgment at this point in time. There is a general interest, on the part of the leadership of the CYI, to settle.

It is evident there is a clear understanding of the potential opportunity that is associated with the pipeline if the land claims are settled, and compensation worked out.

There is opportunity within the pipeline, as I have said in my speech, for natives to participate. I believe they realize that. They are also conscious of the fact brought out in the Lysyk report that for this issue to continue for any length of time does not benefit the Indians particularly because it runs the potential risk of aggravating relations in the Yukon. It cuts down the amount of time between the settlement and the beginning of construction, that is, the amount of planning time available to them to take advantage of it.

We have to recognize there are differences. They have definite goals they want to achieve. They do not just relate to the question of land and compensation. In fact, those areas present the least difficulty for settlement. They relate to the issues that I raised in my speech. What is the position of the Yukon Indian and Métis within the political institutions of the Yukon? What sort of influence will they have over matters

that concern them, such as education and a host of other questions? These areas are the ones which present difficulty in settlement but, in my judgment, they can be settled if there is good will and flexibility.

It is in that spirit that a satisfactory settlement will be reached. There is a disposition on both sides to try to settle it. I do not wish to minimize the negotiations that lie ahead, but I believe those issues can be resolved.

● (1632)

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I was somewhat disturbed to learn this morning of the existence of two reports, one put out by the Department of Industry, Trade and Commerce and another by the Department of Regional Economic Expansion, which seemed to contradict the figure which has been bandied around by the Deputy Prime Minister (Mr. MacEachen). This, to my mind, underlines the need for freedom of information legislation such as has been advocated for so long by my hon. friend from Peace River.

The bill we are discussing today is an important piece of legislation. It affects all the people of Canada, and in dealing with it we should have all the facts before us. Nothing should be hidden. If we do not have all the information in our possession as parliamentarians how can we make an intelligent decision on the issue? As my friend, the hon. member for Yukon (Mr. Nielsen) has said, it is not the intention of members of this party to delay the legislation. If the pipeline is in the interest of all the people of Canada, whether they work in the industrial plants of Ontario or Quebec or whether they work on the prairies or whether they are looking for jobs in the maritimes, we are prepared to give relatively quick passage to the bill, but only after expressing our concern with regard to a number of aspects and the presentation of amendments which we believe to be necessary.

I listened to the Minister of Indian Affairs and Northern Development (Mr. Faulkner) a few minutes ago. I shall not comment at length on his remarks but I should like to refer to one of the statements he made. He said, and I believe I am quoting him correctly, that the bill "makes the Yukon a full partner in the project." Well, I have read the legislation several times, and it certainly does not appear to me that it makes the Yukon a full partner. In fact it detracts from the powers of the Yukon. The minister talked about the appointment of a member to the advisory council. But that appointment will be made by the governor in council, not by the legislative assembly of the Yukon. If you go through the legislation, Mr. Speaker, you will find many clauses which have the effect of placing power in the hands of the governor in council without right of appeal.

I intend to restrict my remarks to the subject of northern development. The Conservative party over the years has maintained a consistent and progressive policy toward the economic and political development of the north. On September 26, 1958, the right hon. member for Prince Albert (Mr. Diefenbaker), who, incidentally, was the first Canadian prime minister to travel north of the 60th parallel, stated "Eventually the area of the Yukon will surely be a province. It is my hope that by the time of Canada's centennial, in 1967, the Yukon and Mackenzie will have gone a long way—if not all the way—toward self-government."

The right hon. gentleman had a vision of the north, a vision so powerful that it captured the imagination of the people of Canada. Twenty years later that vision has been eroded and obscured by successive Liberal governments which continue to ignore the seriousness and sensitiveness of Indian land claims, along with need to provide leadership and assistance in the economic and political development of the Yukon and Northwest Territories. The peoples of the north are looking and working toward provincial status. Their aims and aspirations are dedicated to this goal, and they will receive provincial status when the Conservative party forms the government after the next general election.

On August 4 of this year, the Leader of the Official Opposition (Mr. Clark) speaking on the northern gas pipeline motion, stated as reported at page 8037 of *Hansard*:

> The Government of Canada, which runs the north like a colony, has known for at least a decade that the society and the economy of that region were bound to be profoundly affected by a pipeline possibility. Yet, despite that warning, despite Ottawa's absolute jurisdiction, we have to make this decision without a northern energy policy, without a national energy policy, without a northern development policy, and without any clear or consistent approach to native rights or northern ecology.

The key words of the above quotation are, I would submit, "The Government of Canada which runs the north like a colony"—a colony, I might add, in respect of which direction is given and decisions are made by experts in Ottawa who, while they might have all the data at their fingertips, have little if any intimate or personal knowledge of the north or of the hopes and aspirations and feelings of the people who reside within the territory.

When the Leader of the Official Opposition visited the territories two years ago, he gave a firm commitment to the people of the Yukon. He explained that if it was the expressed wish of the Yukon residents to become a province just like the others, he would, within his first term of office, pass the necessary legislation to give the Yukon provincial status. His is a progressive attitude, in complete contrast to what the Prime Minister (Mr. Trudeau) has had to say regarding provincial status in the Yukon.

I would like to quote from the editorial page of the Whitehorse *Star* dated Monday, August 8, as follows:

> Mr. Trudeau said on the CBC Friday that for the Yukon to become a province it would require a massive injection of federal funds.

The editor went on:

> Trudeau seems to be ignoring the Yukon territorial government's good record of paying its own way for operating and maintaining its programs and departments. In the past year the Yukon taxpayer met over 80 per cent of the territory's expenses. That's better than most provinces. If he applied the argument to Canada's provinces, seven of them would immediately become territories.

I am advised by a member of the Yukon legislative assembly that when the pipeline is constructed, taking into consideration the taxes that will be paid to the Yukon territorial government and using the same formula as is presently used for the

provinces, the Yukon, if if were a province, would be one of the few have provinces in Canada.

You may be wondering, Mr. Speaker, why, in a debate on a pipeline, I should be discussing self-government in the Yukon. The answer is simple. Of all the areas the pipeline crosses, it is the Yukon, with the exception of northern B.C., which will be most directly affected and where the greatest strain will be placed on the population and on the local and territorial governmental structures. It is an area where decisions must be taken which will have a lasting effect upon the people and the territory, decisions which will require an intimate and complete knowledge of the effect then are likely to have. I do not believe the government has recognized this fact.

● (1642)

If one examines the provisions of the bill, specifically clause 17, one will note that this clause provides for the setting up of a federal-provincial consultative council. This council will consist of representatives of each of the provinces of British Columbia, Alberta and Saskatchewan. Each of these provinces may nominate, by lieutenant governor in council, the person who sits on that council. In effect, the cabinet in each of the provinces makes the choice and designation. However, when it comes to the Yukon Territory, it provides for the commissioner, who is a federal government appointee, to be a member of the council. It provides for the other representative to be named by the governor in council, in other words, the federal cabinet.

From reading this specific clause, I gather this representative will not necessarily have to be a resident of the Yukon Territory, but could be an individual chosen by the governor in council from anywhere in Canada. I would suspect that the appointee will be one of the top public servants, presumably from the Department of Indian Affairs and Northern Development. The representative of the Yukon Territory on the federal-provincial consultative council must be named and appointed by the executive council of the Yukon Territory, which represents the people of the Yukon. It is my party's intention in committee to propose an amendment to this clause which gives such power of appointment to the executive council. Not one person, nor a group of people from the south, can represent the interests of the Yukon. They lack both the feeling and sensitiveness which is necessary to understand the problems and concerns of the north.

The pipeline minister, Mr. Ken McKinnon of the Yukon legislature, said a few days ago, as reported in the Whitehorse *Star*, that the pipeline legislation presently before the House of Commons reflects a growing and powerful federal presence in the Yukon. He pointed out that the Lysyk report indicated that the Yukon must be involved totally in all matters pertaining to the pipeline through its territory.

Is the federal government going to continue to treat the Yukon as a colony, or is it going to respect the wishes of the people and grant them responsible government? Will it allow active involvement by the people in the territorial council in decision-making with respect to the impact of the pipeline? It would almost appear that the attitude of the government is to become more and more involved, and that its policy is to move further away from, rather than toward, responsible government. Certainly it did not have the interests of the Yukon in mind when it failed to negotiate the $200 million heritage fund for the territory recommended in the Lysyk report. As the hon. member for Yukon stated yesterday, this fund would have given the people of the Yukon the money to enable them to purchase the assets of the Northern Canada Power Corporation and set up a new corporation of their own.

Time will not permit me to go into a detailed discussion of the Northern Canada Power Corporation, but it is sufficient to say that it was set up by an act of this parliament in 1956 to service the Yukon and Northwest Territories. It was based on a user-pay concept. Each project undertaken must be self-sustaining. Therefore rates charged must provide sufficient revenue to cover interest on investments, repayment of principal over a period of years, as well as a contingency reserve. The NCPC is operated by federal appointees, and it is not popular in the north. Its power rates are high, its planning is poorly done, and recently it was faced with a cost over-run of $36 million on the $11 million Aiskik power project. If the Yukon were able to acquire the capital assets, future planning could take place by the people of the Yukon.

There is tremendous hydro potential in the territory. There is one of the largest bodies of iron ore in the world in the Snake river area, as well as coal. These two resources, combined with power, could result in a large and almost fantastic steel industry. One must remember it was the steel industry which made the United States what it is today. There are other large ore bodies of lead and zinc, as well as a potential for an aluminum smelter in the Whitehorse area. It is interesting to note that Kaiser Aluminum showed a keen interest in such a smelter, but received no encouragement from the federal government.

Some might say that I am stressing development too much and that I am not concerned about the environment. This is not so. Development can go hand in hand with environmental and ecological protection. Development of resources must and will come. During the past few years I have met many people of the Yukon. They are vitally concerned about the environment and the ecology, as well as the socioeconomic problems. They are responsible people. They are the ones who should be making the plans and participating in the decisions, not the top senior officials of government who do not possess the same personal concerns.

Basically, the Alcan route will be constructed to deliver American gas from the North Slope and Prudhoe Bay to the lower 48 states. It is an accommodation for our neighbours to the south. It is only if the Dempster spur from the Mackenzie Delta is constructed and connected that Canadian gas will move down the line. Whether or not a Dempster spur will be built will depend on numerous factors, such as the reserves which will be discovered in the delta; the environmental and ecological effects in the area which the pipeline will transverse; and whether or not a smaller line down the Mackenzie valley

will be less costly or of greater national interest and value to the settlements in the valley.

Bearing these facts in mind, one wonders why the Deputy Prime Minister, when he was negotiating with the American authorities, did not do so on a *quid pro quo* basis and obtain some major benefits for Canada. I will refer to one benefit specifically, and that is a corridor from the Yukon through the Alaska Panhandle to tidewater. This was touched upon briefly yesterday by the hon. member for Yukon, and in the earlier pipeline debate by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) and the Leader of the Opposition. The question of a corridor through the Alaska Panhandle is one which the Americans may have looked upon with some favour because there has been some feeling in Alaska in the past that such a corridor should be established.

● (1652)

I need ony refer to House Joint Resolution No. 119 in the legislature of the State of Alaska, Sixth Legislature, 2nd Session, which was introduced in the legislature on April 13, 1970, and referred to the Committee on State Affairs. The resolution was a request for a negotiation of a treaty between Canada and the United States for the establishment of a Canadian port at Skagway and Haines. The resolution is very short, and I would like to read it into the record:

Be it resolved by the Legislature of the State of Alaska whereas the State of Alaska has established, at its own instigation and expense, a modern marine highway system connecting Alaska and the 48 contiguous states through the Port of Seattle; and

Whereas the Alaska Marine Highway System was devised and has operated to take the place of a highway because of the impossibility of actual roadbuilding in southeastern Alaska; and

Whereas there is a tremendous movement in commerce, trade and tourism between the south 48 states and Alaska; and

Whereas better to handle all the traffic, the Alaska Marine Highway System purchased a foreign-bottomed vessel, the *M. V. Wickersham*; and

Whereas presently, due to the provisions of the Jones Act, the *M. V. Wickersham* is prohibited from transporting passengers and vehicles between U.S. ports, thus creating an unreasonable burden on the residents of the state, on the flow of commerce and on the visitors to Alaska; and

Whereas under international law every government which is sovereign within its sphere of action possesses as an inherent attribute the power to acquire territory by agreement or treaty;

Be it resolved that the Sixth Alaska State Legislature respectfully requests the Department of State to negotiate with the Canadian government with the object of establishing by treaty or other agreement a portion of the ports of Skagway and Haines as Canadian ports.

Copies of this resolution shall be sent to the Honourable Richard M. Nixon, President of the United States; the Honourable William P. Rogers, Secretary, Department of State; and to the Honourable Ted Stevens and the Honourable Mike Gravel, U.S. Senators, and the Honourable W. Pollock, U.S. Representative, members of the Alaska delegation in Congress.

I grant that the resolution was proposed at a time when the Jones Act was an issue, but certainly the resolution does indicate some sympathy for a corridor through Alaska.

A copy of the resolution I have just read was handed to me by a very concerned resident of the city of Whitehorse. When he learned of the resolution introduced into the house in Alaska he took the trouble to obtain a copy immediately. He forwarded a copy of the resolution, along with a letter to the then secretary of state for external affairs, now the hon. member for Eglinton (Mr. Sharp), and suggested that the Government of Canada look into the matter with a view to opening negotiations for such a corridor.

I am advised by the individual that he was not even accorded the courtesy of a reply from the then minister. I suggest that the interest is there and that we had an opportunity to negotiate for a corridor, but the opportunity was not taken by the then minister.

I would like now to turn to some of the clauses of the bill pertaining to real property and the Land Titles Act. Certain clauses of this bill amend two other acts. Under the present system, Crown land in the Yukon may be appropriated to the commissioner of the territory, and the disposition of that land is determined and carried out by the commissioner. This is the manner in which land has been set aside for cities, municipalities, towns, settlements, et cetera. According to clause 37(1) of the pipeline bill, the commissioner's power with respect to so-called block land is taken away and vested in the governor in council if the governor in council or the minister is of the opinion that such lands are required temporarily or otherwise for the construction, maintenance or operation of the pipeline, including lands for camps, roads and other related work. The management of control of such lands then evolves to the minister.

Effectively, control of block lands, which was vested with the commissioner, has now been taken away and vested entirely with the minister, who may allocate these lands for any of the purposes set forth in this clause. According to this clause, in conjunction with sections 16 and 23 of the act it amends, there is no right of appeal. The rules of natural justice has been set aside, and control of the lands is in the minister's hands rather than in the hands of representatives of the people of the Yukon. If one examines the amendments to the Land Titles Act at page 22 of the bill, one notes here as well that powers with respect to easements have been widened to include works which in many instances go beyond anything contemplated in the construction of a pipeline. How frustrating all this must be for the people of the Yukon.

In today's mail I received a letter from the Haines Junction Businessmen's Association. Their local government started in 1968. They have a boundary which covers 367 acres, 90 per cent of which is Crown land held in right of Canada, and the other 10 per cent is privately owned. In 1975 a 50-unit trailer park for permanent residents was to be developed by the Yukon in an area which was part of the original local government district, but this was blocked by the federal government. The association says the land is desperately needed for private and government housing projects and commercial enterprises, but it cannot get any satisfaction from the minister or anyone—

Cruelty to Animals

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Surrey-White Rock (Mr. Friesen)—Environmental Affairs—Government plans to clean up oil spills; the hon. member for Fraser Valley West (Mr. Wenman)—National Defence—Disintegration of Soviet satellite over Canadian soil—Information provided minister; the hon. member for Simcoe North (Mr. Rynard)—Industry—Plastics—Request for measures to aid.

It being five o'clock the House will now proceed to the consideration of private member's business as listed on today's order paper, namely, public bills, private bills, and notices of motions.

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I wonder whether we have the unanimous consent of the House to proceed with bill C-340.

The Acting Speaker (Mr. Ethier): Is there unanimous consent?

Some hon. Members: No.

Mr. Pinard: Mr. Speaker, I see we do not have the unanimous consent of the House. In such circumstances, I ask for the unanimous consent of the House to proceed with Bill C-221 introduced by the same hon. member.

The Acting Speaker (Mr. Ethier): Order, please. Hon. members have heard the request of the hon. parliamentary secretary. Is there unanimous consent?

Some hon. Members: No.

Mr. Pinard: Mr. Speaker, at the request of the government, I ask that we proceed with Bill C-221, according to Standing Order 19, and that all preceding bills be allowed to stand.

● (1702)

The Acting Speaker (Mr. Ethier): Order. Is it agreed that all bills preceding Bill C-221 shall stand by unanimous consent?

Mr. Paproski: Agreed.

[Mr. Neil.]

[*English*]

CRIMINAL CODE

AMENDMENT TO PROHIBIT USE OF ANIMAL STEEL LEG TRAPS

Mr. Allan B. McKinnon (Victoria) moved that Bill C-221, to amend the Criminal Code (Cruelty to Animals), be read the second time and referred to the Standing Committee on Justice and Legal Affairs.

He said: Mr. Speaker, I am a little surprised to find myself speaking on this particular bill on this particular afternoon. It will be apparent to readers of *Hansard* that having drawn a low number on the order paper, I was refused unanimous consent to discuss another bill of mine on the reform of the Senate and selection thereto. The hon. member for Moncton (Mr. Jones) did not see fit to give unanimous consent to proceed with that bill, and consequently I shall speak on the lower priority bill.

The Acting Speaker (Mr. Ethier): The hon. member for Moncton (Mr. Jones) on a point of order.

Mr. Jones: Mr. Speaker, I rise on a point of order. It was not only I who did not give unanimous consent to that bill. In case the hon. member who has the floor could not see, it was also other members of the House. I think I had the right to object and not give unanimous consent. Furthermore, I do not like this idea that a bill which is slotted for a certain time be substituted by the member. He should be prepared to go with the bill which was—

The Acting Speaker (Mr. Ethier): Order, please. I had asked for unanimous consent previously for Bill C-340. That was refused, and I sought unanimous consent for Bill C-221. That was granted, and we are proceeding at the request of the government with Bill C-221 in the name of the hon. member for Victoria (Mr. McKinnon).

Mr. Jones: The point of the order is that I do not know if *Hansard* showed who said no. There were persons other than myself.

The Acting Speaker (Mr. Ethier): That was done at the request of the government.

Mr. McKinnon: Mr. Speaker, I feel certain that anyone reading *Hansard* will be completely baffled about what has gone on. I think it would not be an exaggeration to say that it rarely happens that we speak on the bill that is at the top of the order paper. The exact degree of co-operation we have had today will no doubt be remembered.

Mr. Speaker, I introduced this bill which would ban the steel leg hold trap in April of 1975 when it received first reading. I submitted it again when we started the new session. Subsequent to first reading of my bill, my colleague, the hon. member for Esquimalt-Saanich (Mr. Munro), introduced a similar bill although I thought his was more flexible. In the luck of the draw his bill appeared ahead of mine and was debated on November 16, 1976. It was withdrawn by agree-

ment and the subject matter was referred to the Standing Committee on Fisheries and Forestry which has prepared a report, although it has not been tabled. I see no indication on the order paper that any further action is going to be taken. I had intended to wait a while longer before discussing my bill, but fate determined otherwise today.

Another committee existed ahead of the referral to the Standing Committee on Fisheries and Forestry and it was to look into the problem of steel leg hold traps. Its fate was like that of the Cheshire cat in "Alice in Wonderland"—it faded gradually away leaving nothing but its smile behind. Certainly nothing has been done by that previous committee. In the unlikely event that this bill is to go to committee today I would be prepared to accept amendments to the effect that the bill become effective at the date of proclamation. I say this because there is some difficulty in the period of time between passage of this bill and the time the trappers would be expected to have Conibear traps or whatever other type of traps they obtain if they must find a substitute—which has not been done so far.

The bill is nothing, if not simple. It consists solely of a small amendment to section 402, (1) of the Criminal Code which is headed "Cruelty to Animals". I believe it was written in the days when we were worried about people beating horses to try to get them to pull enormous loads.

Section 402.(1)(*g*) reads as follows:

Every one commits an offence who

(*g*) being the owner, occupier, or person in charge of any premises, permits the premises or any part thereof to be used for a purpose mentioned in paragraph (*f*).

Paragraph (*f*) reads as follows:

Everyone commits an offence who (f) promotes, arranges, conducts, assists in, receives money for, or takes part in a meeting, competition, exhibition pastime, practice, display, or even at or in the course of which captive birds are liberated by hand, trap contrivance or any other means for the purpose of being shot when they are liberated, or

The simple effect of this bill is to delete the word "or" at the end of paragraph (f) and add the word "or" at the end of paragraph (g) and then add the following paragraph:

(h) uses leg traps to snare or trap any animal.

I understand that the penalty under this section of the Criminal Code is a $500 fine or six months in jail.

I have received a great deal of correspondence since putting this bill down for first reading, although the mail has slowed down somewhat because people perhaps thought that parliament was doing something on the other bill, the subject matter of which went to committee.

One letter I received is so typical of the hundreds of others that it would not hurt to read it into the record. It arrived about three days ago and reads as follows:

Dear Mr. McKinnon

I am writing on behalf of the Association for the Protection of Fur-Bearing Animals . . . I fail to see why the matter of leghold traps seems to be ignored in parliament, in B.C. and federally. I am sure that there are a vast majority of citizens who feel that the method presently enforced for trapping in B.C. and other provinces is certainly not the best. Members of parliament encourage us to write to them on occasion, so I decided to write. I hope you give this letter and others on this subject your requested attention.

Sincerely,
Lynn McAllister

• (1712)

I think that Lynn, a former pupil of mine, has summed it up very well. This is a cruel treatment given to animals. There is a great deal of public attention which has been fastened on the seal hunt which takes place off the east coast. The seal hunt cruelty is minimal compared to the leg-hold trapping of wild animals, particularly muskrat and the smaller rodents. I am sure all of us who have taken an interest in this matter can relate countless stories about animals which have chewed off their own legs trying to escape the traps. Some of them have even been caught twice and have gone through the same process on two separate occasions; they eventually freeze to death if they are caught above water. It is time something was done in Canada to stop this situation.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I am not trapped, but I would like to take part in the interesting debate on my hon. colleague's Bill C-221, through which he would like to amend the Criminal Code so as to punish those who snare or trap animals with leg traps. I read the suggested amendment and I must say that, at least in the French version, one is aware that the wording is so general in nature as to lend itself to abuse where it says that "everyone commits an offence who", and I quote:

(h) uses leg traps to snare or trap any animal . . .

To my mind, this should be more specific because, in the mind of the hon. member, some animals must be excluded from this provision; I presume he is alluding to animals other than thinking animals. Moreover, I agree that saying that the use of leg traps "to snare or trap any animal" is not specific enough in that of course we must mean animals with legs.

From a practical point of view, it remains that the text of the act could be more specific, though the principle of the bill is worthwhile in that its objective is to fight against cruelty to animals and I congratulate the hon. member for his good intentions. He mentioned a while ago that this subject has already been discussed by one or several committees. I believe that because of the play of parliamentary procedure before adjournment of the session, and because of the attitude of hon. members on the committee, this bill did not come back to the House. That is why the hon. member introduced a new bill on the subject today, that is Bill C-221. If the government of Canada had to choose between humane and inhumane methods of trapping or snaring, needless to say it would opt for the less cruel methods.

Traps are inhumane when they do not kill the animal immediately or when they hold it prisoner and needlessly cause it stress. I agree that the trapping industry would be the first to benefit from a more merciful trapping method. Indeed, the fur of an animal which has struggled is often damaged. If it succeeds in getting free and loses a leg, the animal stays lame

and its fur is lost. However, even though the national conscience and the industry can benefit from more suitable trapping methods, no trap or group of traps can yet be considered truly humane. Among those who want to promote humane trapping methods, some state that by prohibiting leg traps and other inhumane practices, we would inevitably promote the development of an alternative method. They say that only such drastic action can force those responsible to do something. However, we might well wonder what would happen if existing traps were prohibited before alternatives are suggested.

Many trappers, most of them native people, have incomes which put them just above the poverty level. Prohibition of these traps would force these people to give up their hunting income perhaps to draw welfare, or to continue illegally their activities in spite of the threat of prosecution. There are already instances of people who violate the regulations and who cannot be punished, and this causes the law to be ignored. Even if there were only a period of one or two years between the interdiction of those traps and the development, testing, manufacture and distribution of generally acceptable traps, what would become of trappers during this time? And what if this period should be extended? What are the chances that generally accepted traps or series of traps could be developed? Have the efforts made so far been successful?

Even though about 3,000 trapping mechanisms have been patented in the last 125 or 150 years, it is only recently that inventors have considered the humane aspect an important factor in the design of traps. The rewards offered for many years have not always gone to the inventors of humane trapping methods; this is now the case of the award previously of $10,000 and now of $20,000 offered by the American Humane Society since the twenties. However, it must be recognized that there has been very little publicity to make this reward known to those who can design such traps.

Through trap exchange programs, a number of attempts have been made to change the attitude of trappers about new techniques. But these exchanges may have come too soon. For example, a trap tested under this program is still in the development stage some 40 years after it has been designed. We can learn from this experience. The new approved trapping techniques must meet the requirements of the groups that are concerned with the question of humane trapping, because trappers cannot be required to replace their traps several times over. There are now some traps and trapping techniques that are less cruel than others. But no alternative program can be implemented before we reach a definition of what a humane trapping technique is.

In spite of these various difficulties, the federal government has committed itself to finding an alternative. The fact that this government participates in the proceedings of the federal-provincial review committee for humane trapping techniques is a step forward in this direction. This committee was set up in 1973 to promote the development of less cruel techniques and to assess their relative advantages.

[Mr. Pinard.]

● (1722)

More that 160 proposals were sent to the federal-provincial committee, of which the 22 most promising have undergone trials to date. A number of the proposed designs were already on the market under a "humane" label and in popular use. Mechanical tests have been conducted by the Canadian Standards Association and the engineering department of the University of Guelph. The Veterinary College of Ontario also conducted biological tests in Guelph and the provinces proceeded to experiments in the field. Mechanical, biological and practical test data are being assessed for a wide range of factors,including humane and method selectivity features, such as the effects on the animal's fur, easy portability as in a packsack for instance, the safety aspect in respect of both trappers and children and pets in some areas, mechanical durability and cost.

Minimum standards will soon be established on the basis of test results. Those standards will be amended as needed in light of further tests. Always on the lookout for new inventions, the federal-provincial committee issued a brochure on humane trapping for inventors. The Department of Fisheries and Environment is encouraging industry and inventors to co-operate with the government in the search for a solution to the problem of cruel trapping methods.

If a less cruel trap or series of traps is finally uncovered, the next question will be what type of program should be established to replace and take out of use the five million traps or so that would become obsolete in Canada. Should trappers be expected to bear alone the financial burden? The government is concerned with both animals and trappers. The department is therefore committed to support efforts to solve that further problem, trap replacement.

Even if a trap or a series of traps were developed to replace the present types of traps, it would still be necessary to ensure their judicious use. Indeed the most sophisticated traps can still be inhumane if badly used. It is therefore necessary to establish a program to teach the right way to use traps. Even if we do not succeed in finding a ideal way of trapping, the present traps could be made less cruel if the trapper knew how to use them. Acknowledging this fact, the provincial and territorial authorities have developed for the benefit of the trappers, information programs, some of which are partly subsidized by the federal government. The Canadian Trappers Federation is distributing a guide for trappers and resources from the federal government have been used to finance this information campaign.

A training program should help teach unexperienced trappers the art of trapping so that the preys may be killed as quickly as possible, taking into account the limits of the device being used. Professional trappers know how to practise some form of selection of the species, by using specific twigs or baits for instance. Their knowledge should be transmitted to other trappers. The federal government could institute such a training program for trapping carried out on native people land and other federal lands. If the provinces need assistance to increase the scope of their own training programs, the federal govern-

ment will put its own specialists at their disposal. The issues of a general nature dealing with the responsibilities related to the implementation of the various aspects of the trapping method humanization program will be studied jointly with the provinces as soon as the standards applicable to humane trapping methods are established.

The government is pleased to see that people calling for the humanization of trapping methods are trying to speed up the development of an improved trap. The federal government strongly hopes that a merciful method of trapping will be found and is allocating resources to efforts made in that respect. It must also ensure that the trapping and fur industries do not have to suffer from modern advancement in this area.

Trapping still has a role to play in this new age but it is no longer limited to fur harvesting. Close to human settlements the trapping of certain species helps prevent eventual conflicts with man. A certain balance between the viable fur animal population and its environment can also be maintained today through the use of traps. This aspect of the management of the ecosystem is certainly profitable while not requiring any expenditures from the government.

It is obvious, Mr. Speaker, that trapping cannot endanger any animal species. The number of trapping permits is determined by the provinces based on the level of optimum population to be maintained in each area. Animal overpopulation leads to the depletion of habitat resources, fights between species, sickness and long term depopulation. That is why the maintenance of a balance between animal populations can be considered a form of humanization in itself because it protects the species against those scourges. Those asking that all forms of trapping be banned should take those factors into consideration in their fight.

Furs are a renewable resource of which Canada can be proud. Those who want to replace furs by synthetic products are de facto advocating the use of petroleum by-products which are non-renewable resources. Just the development of those by-products often destroys habitats which can lead to an irreparable disappearance of wildlife. In concluding, Mr. Speaker, it is essential that we consider all aspects of the issue of humane trapping methods rather than limit ourselves to the one advocated by the supporters of the formal banning of leg-hold traps.

[*English*]

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I listened with interest to the parliamentary secretary reading, quoting and paraphrasing a document published by Fisheries and Environment Canada, dealing with inhumane trapping, "The Desire and The Reality." I would like to quote from a piece of correspondence by The Association for the Protection of Fur-Bearing Animals. The association said on January 31, 1978, that the publication to which we have been exposed is an interesting article that devotes approximately two and a half lines describing its desire to develop humane traps. The remaining six and a half pages seemingly are devoted to justifying the reasons for not developing humane traps. They think this speaks volumes for itself.

I heartily concur with the position taken by the organization, but I must say in the same breath, Mr. Speaker, that while I am opposed to inhumane traps, and specifically the leg-hold trap, I am not opposed to trapping per se. I should put on record a comment by Dr. N. S. Novakowski, program coordinator of the Canadian Wildlife Service, Department of the Environment. His comment was, and I quote:

> Because this topic has been discussed and argued for many decades with little result, we should make every effort to solve it. To ignore it would be to turn our backs on a large body of public opinion.

That statement made by the program co-ordinator of the Canadian Wildlife Service, the federal Department of the Environment, was made in the year 1958.

The real issue surrounding the development of a humane trap can best be summarized by advancing a quote from a letter that I have received from a Mr. Leo Rutledge of Hudson Hope, British Columbia. He says:

> It seems highly improbable that a practical killer trap will ever be devised for the wary ones of the dog family. But then one might well ask: is it an absolute essential that we should kill the possible maximum of these? (or of anything else for that matter). To strike a pose as removers of predators and so benefactors to the livestock and poultry industries seems an improbable reason. It lacks credibility. The price of fox and coyote furs has only recently emerged from a 25-year state of depression when relatively few were caught because it did not pay to trap them. Rather that being "alarmed" it is doubtful if the livestock people noticed the difference. At any rate traps, leg-hold or otherwise, would be a doubtful agent of control. The northern canines increase and decrease in their own time. Traps and snares are not an influence of consequence.
>
> Finally, while still discussing Mr. Priest's defence of the leg-hold trap; how apt is the quote from the president of the Canadian Trappers Federation, Mr. L. Cook's report, "You can fool some of the people some of the time but not all of the people all of the time".
>
> The leg-hold trap must be considered the ultimate in barbarism but if the development of a "humane" trap is to mean the total exclusion of pain and frantic anxiety, there can never be one. At best there can be only those less inhumane.

● (1732)

> No trap can ever be the answer to all needs because the constraints and variables contingent are infinite. So be it. Let us then proceed with what we have now devised and that which we know can be done.
>
> There have been killer traps available for many years capable of practical use on animals up to the size of the fisher, and these in the bigger sizes may also be used successfully on some of the larger animals such as beaver and wolverine. Wolves, being now classed as big game, need not be considered. In other words we have nearly all the essentials now—and perhaps all we are likely to get. So there is really little to wait for.
>
> The higher price of one of the better known killer traps has been one of the averred objections to conversion. An argument of some validity, perhaps, while fur prices were resting in the doldrums, but with some of the fur bearers trading at $100 and occasionally even better, the cost-benefit ratio is now entirely different.
>
> Price, weight, bulk, dependability, ease of setting and ability to kill are among the factors to be considered in devising a "humane" trap. Strangely enough, none of these were problems to the deadfall of yesteryear. Perhaps it would be well to take a second look here lest it should hold a partial solution. Improved trigger assemblies of various sizes and perfect in design could now be mass produced for pennies; with the aid of the small modern power saw the woodwork would be simple. Some trappers may have spare time in the summer. If so, it could be done then and building a thousand deadfalls should not seem an unreasonable objective. No special skills are required and once built they would remain serviceable for years.

Cruelty to Animals

The government funds made available to various aspiring "humane" trap builders have been rather well publicized. Therefore, results, per dollar expended, may well prove to be politically rewarding but other yields are likely to be unimpressive. All too often and easily, our leaders, our decision-makers, tend to defer the decision to further study, more research, the consultant's consultant, the committees, the subcommittees and all the other devices to stall for time, the more opportune political climate, the diffusing of responsibility, the guise of something productive being done, the "peace in my time" and ultimately the dead end. In the real world it is called "passing the buck".

The article "They take so long to die" sees the present government funding for the development of a "humane" trap "as only a scratch on the surface" because someone has estimated that it will require $150,000 per year "To get the job done". The estimate did not include how many "per annums" were deemed essential. How these conclusions were arrived at will forever remain a mystery to me. Really! Estimators should be more careful lest they trigger something—like a rash of government grants. In my opinion, $150,000 per annum or any other additional "humane" trap funding can only serve to buy a bigger pile of procrastinations. If legislators will now proceed to enact in a decisive manner, the marketplace will react and builders of better traps will beat a path to our door.

I suggest there is sufficient evidence at hand to act and that legislators should now do so. The facts are in and the time has come. The leg-hold trap—useful to our survival in its time—has served its purpose. It can no longer possibly be held as acceptable to the mores of our contemporary society. It has become an anomaly to our way of life. It is out of step. Already it is very late. The leg-hold trap has been able to outstay its time only because it operated in relative obscurity. Most were used well removed from the mainstream of society.

But though the leg-hold trap has become foreign to our culture, we should not be unduly harsh and speak of it despairingly. It served us well as a useful and dependable tool in our time of need. Instead, let us now take it to the museum with some decorum and place it with our other many and varied anachronisms—the thumbscrew, the wheel, the rack and the garrotte. The end is inevitable. So let us now acquiesce—sooner rather than later—while we can still do so with some grace.

I am quite aware that new rules and implicit compliance are not one and the same thing. There may well be some leg-hold traps in use two decades after being outlawed. All the more reason for an immediate start. We must act if legislators are to react and so ultimately enact. If we, as a people, do not express disapproval we thereby imply approval. We condone. There is no room for fence riding here. By a land stand of no dissent, we in fact give tacit consent.

British Columbia's attitudes to the raw-fur resources have been traditionally progressive. 1925-26 saw trapping areas of defined borders established throughout the province. These borders were recognized by the "Game Department" and their contained areas became known as registered trap lines. This system was the first of its kind and intelligent resource utilization was thereby ensured in lieu of former haphazard exploitation. This was a major breakthrough and undoubtedly among the most enlightened wildlife legislation ever enacted in Canada. It would now be fitting if B.C. again led wildlife legislation in an enlightened way by relegating the leg-hold trap to the past. Young people in search of causes to champion need look no further than this. And they could slay this dragon overnight if they choose to do so.

Finally, as a point of information—and lest it be thought that I might be little, old and wearing tennis shoes—I have spent 42 years in northern B.C. as a big game guide and outfitter. For 15 of the earliest years I also ran a 13-cabin trap line and made thousands of sets with leg-hold traps. I entered the north when options were few and easily defined. If one did not wish to leave he could stay and hunt or stay and starve. I elected to stay, hunt and live. The economy was fur. Trappers were either good hunters or they were not. The criterion of "good" was ability to consistently return with a sizeable catch of fur. Hunters, whether two or four-legged, hunted to live and the method was not a consideration of the time.

Leo Rutledge
Hudson Hope, B.C.

When Mr. Rutledge talks about a deadline it should be noted that his letter is dated March 25, 1974. Since that time the committee on humane trapping has appeared before the Standing Committee on Fisheries and Forestry and has made a report of a buck-passing nature. The Department of Fisheries and the Environment has, it is true, produced a pamphlet on the subject and the "motherhood statements" contained within that literary exercise are truly amazing. The suggestion that the federal government should teach trappers how to trap shows a total lack of understanding of trapping and trappers. The suggestion that the federal government might control the Crown land in which the trappers operate and constrain them in some fashion other than the way in which it is done in British Columbia is another indication that the government would like to impinge upon men who are probably the freest spirits in Canada's north.

● (1742)

In many instances trappers are concerned about the inhumanity of existing leg-hold traps. Experienced trappers are more equipped for obtaining their furs with little damage and with more humanity than inexperienced or novice trappers. That does not remove from us, the trapping industry or the trapper the responsibility of resolving this problem. This problem has been in existence as long as the leg-hold trap has been in use.

I support the private member's bill of the hon. member for Victoria (Mr. McKinnon). I am sure many trappers in my constituency will realize that I do not want to deny them an opportunity to earn a livelihood. The federal-provincial committee has one of the best boondoggles going for it: a budget of several hundreds of thousands of dollars, as well as an opportunity to delay decisions. This nonsense has been going on for years. If I was lazy, I would want to be associated with that committee. I do not wish to wallow in the public trough in that fashion, or in any fashion for that matter.

I conclude by indicating that I support the private member's bill before the House today.

Mr. Peter Stollery (Spadina): Mr. Speaker, after listening to the hon. member for Kootenay West (Mr. Brisco), I feel trapped. I was under the impression that he had lived in a trapping area for many years. The letter the hon. member was quoting from was signed by another gentleman. When I heard him so indicate, I felt courageous enough to rise to speak on the very controversial issue of leg traps.

Mr. Brisco: I am from a trapping area.

Mr. Stollery: Generally speaking, the problem with respect to trapping humanely leaves one with a slight feeling of unease. Many of the people who are concerned with the inhumanity of trapping—and I exclude the hon. member for Kootenay West—basically live in urban areas.

Mr. Brisco: I do not live in an urban area.

Mr. Stollery: If the hon. member opposite would listen for a moment, he would realize that I excluded him. I do not suppose listening is one of his characteristics.

The hon. member used up a lot of time explaining his position. I will attempt to make my comments in as few words as possible. Many of those people who express concern seem to

come from urban areas. They wear leather shoes, and there are other differences. When one refers to trapping, obviously an animal is going to be killed. Fur-bearing animals are killed in order to adorn people. There are few furs which are needed for real purposes. Basically they are used to make people more attractive in the eyes of someone else.

There seems to be a contradiction in this entire area, as well as some hypocrisy. People who live in urban areas often wear fur trim themselves, as well as leather shoes. They have views about how other people in different parts of Canada are living. In this case, they have views about trappers who are using the leg trap and are promoting a more humane method of trapping. There is no question that everyone wants more humane trapping. The question seems to be: is there a more humane and practical form of trapping which is readily available?

Various brochures have been published, such as the one on humane trap development and the one à la recherche du progrès, referring to testing systems for humane traps. There is some contradiction in the opinions of people who are knowledgeable in this area. But then I have always found a contradiction in the definition of the term "humane killing". No one can kill something humanely. I realize people are omnivorous and eat meat, but most of them would find it offensive to spend an afternoon in an abattoir, especially those who are not accustomed to it. I am from the city of Toronto, but on occasion I have had to butcher animals when I was living in the country. I have lived in areas where it was necessary to butcher goats and sheep, and I have never found that process to be attractive. It is necessary to slit the goat's throat. How can that be done humanely? Either you do it or you don't.

In preparation for rising today, I had occasion to look at that section of the Criminal Code dealing with cruelty in trapping and cruelty to animals. It seems to me that it would be more important to argue against killing animals rather than working toward arriving at a more humane trapping method. I argue strongly in favour of not killing fur-bearing animals for decorative purposes, rather than arguing in favour of killing fur-bearing animals for decorative purposes in a more humane manner.

Somehow the logic of this argument escapes me. I have had occasion to visit northern Canada as well as other parts of the world. The hon. member for Kootenay West talked about wolves and other animals. There are places in the tropical world where people kill everything that moves, and the furs are sold to Canada where coats are made. Ocelots and other exotic animals are killed for this purpose. An hon. member pointed out that snakes are also killed for their skins. The crocodile population is being wiped out. The skins of some of these animals are used only to hold up somebody's trousers. Alligator skins are used to make extremely expensive shoes for very wealthy people.

● (1752)

Mr. McKinnon: On a point of order, Mr. Speaker, I am sure the hon. member would not want to misinform the House and the nation. The alligator population has increased considerably lately. They are now being marketed, and I hope the hon. member will bear that in mind while he is talking this bill out.

Mr. Stollery: Mr. Speaker, obviously the hon. member has been visiting the southern United States recently. Perhaps he went to an alligator farm, but maybe he does not know the difference between an alligator, a cayman and a crocodile, all of which are from the same family. In some parts of the world their population is increasing, but in most parts of the world they are practically extinct. The hon. member probably goes to the southern United States for his Christmas holidays, and that is probably where he gets his information.

Mr. McKinnon: Mr. Speaker, on a point of order, I suspect the hon. member has a guilty conscience about Christmas. I spent Christmas in my constituency, and I hope the hon. member did the same thing.

Mr. Stollery: It seems somewhat beside the point to discuss whether animals are killed humanely. They are being killed, and the Inuit and native peoples who live in the Mackenzie district and in other areas of the Northwest Territories earn a considerable amount of their income at this kind of business. I prefer to argue the question of whether killing is needed at all rather than whether it is done in a certain way.

I know many countries have game laws which are very lax or practically non-existent. Those countries have allowed various species to become practically extinct. The people who wear expensive coats and belts to hold up their pants are often the people who have very strong views on how animals should be trapped in Canada. I do not think there is an hon. member in this House who does not want to see humane trapping, but the fact remains that many people earn a large part of their living trapping. They may not be in the city of Toronto. But I do not think I should impose my views in this matter because I do not come from an area where people trap to earn a living.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, in this debate on Bill C-221 the advantage of having representatives from all sectors present is obvious as it brings a viewpoint from all regions. The hon. member for Spadina (Mr. Stollery) was able to give us the benefit of his views as an urban dweller. I am surprised, however, that the hon. member for Victoria (Mr. McKinnon), who introduced this bill, did not consult his colleague, the hon. member for Esquimalt-Saanich (Mr. Munro), who on November 16, 1976, brought forward Bill C-208 on this very same subject. This matter has been referred to the Standing Committee on Fisheries and Forestry. A good deal of time and money has already been spent on an approach to this serious question. I am surprised that once again we are using the time of this House on this matter. Five or ten minutes were taken deciding whether we should deal with Bill C-340 or Bill C-221.

I agree with the hon. member for Spadina, who says that all hon. members are in favour of a humane approach, if there is such a thing, to trapping, and of improving technology in traps which are used to kill. There is a good deal of interest in

hunting and trapping in Canada. In the area I represent in northern New Brunswick there are many expert hunters and trappers. I am satisfied that they use the latest techniques and that where possible they make every effort to live up to what is contained in this bill.

I wonder if this matter should be dealt with in the Criminal Code. It may be that it should fall within provincial jurisdiction in terms of game laws and regulations respecting trapping. This activity is probably already somewhat controlled by provincial legislation in game laws, and I wonder if this is the proper time for us to be discussing this matter.

I have one other suggestion. Perhaps this House could make a reference of this matter so that all the time and effort which has already gone into it will not be lost.

The Acting Speaker (Mr. Ethier): Order, please. The hour provided for the consideration of private members' business having expired, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada, and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

Mr. Doug Neil (Moose Jaw): Mr. Speaker, when five o'clock was called I was referring to a letter I had received from the town of Haines Junction in the Yukon and putting on the record the problems they are encountering in trying to obtain land not only for government purposes but for the purpose of building a trailer court and other things. I should like to read the following three paragraphs of the letter:

> The Alaska Highway paving program (Shakwak Project), a ten-year program, is scheduled to begin in June this year, with between 80-100 employees in our community. The Alcan pipeline route is also scheduled to pass within a few miles of our community, our portion is presently scheduled for 1981. How can this community even begin to have a hope of accommodating the impact of these projects when land is not being made available for development by people, nor is land being made available for utilities such as water, sewer, larger lagoons etc. If some action is not taken immediately the results can only be tragic.

They say they have written to the present minister and to former ministers on numerous occasions. They are faced with an influx of people but cannot get land on which to build the necessary housing or trailer court to accommodate them. This shows a complete lack of understanding on the part of the federal government and indicates the need for the people of the Yukon to have an opportunity of determining their destiny.

Another matter that I should like to touch on briefly with respect to the pipeline is the question of Canadian equity. This is a subject which was mentioned yesterday by the hon. member for Yukon (Mr. Nielsen). The pipeline project is one of the largest in Canadian history. It will require large amounts of capital, something in the neighbourhood of $4.5 billion to $5 billion, which will come from Canadian and United States markets.

If one examines the history of Alberta Gas Trunk Line, one of the partners in the Foothills project, it will be noted that when AGTL was set up Alberta residents were given the first option to purchase shares in the company. They acquired an equity that over the years has been an excellent investment due to the appreciation in the shares and the dividends that accrued.

If an arrangement were worked out in the present instance whereby Canadians could purchase equity shares, it would mean that less money would have to be borrowed on the foreign market, at substantial savings in interest to the people of Canada. We speak of foreign investment in our country and the outflow of Canadian capital to the United States and other countries. What better way to keep capital at home than to allow Canadians to purchase equity shares in the Foothills pipeline?

I should like to make one further recommendation, Mr. Speaker, and I must emphasize that I am expressing a personal opinion and not necessarily the policy of this party. Why not arrange for Canadians to purchase equity shares in the company and, to encourage such an investment, amend the Income Tax Act to provide for the waiver of capital gains tax in cases where the shares purchased are held for a period of two years or more, or, alternatively, allow the amount of the purchase price of these shares to be an exemption for income tax purposes? Canadian equity investment is vital. This party will insist that the government allow the widest possible participation by Canadians in the pipeline financing.

● (2012)

Some hon. Members: Hear, hear!

Mr. Neil: In closing, I would like to say that concern about the environment, the effect of a pipeline on the ecology, and the socioeconomic problems that exist, has been expressed by Berger, Lysyk, and numerous individuals and organizations who have appeared before various bodies which were holding hearings. All of these questions are important and must be

looked at in perspective. The Yukon has faced many of these problems before and has had experience dealing with them. There is a population of 24,000 in the Yukon but each summer there is an influx of some 350,000 visitors. Foothills advise that at its peak construction period the maximum number of employees who will be working in the Yukon will be 2,200. If you add to that their families, the maximum number of people who will be resident in the Yukon specifically with respect to the pipeline will be some 5,000 people.

The Yukon has seen the construction of the Alaska Highway built with guts and tractors by the U.S. Army Corps. of Engineers. The work was begun in March 1942 and completed in nine months. In the early 1940s it saw the construction of the Canol pipeline, involving 1,600 miles of pipe and 1,000 miles of road. This cost $137 million and took 20 months to complete, excavating beneath the permafrost through the Mackenzie mountains while at times temperatures fell to 70 degrees below zero. The construction of the Haines-Fairbanks pipeline took place in 1954-55. It was 620 miles long, with 292 miles in Canada, and carried 12,000 barrels a day. There are other projects as well. I mention these few examples to indicate that in the Yukon the residents and local authorities are able to cope with fairly substantial projects. These projects have had minimal impact and the area remains a relatively beautiful and virgin territory. The people in the Yukon are able to adapt.

My plea through you, Mr. Speaker, to the government is to give to the people of the Yukon, through their elected representatives, the power and responsibility to deal with and solve problems that arise as a result of the pipeline construction. Let us not see a massive influx of federal civil servants involving themselves in problems that can be dealt with by the people who are native to or who have lived in the north for many years, and who have the ability to understand and solve the problems associated with pipeline construction and development of the north.

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, I am pleased to have this opportunity to take part in what I consider this most important debate on Bill C-25, but it is with some concern that I see the government forging ahead with the debate on this bill before the National Energy Board has published the contents of its report. As we have always demonstrated, the energy matter is always a matter of big money, without regard for the environmental and socioeconomic aspects which we must learn to appreciate, as soon as possible, for our own survival. Had it not been for the foresight, the objectivity, and the rigor manifested by Justice Berger during his three-year inquiry on the environmental and socioeconomic effects of the Mackenzie Valley pipeline construction, once again, as a nation, we would have infringed on the individual freedom of natives, and caused irreparable damage on an extremely delicate environment to which we are total strangers.

The recommendations made by Justice Berger take into consideration the opinions put forth by the two main groups who fought this project, namely the Canadian Arctic Resources Committee and the Committee on Justice and Freedom. The former categorically requested abandonment of the project, while the latter argued for a ten-year moratorium on the entire question of northern development.

As we know, the commission of inquiry chaired by Justice Thomas R. Berger was set up in March 1974 as a result of the enormous difficulties, financial, technical and social, created by the project in which two companies, namely Arctic Gas and Foothills Pipeline, had already invested considerable amounts of money. Contrary to what usually happens, the commission took an active part in the debate during the meetings through advisors who repeatedly stressed that the applicants, that is the companies, were in a position to prove their claims, particularly where engineering and construction were concerned. For instance, the commission produced the theorical testimony of Dr. P. Williams of Carleton University in Ottawa according to which the underground pipeline of the Arctic Gas would be subject to differential upheavals that could damage it seriously, and technical methods to reduce or avoid such continuous uplift of the buried and refrigerated pipeline were still in their infancy. To our mind, that was a weighty argument in favour of putting off the project to a later date.

From the social point of view, the methods used by Justice Berger to collect the testimony of the indigenous populations was also remarkable since, far from limiting himself to those of the inhabitants of big cities, the centres of economic and political power such as Yellowknife, Inuvik and Fort Smith, he went to the trouble of travelling 1,700 miles throughout the Northwest Territories and the Yukon, using all means of transport including the canoe and the dog sled, to listen to 1,317 witnesses in 300 days of public hearings and give an opportunity to the native Dénés and Inuit who represent most of the inhabitants of the towns and villages to state their opinion while the members of the commission paid close attention to them as if they were experts.

● (2022)

The position of the natives on the pipeline is well summarized in a few words found on page 11 of the lengthy Berger report. It will cross lands that are claimed by Canada's native people, a region where the struggle for a new social and economic order and political responsibility is taking place.

Canadians remember that unhealthy incapacity of the federal government to remain unbiased in its decisions about the development of energy resources, an incapacity which we pointed out on several occasions and which is due to the fact that it is entirely dependent on oil companies for its information. Regarding this, Justice Berger was very critical in his report of government industry co-operative efforts. Although it is neither realistic nor financially feasible to duplicate all industry services, there is a solution to that basic problem. According to Mr. Lewis Auerbach, scientific advisor to the Science Council of Canada, it would be possible to selectively reproduce key data for the evaluation of projects put forward by the federal government.

There again, the Trudeau government cannot say it is not aware of such possibilities, because the council with which Mr. Auerbach is working is directly subsidized by the federal government. In his conclusions, Justice Berger paid no heed to Canadian economic needs for Mackenzie Delta gas. In order to show another facet, we now refer to an economic study of the Arctic pipeline which takes no account of environment, social nor other ramifications for the north and its inhabitants. That study by Mr. John F. Helliwell of the Economics Department of B.C. University was tabled with the National Energy Board and is reported on in the summer 1977 edition of the Journal *Analyses de Politiques*.

Concerning the over-all effect of an Arctic pipeline on the national economy, Mr. Helliwell feels that barring fortuitous circumstances, there is no assurance the implementation of such a project will help stabilize economic growth. But in the same breath he adds that such a project, however big, can be implemented if the public and private sectors give it top priority and agree to slacken the demand for other resources, which confirms our view that the money and human resources needed for such projects are so huge it is impossible to develop at the same time other energy sources, including renewable sources. This therefore inevitably leads to an energy impasse.

According to our economist, cost estimates submitted by the applicants are grossly understated, in an attempt to prove the project is viable, in the face of small proven reserves in the Mackenzie Delta. He feels real costs were 125 per cent higher than stated by the oil companies, a type of evaluation error responsible for the fact that a project such as the Trans-Alaska pipeline, that was to cost Canadians $2 million per mile before 1970, will in fact cost the taxpayer $10 million per mile, with unforeseen overspending accumulating day after day. As opposed to the 8.5 per cent annual growth forecast made in 1975 by the National Energy Board for natural gas demand, the Helliwell study covering the period from 1974 to 1980 puts the estimated annual growth at 3 per cent.

From 1974 to 1976, actual demand increased only by 2 per cent and not by 8.5 per cent. We must therefore seriously question the intentions of the National Energy Board in this regard. The board is very conservative as concerns gas supplies, and this attitude also prevails among the applying companies which, according to Helliwell, are "pessimistic in their estimates of potential supplies and take no account whatsoever of supplies located in areas of the country other than frontier areas, even though all parties recognize that there are proven reserves in these areas".

When we look at gas supplies estimates, we note that the shortage expected will occur only in the mid-nineties. We are therefore wery far from the figures quoted by the applying companies which predict that by 1985 we shall have a deficit equivalent to one million barrels of oil a day. Because of all these factors, and always according to Helliwell, Canada would be wise to postpone construction of a pipeline in this area of the country. Helliwell also adds that it is not at all obvious that the Alcan route, which is the route recently approved by the National Energy Board for the construction of a pipeline, will avoid the problems caused in the case of the Mackenzie Delta project, and this from an economic viewpoint, even though this route seems to have the advantage of avoiding any trouble with native land claims and of being less damaging to the environment. What greatly concerns the economist is the pressure exerted by the urgent needs of the United States on Canada's decision, which pressure could impose on us costs which do not justify the expected benefits.

We, of the Social Credit Party of Canada, believe that the government should see to it that the Americans do not reap all the benefits of this endeavour and let us support the consequences of all the environmental damages. The government should negotiate with the natives with all due consideration to their rights as native owners of the territories concerned. They should get the opportunity to assert themselves without being forced to live a way of life that is unsuitable to them, and as our natural gas requirements are very uncertain we should not saddle them with time restrictions as we did for the James Bay Inuit. We know what happened in James Bay. The government should consider without delay any source of energy that could more safely and progressively replace natural gas so as to satisfy social and conservation needs rather than political or economic requirements.

The government should consider more seriously than it did until now the long-term factor with a view to protecting our energy and environmental situation in the future. The government should delay any pipeline construction in the untouched wilderness of the northwest as long as adequate environmental protection measures are not developed and that negotiations with natives are not fairly settled.

Mr. Speaker, the energy crisis we are facing now will end only when governments realize that renewable energy is the only solution. If the backward state of our technology is due to economic reasons it shows once more the incompetence of our political leaders. The main factor in all projects desirable for the community is the human factor itself. Mr. Speaker, again, this government becomes the accomplice of big oil corporations to make more profits from a natural resource that, after all, belongs to every Canadian citizen.

● (2032)

Lately, scientists have searched into history to find what might well be a way to deal with the alleged shortage that is threatening us. They remembered that some 40 years ago Germany waged war during a period of four years while not having any natural petroleum resources at its disposal on its own territory. As a matter of fact, the Germans accomplished this remarkable feat by using techniques for the conversion of coal, which their country has plenty of, into gas and oil in sufficient quantity to wage war for a period of four years. Our country and North America as a whole being endowed with huge deposits of coal which are estimated at 60 billion tons, I think that modern technology could provide us with a solution to our energy problem. There is no need to search through the documentation of foreign countries because the technology

used by Germans is not well known by all countries in the world.

There is no doubt that successful exploration for traditional oil resources has declined more rapidly than anticipated by the National Energy Board. Nevertheless, the federal government must anyway satisfy the energy needs of Canada inasmuch as possible by drawing from our own resources. Regarding this subject, Mr. Speaker, on April 27, 1976, the Minister of Energy, Mines and Resources tabled before the House a document entitled "An Energy strategy for Canada." To accomplish this goal, the federal government anticipated that Canada could reach an energy self-reliance within ten years. Yet, Mr. Speaker, I well remember that almost five years ago, in June of 1973, this same government had published a document regarding its energy policy which was to make Canada self-sufficient around 1983. Some four years only after the release of this publication, we are now being told again that Canada will be self-sufficient only around the year 1986.

It is then easy to realize that the ten-year objective that the Canadian government had set for itself has had to be revised year after year. Mr. Speaker, I have sought on many occasions from this House, under the provisions of Standing Order 43, the unanimous consent to debate some measures which the federal government should introduce to save as much energy as possible. As usual, my suggestions did not get unanimous consent. The proposals I had made included one to maintain daylight saving time the year round.

I am sure that if we were to keep daylight saving time the year round, the federal government could save thousands of barrels of oil, not to mention electricity. To achieve that objective, one has only to consider the experiment which was conducted in the United States in 1973, a few years ago, five years at the most, and which proved to be very conclusive if one considers that an energy saving of up to 2.5 per cent had been achieved. In addition, wind energy is right there and seems to be a viable alternative, especially for a country like ours where the winter season restricts the potential of solar energy. Mr. Speaker, since the era of cheap oil is over or just about and the era of oil is coming to an end, why not take advantage of the energy potential provided by the wind and the coal which is really enormous in this magnificent country?

Mr. Speaker, what I find really strange in all that is the fact that the federal government does not have genuine mechanisms to scientifically assess the Canadian reserves of oil and gas which up to now have been overestimated. We, from the Social Credit Party of Canada, are seriously considering that the present government should establish, with the consent and the participation of the provinces, a board on Canadian energy resources. Such a board would be responsible for assessing energy requirements for the next 25 years and availability of adequate supplies to meet those requirements.

At the present time, as I was saying a few moments ago, our energy resources cannot be scientifically assessed; yet it would be really urgent to do so in view of the fact that we consume much oil and that that energy source is not renewable. In mid-April 1976, the Minister of Energy, Mines and Resources (Mr. Gillespie) also announced that the price of Canadian oil would edge upward nearer the world price. One way or another it had to be expected since this government has always been improvident as far as I recall, and because of this government's incapacity for developing an efficient energy strategy, Canadians taxpayers will again have to pay more for their oil. It is undeniable that a real policy is indissociable from a global economic policy.

Now, as should be expected, the Minister of Energy, Mines and Resources is anticipating stiff increases in oil and gas prices; but before announcing such increases, has any thought really been given to the fact that this would have a direct impact on inflation in Canada, that that so-called energy policy is simply going against the price and wage control policy of the Trudeau administration?

In his paper the minister urged the taxpayers to save energy, particularly oil, when the policy of the Department of Transport favours the use of the plane rather than the train. Can you make sense out of that? I cannot—it is so contradictory it is astounding. We can say, Mr. Speaker, that Canada is now at a road crossing where the future of not only its oil industry but its whole economy will be determined. Can we seriously continue to produce enough oil from Canadian sources to meet the domestic demand or will we be forced to become increasingly dependent on foreign oils as is the case now? We all know that huge quantities of oil and natural gas have been discovered in the Arctic and that we have the necessary technology to extract the oil from the tar sand deposits and at the same time reprocess it into heavy oil.

Indeed, our great country has enormous potential sources of crude oil and natural gas; it also has colossal reserves of coal that can be processed into gas or synthetic oil but to be really able to develop hydrocarbon supply resources in Canada the Canadian government will have to spend over $50 billion to reach the objectives it set for itself for the year 1986. Mr. Speaker, I think it would be useful to remind the House that on the whole less than $2 billion was spent on development in recent years.

And what about the inflation of construction costs that are going up at the rate of 40 per cent to 50 per cent a year and keep getting worse. Mr. Speaker, let us be frank about it, the economic policy continually promotes the increase in capital to the detriment of work and the purchasing power of our fellow citizens. In any case, it is readily seen that under the existing laws the rich accumulate billions of dollars of net profits which has the effect of reducing considerably the purchasing power of Canadians. Those who suffer most from that, Mr. Speaker, are the small wage earners and those who do not have adequate purchasing power, and all that simply because the present financial system does not reflect reality. Indeed, the present system is not based on the facts of reality and perpetuates a misconception about money in a human society.

The price for gas is now 47 per cent higher than in 1975 and this is the beginning of a new year but the old story of inflation continues unabated, and the good news in this respect are rare.

Indeed, the federal government has already allowed the oil companies to increase their prices next March over and above the increase they got at the end of last August.

A small tin of shoe polish of just over one ounce now costs 47 cents. Last time I bought some, I paid 39 cents for two tins of the same size. Last week my wife bought one pound of Fry's Cocoa for $3.85. Last spring the same thing cost $1.37. Finally, the price control is a monumental fraud. As a matter of fact, since the fall of 1975, prices have been constantly rising and the main culprit for all this is this very government. Let us take for example the rise in the price of stamps to 14 cents. It will come just 12 months after the last one.

Before making any further remark, Mr. Speaker, I would like to quote an extract from an article published in *Le Soleil* of March 25, 1976 where it says: "The pressure of interests is very much like a huge financial cobweb which envelops us and tightens around us, leaving us with just our life—or almost". These interests snowball, accumulate and centralize money in favour of a small group of financiers. On the other hand, caught from all sides, the little people are divided, abandoned and ever more exploited by avid leaders who are hungry for profit. They are left to the mercy of those unscrupulous heartless, top hatted men of finance who, from the height of their ivory tower, without a gun but with more power than a whole army, make us accept insidiously an impossible, repugnant and sickening way of life in which all human values are despised and money is everything.

In fact, Mr. Speaker, the present financial system prevents consumers form truly living. It prevents them from benefiting from their association, because this system sees to it that the fruit which should be falling to each and every citizen is taken away from him. If Canadians are to benefit truly from the fruit of their association, we must relate financial credit to real credit, or to the Social Credit Party of Canada. In other words, we should relate money and credit to what is produced by Canadians. Further on, in the same article, one could read: "These financiers who represent chartered banks are cleverly camouflaged by the Bank of Canada, which draws its pocket money at 8 per cent on all cash reserves of the country, and they take care of the rest, namely 90 per cent of the credit of the country".

It should be said that in a country money should not be bought; the country should create it itself without owing anything to anyone. This is a strictly sovereign right of the state. In other words, a government should not administer a country if it continues to buy money from abroad, which makes a false and unbalanced economy. Mr. Speaker, I think my allotted time has nearly expired, but it remains that the federal government had better make some amendmends to Bill C-25. It should wait in particular for the National Energy Board to submit the result of its studies on Bill C-25. Bill C-25 now provides for the fees to be paid to the federal government but it omits to mention or does not mention anything on what the government will do with the funds received. We know that this will perhaps be used in the next election.

I wondered whether the purpose of this bill is not to reduce domestic consumption in order to stimulate exports. As I said earlier, we should insist mainly on research to discover technologies to exploit fully our coal resources which are tremendous, and also wind energy forces, which would result in enabling the federal government to delay the pipeline project and at the same time to come to an agreement with the natives of this area to avoid disturbing their way of life which is beautiful indeed. It is different from ours because it is natural. Thus, I think the government had better delay the study of this bill.

● (2042)

[*English*]

Mr. Maurice Foster (Algoma): Mr. Speaker, I am very happy to have the opportunity to participate in this historic debate on the northern pipeline, Bill C-25. It will authorize and make provision to regulate the northern Alcan pipeline which will provide a land bridge or source of transportation for gas from the Alaskan-Prudhoe Bay fields to the lower 48 states and, at the same time, make provision for a connection for the delta and Beaufort Sea gas to be transported to southern Canada at a later stage.

This pipeline is historic in many ways. I do not believe there has ever been an engineering project that has received so much attention, so much planning and so much construction engineering as this one since the discovery of gas and oil in Prudhoe Bay in 1968. Perhaps no project has had so much money spent on it as well in terms of study. The Arctic gas company spent something like $140 million just to lose the nod of approval to Alcan.

Perhaps no project has received more study through royal commissions and environmental impact statements than this project which, of course, was the subject of the Lysyk and Berger inquiries as well as hearings by the environmental assessment panel of the federal government. Perhaps no project, at least in the history of Canada, has received more study by such a great number of governments, including the territorial governments of the Yukon and Northwest Territories, the several provincial governments concerned, as well as the federal government, and, on the United States side, the government of Alaska and the U.S. federal government. Surely the National Energy Board hearings that were held were among the most lengthy ever. I believe the length of the project, over 5,000 miles of large diameter pipe, is a first. So by all measurements this is one of the largest projects in the history of Canada or any other country.

Perhaps the largest aspect of it is the financial dimension of the project, now estimated at $10 billion. To put that in perspective, that is about 20 times the cost of the St. Lawrence Seaway when it was constructed in 1952.

This project, in the early years at least, will be designed to transport gas to the lower 48 states from the Prudhoe Bay fields. From Canada's point of view it becomes an important project in terms of providing economic activity in our country and a service to our U.S. neighbours; Alcan estimates some

$400 million to $500 million in services per year to transport that gas across Canadian territory.

Surely at this time when we see projects of this magnitude costing, in this case, $10 billion, and when more projects are on the drawing boards for nuclear plants, for oil and gas exploration, for uranium mine development and for coal development costing hundreds of millions of dollars—literally billions—this should make us more conscious of the need for energy conservation.

It is nice to know that this aspect is going forward as well in the Department of Energy, Mines and Resources. Last week I met two young people who will be working in my constituency at conservation community clinics. They had attended the conservation office of the Department of Energy, Mines and Resources in Ottawa taking the intensive training program. I must say they were very enthusiastic and very determined that they were going to make a real contribution toward the Canadian and world energy crisis. Although this is not spectacular—unlike the spending of $10 billion for this northern pipeline—surely it is terribly important that we learn conservation as well, because the habits developed now are ones that will last forever and do not represent a one-time expenditure.

If we have to make expenditures of this magnitude for energy projects in this country, even though it is for our U.S. neighbours initially, now is a good time to be doing it. We are going through a period in the next two years when we will have a very large number of people coming into the labour force in this country. Toward the 1980s that will taper off and the number of people coming into the labour force will be reduced. Therefore, during the next few years we should be taking on and carrying out these massive national projects which will provide employment, capital investment and economic activity in our country, resulting in a long-term benefit as well.

Certainly the economic benefits to our country of this project are very significant. The Foothills company projects that 90 per cent of this project on the Canadian leg will be spent on the cost of services in Canada. This means that at the escalated price of $3.3 billion, some $3 billion will be spent in Canada for Canadian work. Some 68,000 man-years of work will be created over the five to seven-year period of construction. If we take into account the total Dempster link as well, as the Deputy Prime Minister (Mr. MacEachen) has estimated we are talking in terms of 100,000 jobs. If we look at just the manufacturing aspect of this construction project, we envisage some 30,000 jobs alone being created.

● (2052)

The company estimates that one-half of one per cent of the gross national product will come from this project during the period 1979 to 1981. During the period from 1977 to 2005, it is estimated that $500 million per year will accrue to Canada in terms of balance of payments benefits. Also the company has estimated that during this 28-year period approximately $13.6 billion of benefit will flow from the United States to Canada. The purchase of pipe alone will involve over one million tons of pipe costing $1.2 billion. The 30 compressors required can be produced in Canada. They will cost $158 million, according to the company's estimate. Thus, the economic benefits are significant.

In terms of jobs to the Yukon, it has been estimated that there will be 2,200 jobs during the peak period, and approximately $177 million will be spent in that territory. In the provinces of Alberta, Saskatchewan and British Columbia, approximately $1.6 billion will be spent. In Ontario and Quebec some $1.2 billion will be spent. The economic benefit is not just in the west but is spread right accross Canada. It will help communities like Hamilton and Welland. Surely the benefits will spill over to a company like Algoma Steel in Sault Ste. Marie, which is located partially in my constituency. In terms of construction, approximately 7,800 jobs will be created on the project at its peak.

The government and the bill commit this project to having a maximum of Canadian content. The objectives of the bill spell this out very well. The minister, through his powers of approving the procurement program of the company, ensures there will be a maximum amount of Canadian content. At the same time, it is in Canada's interest to have competitive bidding so that the project can be carried out within the estimated cost. If the project is constructed within 135 per cent of the estimated cost, that means American consumers of gas will be responsible for paying the transportation of gas between Dawson Creek and Whitehorse, which is a distance of approximately 277 miles, for the entire history of the operation of the Dempster link. Canadian steelmakers have welcomed the competitive bidding arrangement. They are not concerned about competing with American companies. Indeed, they have projected that they will bid successfully on some of the pipe in the United States and Alaskan sector as well. Regularly our steel industry bids and competes successfully against United States companies.

Surely the final decision as to the size of the pipe for the Canadian section of the pipeline must rest with Canada. The consultations which are ongoing with the United States now are necessary. We must make provision for the size of pipe which will carry gas from the Mackenzie Delta to southern Canada. Provision for adequate capacity must be made. Since Interprovincial Steel and Pipe Corporation, Ltd. and the Steel Company of Canada, Ltd. are able to meet the requirement for low pressure pipe, surely the ultimate decision of the National Energy Board and the government must be to choose a pipe which can be manufactured in Canada. When Ipsco has completed its $80 million expansion program in Regina, it will be able to provide approximately one-third of the required pipe, and Stelco has the capacity to provide approximately two-thirds. The naturally desirable arrangement would be for these companies to provide the pipe.

Initially the pipe will transport American gas to American consumers. At a later stage when the Dempster link is connected and the sources of supply in the delta and Beaufort are tapped, the pipeline will supply gas to southern Canada. In the late 1980s and early 1990s, when that link is connected, it will provide approximately 10 per cent of the gas supplied to the

Canadian market. Surely at that time it will be more vital to Canada than to the United States.

In the short term, the economic benefit to Canada will be the provision of jobs. The bill makes it clear that there will be a great deal of benefit provided to the Yukon. The people in that territory will be given the first opportunity for work and the provision of supplies. The company has indicated that it will provide a gas supply to the major communities of the Yukon. One report indicated that this will save the average household $200 per year; that is, through the use of natural gas rather than oil to heat their houses.

In his negotiations with the United States, the minister has been able to make a very favourable arrangement in terms of providing a $200 million advance payment to the Yukon to cover the socioeconomic costs there, as well as to provide for advance tax payments up to 1981 of some $35 million, and beyond that, payments of $30 million per year. Over the 25-year projected life of the project, that will amount to approximately $1 billion of benefits to the Yukon Territory, which surely is a significant gain.

The central aspect of this bill is to provide a northern pipeline agency, a single window agency, to regulate and control all aspects of the development of the pipeline. This is a good idea. It will provide for the delegation of authority from the National Energy Board, the Department of Fisheries and the Environment, the Department of Indian Affairs and Northern Development and the Department of Energy, Mines and Resources. It will provide for consultation with the provincial and territorial governments as well. This agency will be concerned with the physical aspects of the pipe, as well as the native questions, the social and environmental aspects and Canadian content. It will be a situation where one administrator will report to a commissioner, and ultimately to the minister in Ottawa. Surely the socioeconomic and native questions will be of as much concern to that agency as the physical aspects of the pipeline.

● (2102)

One question which the committee will want to study will be the relationship between the designated minister and the minister responsible for the National Energy Board, if they do not happen to be the same minister, because ultimately the responsibility for this pipeline will revert to the NEB. I think that interplay between the two ministers will be an important aspect which we will want to have clarified in the committee.

The idea of a single agency is a very good one because in 1975 the Standing Committee on National Resources and Public Works did a very extensive study on oil and gas supplies from frontier regions and on transportation systems. During the course of that study we went to Alaska and met with senior officials who were carrying out the construction of the Alyeska pipeline. That was just at the period of time when the Alyeska pipeline was about two-thirds complete. They described the mechanism under which they were working. Authority from the various agencies of the federal government and the various agencies and departments of the state department was delegated. There was one person at ground level where the decision to proceed with construction was made. The senior people with whom we met said that without this delegated authority to a person actually on the ground the pipeline would never have been completed. It would have bogged down in red tape.

The establishment of this kind of central agency is a very good idea which will ensure that this kind of authority is delegated to people actually on the construction site, so that the project can move forward, be completed on time and not be bogged down and held up.

Another important aspect which is provided for in the bill is consultation and agreement with the provinces and territorial governments. Many of the provincial governments, like Alberta, have extensive expertise in regulating and controlling pipelines, so it is natural that the federal government will want to have a liaison with those groups and take advantage of their expertise. A formalized structure is laid out in the bill for a consultative mechanism. Consultation every three months would not be a very practical arrangement, although it might be good for long-term discussions.

It seems to me that the direct consultation with the minister which is provided for would be beneficial. However, surely consultation with the territorial governments will be even more important, especially with the Yukon in the initial stages, but also with the Northwest Territories when the Dempster link is dealt with, because proportionately this will a very much larger project to the Yukon than it will be to the provincial governments involved. I met with several councillors and assemblymen in the Yukon in early December. I had a chance to discuss this, and they were very concerned that there might not be adequate consultation and that they might not have an active part in the discussion and development of this pipeline.

Likewise, when the Dempster link is established there should be a very good liaison and consultation process with the Northwest Territories Council. One councillor told me recently that a resolution was passed in October proposing an alternative to the Dempster link, the Canol line. Under the proposal the line would run from Johnson's Crossing on the Alaska Highway to Norman Wells, along the Mackenzie River and to the delta reserves. I am not sure of the details of that proposal, but if there is adequate consultation with the Northwest Territories Council, there will be an opportunity for the proposal to be fully explored.

Another aspect of the bill which I think is very important and very good is that the cost of the agency will be borne by the Foothills company. This will ensure that there will be constant pressure on the company to complete the line on time, and that they do everything in their power to avoid strikes and delays. The company will not only bear the financial cost of delays, but will also bear the cost of the regulatory agency if the project is held up because of the company's lack of foresight or organization.

In conclusion, it seems to me that the northern pipeline bill is a reasonably good piece of legislation with which to develop this northern project. It is designed to ensure that the pipeline is built efficiently through the use of a single window agency.

The bill will ensure the maximum number of jobs for Canadians, that environmental precautions are taken, that the social needs of the people of the north are met and that precautions are taken to ensure the financial integrity of the project. It will provide a good consultation mechanism and provide for agreements with the various provincial and territorial governments.

I hope the bill will not be unduly delayed by debate in the House, that the project can be discussed in the special committee and the beneficial economic effects of the bill are passed on to all Canadians at a time when they are very greatly needed.

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I must say that this bill disturbs me and gives me much cause for thought. I will expand on that in my remarks, but first let me deal with the sentiment expressed by the previous speaker. He hoped the bill would not be unduly delayed in the House. Mr. Speaker, have you ever heard such poppycock? We have before us a bill involving $10 billion, and we are now on the second day of debate at second reading, approval in principle. I did not say millions, I said billions, and the previous speaker had the audacity to say he hopes the bill will not be unduly delayed. I do not know what that hon. gentleman's definition of undue delay is, but I think the bill would not be unduly delayed if we debated it for at least four weeks. That would not be an undue delay. What poppycock we are hearing from this government when it has delayed the project for months.

Some hon. Members: Hear, hear!

Mr. Crosbie: The government did not bring the bill to this House until just this week. That was the first delay. Second, when the government was dealing with the Americans it did not have the guts to say that we should set the specifications for the pipe, so it has to weasel around for months on that. A pipeline is being put through Canada, and Canada does not have the last word on what size and thickness the pipe will be. That question has delayed us for months. Third, the prices for gas are not yet approved. The gas producers in Alaska have not said what they are going to sell it for. The American authorities have not said what they are going to buy it for. That is holding up the project, and it will for months to come. Yet when we poor, paltry, elected parliamentarians dare to say a word on this bill or to speak for a few moments, the government tells us we are delaying it unduly.

Mr. Nystrom: Why do you support it?

Mr. Crosbie: I have not yet said what I am going to do. I will not support anything until we have properly considered it, until it has gone to the committee and comes back with a few healthy amendments. I am not saying I am supporting this $10 billion project.

The hon. member for Algoma (Mr. Foster) referred to a list of great projects the Liberal government has in the energy field. Today the Minister of Energy, Mines and Resources (Mr. Gillespie) read a list to the conference of Premiers, trying to titillate the public with the trillions. It was a list of projects that will cost trillions. It was read out as though these things were going to be done in the next three to five years by the Liberal government. The list included such projects as the Kitimat oil line, just as though the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) had not put the kibosh on that. The people up there told her that if she allowed the pipeline to go through they would hang her up by the heels. They are also going to put the Gull Island project through no matter what Quebec says or thinks or does. It is "titillate with the trillions". The Prime Minister (Mr. Trudeau) is not the $6 million man now, he is the $6 trillion man!

• (2112)

The people of Canada are not going to swallow that, Mr. Speaker. They are going to regurgitate that. They are going to be like those birds that pick things up and regurgitate them. I wish we would get to the election and get this farce over with.

If we speak on this bill on second reading for three or four weeks I would say we would not be speaking on it "unduly". If it goes to committee for another few weeks before it comes back to the House, that will not be speaking on it "unduly". The United States Congress passed their bill because it was given to them three or four months ago. I am not listening to "unduly", Mr. Speaker. No Liberal government is going to "unduly" me. I am going to have my say here, at report stage and on third reading, and if I am on that committee I will have my say there as well.

Some hon. Members: Hear, hear!

An hon. Member: Did you hear that, Erik Nielsen?

Mr. Crosbie: That is, unless the hon. member for Yukon (Mr. Nielsen) does not want me to. In the Progressive Conservative party we are free to speak our minds, Mr. Speaker.

Some hon. Members: Hear, hear!

Mr. Crosbie: We are not like the New Democratic Party or the Liberal party who have to stick to a party line.

I want now to touch on an aspect that particularly affects the Ministry of Industry, Trade and Commerce with respect to this project. I was very disappointed with the remarks of the Deputy Prime Minister (Mr. MacEachen) when he introduced this legislation. It was as poor a performance as was given last August. He gave us no new information. He had no enthusiasm. He read his speech with a platonic lack of pleasure—a script prepared for him by civil servants or by somebody who should be rotated, made redundant and revivified. If it had been written for me I would not have read it in the House. The Deputy Prime Minister does not appear to be enthusiastic about this project.

The Minister of Industry, Trade and Commerce (Mr. Horner) has not spoken, and neither has the Minister of Energy, Mines and Resources (Mr. Gillespie). They do not want to give the House or the people of Canada any information. Any information they have they kept secret until we discovered it today and brought it to light. We are discussing a $10 billion bill and the government will not even give us any

information. This could be the $10 billion bungle if it is not watched closely by parliament. All we know about this project is that it is going to bring United States gas to United States consumers and it might or might not bring Canadian gas to Canadian consumers some day.

Yesterday I asked the Deputy Prime Minister when it is estimated we will need frontier gas here in lower Canada. His answer was just mumbo-jumbo. He said he is sticking with the NEB. Anyone sticking with the NEB is on a sticky wicket. We know that frontier gas is supposed to be needed by the mid-1980s but now it seems it may not be needed until the 1990s. We expect a fair answer from the Deputy Prime Minister. We ask him when frontier gas will be needed in the southern part of Canada and the poor gentleman cannot answer. All he has to say is: "We are still going with the NEB." I would hate to have the NEB around my neck. It would be like the albatross around the neck of the ancient mariner.

We do not know whether the Dempster line is going to be completed in three or four years or not. All we are assured of is that this is the line to bring United States gas to United States consumers.

I shall not deal with the labour aspect, as that has been done with great distinction by the hon. member for Vancouver South (Mr. Fraser). Let me say, however, that I agree with the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). I thought he was right yesterday when he said that if we passed this bill as it is, parliament will have no control. He was telling the exact truth. Any self-respecting parliament that would pass this bill with its present provisions and pass the whole thing over to the executive branch should be arrested for criminal negligence. This bill provides for nothing except an annual report to be filed in parliament. Clause 13 provides for an annual report to be filed, but it does not say what should be in the report, just that the agency shall prepare a report relating to its operations and that the minister will cause it to be tabled in parliament.

If the legislation is passed as it stands, all we can get in the future is an annual report. We do not even dictate what is to be in the report. We do not even say that the objectives for Canadian content and how that is being realized shall be in the report or anything about the financial arrangements.

I know that the official opposition will be putting forward amendments to correct that when we reach committee stage, so that the agency will have to report at least quarterly on specific matters. If that provision is not included I am sure no legislator here will accept the bill. If there are no substantive amendments then parliament gives up all its rights in connection with this huge project.

The bill does not specify which minister is responsible for it. If I were the Minister of Energy, Mines and Resources I would not put up with something in my bailiwick being given to another minister—the land grabber, the pipeline grabber, the Deputy Prime Minister. The Minister of Energy, Mines and Resources is responsible for all oil, gas and energy development, but when the biggest project is snatched from him and put under the jurisdiction of the Deputy Prime Minister, he does not even resign. What is the matter with him?

Of course, I understand why it was done. They could not trust the Minister of Energy, Mines and Resources with it. He is suffering from gas as it is. The project was given to the Deputy Prime Minister who went to Washington and surrendered everything. His theme song in Washington to Mr. Schlesinger was "I surrender, dear." He surrendered to Schlesinger. He got into a game of strip poker with Schlesinger and was left naked as a newt; barefoot in the park, was the Deputy Prime Minister. The result of his efforts of last September 20 are attached to this bill. If I were he I would leave the House and not come back. If I were responsible for the agreement that is attached to this bill, if I had given away all the bargaining cards that Canada held and came back with this piffle, this less than nothing, I would certainly leave this House. The bill went from the Minister of Energy, Mines and Resources into a deeper dungeon. We have the results before us.

Here is a bill before us for a $10 million project and we do not know which minister is going to be responsible for it, which of the 34. That is an insult to parliament. The Minister of Energy, Mines and Resources should have his title changed to "minister of energy, mines and resources excluding gas piplines".

Now I come to the question of secrecy. This government intends to bring in legislation so that the RCMP and the Solicitor General (Mr. Blais) can open mail if they want to. When it come to giving parliament information about what the government is doing, nothing is forthcoming. Not even a writ from the supreme court would force them to give us information. Secrecy is paramount.

In the last couple of days we have come across a report prepared last July by the Department of Energy, Mines and Resources under the supervision of the director of energy policy for the Minister of Industry Trade and Commerce. It was prepared before the minister surrendered on September 20 and signed the agreement, and before the debate on the pipeline on August 4. When asked a question during the question period today the Deputy Prime Minister looked around, bewildered, toward the Minister of Industry, Trade and Commerce, as if looking for information. Mr. Speaker, anyone who does that is an extremist, yet the Deputy Prime Minister looked desperately to him to see if there was such a report or not. Santa Claus said: "Yes, Virginia, there is such a report". I hope the Deputy Prime Minister now has the report and has seen some of the things that are in it which should be before this House.

● (2122)

What are some of the things in this report? In terms of impact on the economy, the project is small. The peak year demand represents about .3 per cent of the labour force and less than 1 per cent of the GNP. However, these benefits gained by construction may be in jeopardy, depending on the combination of Canadian content before financing. Do we hear

anyone from the government side tell us that? Not on your life.

It goes on to say that there will be an appreciation of 2.35 cents in the Canadian dollar. The Canadian dollar has gone down to 90 cents. If it appreciates 2.35 cents this would virtually wipe out the employment generated in the peak year of construction. In other words, because the government is borrowing money outside Canada it has to borrow billions. If it is done too hurriedly and at the same time it may cause the Canadian dollar to rise 2.35 cents, Canada will lose more jobs in industries such as textiles, pulp and paper, etc., which are affected by the exchange value of the Canadian dollar, than it will gain in the whole construction. That is what this report from the Department of Industry, Trade and Commerce says. But do we hear about that in the House? Not on your life, Mr. Speaker.

An hon. Member: Not from Crowfoot.

Mr. Crosbie: Not from Crowfoot nor from Cape Breton or anywhere over there. I do not mind not hearing about it from the Deputy Prime Minister because he obviously knows nothing about this project. What else does the report say? It says that concessional financing could endanger Canadian content objectives and should not be a determining factor in awarding bids. It is suggested that Canada and the U.S.A. could agree there because no concessional financing would be offered for this joint transit pipeline. In other words, the government should forbid tied financing. They should not be allowed to approach the United Kingdom or here or there outside the country and receive financing tied to our using foreign goods and services. That should be forbidden. That is what the report says, but we have not heard that from the government.

Then the report says that the Canadian content actually achieved can vary substantially from estimates because of competitive pricing conditions, tied and concessional financing, government monitoring, corporate attitudes, and other factors. We did not hear that from the government.

Then it has tables which show that the best we can expect in Canadian manufacturing content is 81.3 per cent. Table 12 shows estimates of Canadian content. There is a percentage of total expenditures for the construction of Alcan-Dempster; it is 81.3 per cent Canadian. Not 90 per cent, not 85 per cent, not 88 per cent, not 84 per cent, not 82 per cent, but 81.3 per cent. We go on through the table and the figure is $2,299 million. If we add on the construction side of the table, there is a total of $3,367 million Canadian out of $3,940 million which is 85.4 per cent. That is the maximum, and that is if everything goes perfectly; and everything is administered to the utmost perfection. So is the most we can have is 85 per cent with absolute perfection.

What does the Deputy Prime Minister tell us in his speech of yesterday at page 2790 of *Hansard*? He said this:

> During the hearings before the National Energy Board, Foothills stated its objective—and I stress the word objective because it was not and could not be a flat guarantee—

The Deputy Prime Minister is cagey; he is the cagiest cage in the government. He goes on:

> —was to achieve Canadian input into the system in Canada of more than 90 per cent.

We have been warned it is only an objective. You cannot catch the Deputy Prime Minister when he says that. Then he goes on to say:

> During the intervening months Foothills has repeatedly restated that objective. On the basis of past performance of the sponsoring companies, and our own assessment of Canadian supply capabilities, there is every reason to believe that this target will be achieved.

The Deputy Prime Minister went a bit further than he thought he was going when he said that there is every reason to believe that we can achieve over 90 per cent. Because the report of the Department of Industry, Trade and Commerce states the most we can achieve is 85 per cent—if we are perfect. God knows this is not a perfect government. We have to be harsh and say there are a few imperfections here. The Deputy Prime Minister is not properly briefed. He is saying we can achieve 90 per cent, but the Department of Industry, Trade and Commerce, headed by our late comrade, has said the best that can be done is 85 per cent. Our manufacturers will achieve only 82 per cent.

I hope, therefore, that the Deputy Prime Minister will retract his statement at the first opportunity, that he will come before this House is sackcloth and ashes to retract that statement. The government is so secretive. It is governed by stealth and secrecy. It is government by the unknowing doing the unknowable. They do not know what reports they have prepared. Some ministers are in the federal-provincial conference and some are here. They give this "boffle" to the House. It is government in the dark. It reminds me of the old Cole Porter tune "Dancing in the dark". I hope that when government members have their little drinking session here they will sing "Government in the Dark".

Some hon. Members: Oh, oh!

Mr. Crosbie: As I understand it, of this $10 billion there is about $3.8 billion to be spent on the Alaska part of the project and $2 billion in the United States. Since our leader on this matter is not shaking his head, I assume that is right.

Does anyone think Canada is going to get much business in the United States? What a joke! What a laugh! Does anyone think we will get much business in Alaska? The Americans are not shy sticking up for their own rights or shy about gaining their own national objectives. They are not scared of Canada. They are not the "good old neighbours". They have "buy American" legislation. Protectionist pressures during 1977 resulted in the emergence of new "buy American" proposals at all levels of government.

Our government is cowering here in Ottawa, afraid to have a buy Canadian policy. Our own pipeline, which we do not need in the first place, we are building as good neighbours. The U.S. public works employment act amendments of May, 1977, tied a "buy American" requirement to state and local government public works projects to be funded with the $4

billion authorized under the legislation. This represented an extension of normal "buy American" act practices which apply only to purchases by and for the use of the U.S. federal government.

A similar restriction is now included in the U.S. water pollution control act amendments involving $13 billion in federal funding for state and municipal water projects. Canada was concerned and protested to the state department, but these efforts proved to be unsuccessful. So we protested and our protests were brushed aside. When it comes to our own pipeline we cannot even insist on buy Canadian content restriction.

In a more recent development, another bill has been introduced into the U.S. Congress and, if passed, will cut off all kinds of things. Anything that the U.S. government finances, except for defence matters, such as state, local government purchases, housing, mass transit, urban renewal, highway construction, public works, will have to be "buy American" purchases if these new amendments pass.

Is the U.S. congress cowering and asking us if we approve, or if we are going to be bothered, or will we feel hostile if they pass these amendments? They are not. They do not give a damn what we say in this House. I say here is a chance for us to pass some legislation which says "buy Canadian". But we do not do so. We have all this charade going on with specifications. The government should resign. The government should be driven out of office by the Canadian people.

Some hon. Members: Hear, hear!

Mr. Crosbie: We are hearing a lot about GATT. The Deputy Prime Minister said today that we could not put anything in the agreement about Canadian preference, that this would violate GATT. Are the Americans worrying about GATT? It is "rat-a-tat-tat" to GATT. The Americans legislate a "buy-American" policy, which means a complete surrender of Canadian interests.

The industry, trade and commerce report says that if we word it carefully we would have no problem with GATT. But this will not solve the project engineering services that are not affected by GATT. Japan, Germany and the United States don't care about GATT. The only ones who care about GATT are those in this "GATT government". The Canadian people have to get this GATT government so that it will not get them.

● (2132)

We all know Foothills propose a 48-inch pipe, half-inch thick, 1,260 p.s.i. That is fine for Canada. There is a 48-inch pipe, three-quarters of an inch thick, 1,680 p.s.i., which Ipsco cannot make, but which the Americans want because they can make it. We know there is a 54-inch pipe, one half-inch thick, 1,160 psi, which the Americans cannot make but the Canadians can, Ipsco in Regina and Edmonton and Stelco in Welland and Camrose.

Should there be one second, one week, one month or any time taken to make a decision? I do not give a hoot what the NDP recommended. It is the 54-inch pipe that only Canadians can make which is the pipe we want. If there is some technical reason 1,260 p.s.i. pipe is unsatisfactory, there is the 48-inch pipe that Foothills recommended in the first place.

When it comes to the pipe which is important to Canada, what do we find? If this was not Canada, I would not believe it. If Stelco makes its pipe in Welland, in order to be competitive it has to transport it through the Panama Canal to get to the site of the pipeline. It would be too expensive to transport it by rail. It is unbelievable, but I am told that Foothills are actually having a study done to see what is the best way to transport pipe and other materials.

This country has a railway, but we cannot ship the pipe by rail cheaper from Welland to the Yukon and Alberta. We have to send it through the Seaway, down the seaboard, through the Panama Canal, up the west coast and then by truck or rail. No wonder the British Columbia members are going berserk about the wide flange steel. I would be a "flangist" myself. In fact, I am. We are in the same position in Newfoundland. The freight rates are such that it is cheaper to get steel from Japan rather than central Canada. What a crazy country! We talk about DREE. That is one of the problems.

If the American plant in Texas is going to be able to compete and the cheapest way of getting the materials there is through the Panama Canal, that will be cheaper than shipping from Ontario. According to my atlas, it would be cheaper to ship from Texas. They will have the advantage. Any government that permits that to be done should be strung out and strung up. They should not be permitted to exist. They should change the freight rates or do something to reverse the situation. I just draw the attention of the House to this anomaly.

What is apparently being considered is to use B.C. pulp and lumber carriers which now go east through the canal to the eastern seaboard and return empty. They are to return west filled with steel. That is the proposal being looked at. The United States steel plant is at Baytown, Texas. That is certainly closer to the Yukon if the Panama Canal must be used. That is certainly a strange kettle of fish, as we say in Newfoundland.

There is no reason why we ought to be having a debate in Canada as to whether we should use Canadian steel. It is ludicrous. No other country in the world would have such a debate. There would not be such a debate in Japan, Germany or the United States. Are they raging with debate in the U.S. as to whether they are going to allow foreigners to build their pipeline, supply the pipe and all the rest? They are not. The debate they are having is whether they are going to grab ours. We are wondering whether we are going to save a little bit for ourselves. What kind of a country is this? I would sooner go down fighting than put up with that kind of humiliation.

Some hon. Members: Hear, hear!

Mr. Crosbie: There are other items to be considered in addition to the pipe. We must consider the valves, pipe fittings, gas turbine drivers, compressor assemblies, pressure vessels and generator sets. On and on it goes. For supplying some of

this the Canadian content can only be 50 per cent. I presume there are technical reasons for that.

There are a lot of items apart from the pipe that can and should be Canadian right to the limit, as set out in table 12 of this report which we have not got. We are not supposed to have it because we are not supposed to know anything about this project.

There is another piece of hypocrisy that had slipped my mind. I refer to clause 3(f) on page 3 of the bill. One of the objects of this act is, and I quote:

—to advance national economic and energy interests and to maximize related industrial benefits by ensuring the highest possible degree of Canadian participation in all aspects of the planning and construction of, and procurement for, the pipeline while ensuring that the procurement of goods and services for the pipeline will be on generally competitive terms.

That is stated to be an objective. The rest of the bill contradicts the objectives. It kisses the Americans' you know what in practically every clause.It is given up altogether when we get to section 7 of the agreement, which is annexed to this bill, dealing with supply of goods and services. I quote:

Having regard to the objectives of this agreement, each government will endeavour to ensure that the supply of goods and services to the pipeline project will be on generally competitive terms. Elements to be taken in to account in weighing competitiveness will include price, reliability, servicing capacity and delivery schedules.

Each government is going to give the other a preference. Each may, and I quote:

—institute consultations with the other in particular cases where it may appear that the objectives of subparagraph (a) are not being met.

This is contradictory to the objective in clause 3(f).

Remedies to be considered would include the renegotiation of contracts or the reopening of bids.

You can bet your bottom dollar, Mr. Speaker, that with the first contract that goes to a poor old Canadian supplier, the Yanks will be objecting under clause 7 stating that we must renegotiate. Is this parliament going to surrender its right to check on that? We will never know unless somebody squeals to us. Under this legislation, the government does not have to come back to the House. They need only give an innocuous report once a year. I am sure members of this House will not agree to that.

What will happen? When a protest is made, Canadian bids will be reopened. We will have to give the Americans more because they are our big, strong neighbour. We cannot stand up against them. The opposition will never know about it. That is what will happen if we leave this in the shape it is in now.

We in the official opposition want the pipeline, but we want some assurance that it will be constructed properly. We want some assurance that this parliament will be able to check to see that it is done properly. There must be adequate discussion before the bill goes to committee.

If this government is sensible and agrees to the reasonable amendments we suggest, it will be completed in time before the Americans agree to the gas prices, the producers agree to the gas prices and all the rest. Let us not hear that foolish word "unduly" spoken here again for at least a month.

We want a strategy that will give Canada some long-term benefits. The report from industry, trade and commerce states that there will be $226.7 million in Canadian taxes and duties. If the project goes ahead, that is what the government will get. That is the estimate. Some of that money should be used to ensure that Canadian industry gets well established so that we can become foremost in the world with regard to pipeline building, construction, servicing and supplying. When this pipeline is nearly completed, we should be ready to go on to the next one no matter where it is in the world, whether it be in Saudi Arabia or the Carpathian mountains. We should be prepared to do this work, not only protect what we have in Canada.

The government must have an industrial strategy that will take advantage of what comes our way, rather than hiding its head in the sand and prevaricating, as this government has been wont to do.

We have been told that 50 per cent of the content will be Canadian, that no one can interfere with that 50 per cent. No one can stop us having our labourers on the job or using our own gravel and sand. With regard to the other 50 per cent, we are told by the experts that we should concentrate on 35 per cent. I am going by the industry, trade and commerce report and making some suggestions of my own.

We are willing to accept advice from government departments if we think it is wise. What we want is long term industrial benefits. We want what the Science Council has called an industrial strategy for Canada. We want Canadian technological superiority for our northern nation. Our former prime minister had the northern vision which has been so sadly lacking since 1963. Since then we have had nothing but the Liberal vision.

• (2142)

An hon. Member: Lack of it!

Mr. Crosbie: Liberal balls and Bacchanalian orgies. Thank God I saw the light. Thank God I am reborn as a PC.

Some hon. Members: Hear, hear!

Mr. Crosbie: We want a strategy which would develop a framework of opportunity to increase the capacity of Canadian industry to produce. We have already put money into industry, trade and commerce to help develop larger gas turbines and I think Westinghouse will be able to do the job. We must see to it that gas turbines are made here in Canada and if some assistance is needed let us whack out a few dollars from the $260-odd million we would be getting in taxes, as I have explained. Then we should negotiate with one of the international heavy equipment manufacturers for the establishment of plant to produce at least one of their product lines here. We know we cannot have them all but why could not Caterpillar be induced to set up a plant here? We should be developing our own industry in this country.

Never mind that bluff about bids and competitiveness. Let us try and get established in Canada a large dimension ball-

valve facility. Of course, I do not know anything personally about these machines but they are all involved in pipeline construction and I know we cannot presently manufacture in Canada large-diameter ball-valve facilities. That is what I am told. I understand there is $20 million involved in that one area alone. There are other things of this nature which do not immediately come to my mind tonight. Never mind all this ballyhoo and nonsense about letting the Americans bid and do this and that and be nice Nellies. We should not even be contravening article III of GATT.

What we want is a policy of developing a pipeline-oriented industry, a strategy to develop industry in this country using the money we are going to get from import duties and taxes so that we will be able to compete anywhere in the world. We want people like the hon. member for Calgary South (Mr. Bawden) in charge of this pipeline project. He is the type we want. With my hon. friend in charge we in Canada would get everything out of the pipeline that we should.

My last point, Mr. Speaker, is that parliament needs a monitoring agency such as that which the hon. member for Yukon (Mr. Nielsen) spoke about. Such an agency should produce quarterly reports setting out Canadian content objectives, the degree to which they have been achieved, and so on. The reports would go before a standing committee; every three months the committee would examine them and raise hell if things were not satisfactory. The reports should state precisely what value has been added, who owned the companies which were doing the business, and so on. The Americans have a pipeline reporting mechanism and we can look to that as a precedent.

Then again, fluctuations in value of the Canadian dollar are so important that there should be a report made to the committee every three months about the way in which financing has been arranged. If some of this information has to be kept confidential, that can be arranged. We do not want them rushing in with a billion dollar bond issue pushing up the value of the dollar by four or five cents. The effect would be too dangerous. It isn't all roses in the buttonhole, as the Prime Minister tried to tell us yesterday. He will find out about the thorns under the roses later this year. I suppose the greatest coup of the Minister of Industry, Trade and Commerce was forcing the dollar down to just about 90 cents. And I further suppose that if he remains in office the dollar will stay down. Be that as it may, a rise of just two or three cents in the value of the dollar would mean the loss of more jobs that we would get from the construction of the line. That is what the IT and C report says.

My hon. friend from Vancouver South (Mr. Fraser) reminds me to mention the equity which should be made available to Canadians who invest in this project, to give Canadians a chance. As you might gather from what I have said, Mr. Speaker, I am supporting this bill in rather lukewarm fashion. I do not want any Liberal in this country to go around twisting the facts and saying we are not supporting the bill. We do support the bill.

An hon. Member: After all that!

[Mr. Crosbie.]

Mr. Gilbert: No wonder. He is a Liberal retread!

An hon. Member: He makes Horner look good!

Mr. Crosbie: If somebody were to put a rooster in that barnyard they would soon shut up!

Some hon. Members: Oh, oh!

Mr. Crosbie: We are supporting the bill and the basic principle enunciated therein, but we hope it will be improved in committee. If it is not we shall reassess our position. So the responsibility lies with the Deputy Prime Minister and his colleagues. We are not satisfied with what they have done. It was an execrable job. We are hoping they will show some sense and improve it in committee.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I listened last night to the hon. member for Yukon (Mr. Nielsen) and spent some time today reading in *Hansard* for last November and December questions which were raised in this House by the hon. member for Hamilton West (Mr. Alexander). I have just listened to the hon. member for St. John's West (Mr. Crosbie).

If anyone gave a speech to show why this bill should not pass in its present form, it was the hon. member for St. John's West. If anyone ever asked questions in this House to which we have not received satisfactory answers, it was the hon. member for Hamilton West. Anyone reading those questions and the replies made to them will understand why we should not push this bill through, as the hon. member for Yukon would have us do.

I am sick and tired of watching, since the fifties, successive Liberal governments trembling at the knees whenever they were in negotiation with the United States. Two things happen to them. They tremble. They get U.S. dollar signs in their eyes while any idea of our own national sovereignty and self-respect goes down the drain. I am glad the hon. member for Hamilton West raised the questions he did last December and I am glad the hon. member for St. John's West made the speech he did tonight, even though he told us he would support the bill—having given us lucid reasons why we should not.

● (2152)

Last night the hon. member for Yukon (Mr. Nielsen) condemned the NDP and our spokesman on energy, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). He said:

> The hon. Leader of the New Democratic Party has labelled the bill a betrayal of Canadians.

The hon. member for Yukon said:

> We put no such label on this bill.

Those quotations are to be found at page 2795 of *Hansard* for yesterday. The hon. member went on further to say:

> After my perusal of this bill, there seems to be no earthly reason why it could not have been before the House prior to Christmas, instead of giving hon. members so little time to consider its provisions with experts in the field.

The hon. member for Yukon then went on to say:

The hon. Leader of the NDP and the hon. member for Nanaimo-Cowichan-The Islands are taking a wholly impractical position when they indicate that guarantees, with respect to Canadian labour content and industrial content, must be written into the bill.

The hon. member for Yukon continued:

I agree with the minister in his assessment of that.

Let us look at what the hon. member for Hamilton West had to say. It was not just the NDP that was talking of guarantees and it was not just the NDP that was talking about a sellout. On October 27, as reported at page 313 of *Hansard* for that date, the hon. member for Hamilton West said, in the process of directing a question to the Minister of Industry, Trade and Commerce (Mr. Horner):

In light of the fact that the agreement calls for implicit understandings . . . and refers to being competitive, and given the fact that the minister has said Canadian interests will be given every opportunity, which means that some room is left open for international bidding, can the minister advise, together with his colleague the Minister of Energy, Mines and Resources, whether he will see to it that there will be guarantees in order to protect the interests of our steel industry and those who provide goods and services which play a major part in this pipeline?

When talking about the matters of guarantees and reinforcement, let us again look at what the hon. member for Hamilton West said on November 21, at page 1062 of *Hansard* for that date. He was directing a question to the Prime Minister (Mr. Trudeau), and this is again related to what the hon. member for Yukon said last night about sellouts. The hon. member for Yukon said at page 2807 of *Hansard* of yesterday:

The Deputy Prime Minister accused the hon. member for Grenville-Carleton (Mr. Baker) of charging that we have been sold out. He charged the member with labelling the bill as a sellout before it was exposed to parliament. I reject that contention of the Deputy Prime Minister.

To quote what the hon. member for Hamilton West said in his question to the Prime Minister on November 21 at page 1062:

—my question is for the Prime Minister regarding what I call that great sellout by this government in terms of the northern pipeline and the evasive answers given by the Minister of Industry, Trade and Commerce and others. Given the fact that Dr. Stuart Smith, leader of the opposition in the province of Ontario, has indicated by way of a letter to the Prime Minister that he is very, very concerned about this matter—

The hon. member for Hamilton West on that occasion referred to this matter as "that great sellout". I am glad to have the views of the hon. member for Hamilton West in this regard on the record, which are contrary to what the hon. member for Yukon had to say last night about this bill.

There are a number of quotations I could refer to which appear in *Hansard* regarding what has been said by the hon. member for Yukon in contradiction to what has been said by the hon. member for Hamilton West. I am sure a reading of what the hon. member for St. John's West said tonight will be further evidence of statements contradictory to those made by the hon. member for Yukon. This would indicate there are at least some Progressive Conservatives who assess this bill as a betrayal or a sellout, and look at the bill as completely lacking guarantees for Canadian manufacturers of this pipe and Canadian contractors for the pipeline itself.

The hon. member for St. John's West was primarily correct when he said that when the United States government, Congress, decides on an exercise or an enterprise, whether it be public or private, it in fact protects, gives preference to, subsidizes, ensures and guarantees United States manufacturing and labour content.

The Deputy Prime Minister, who is responsible for this bill and was in charge of the negotiations with the United States, behaved in a way that we have seen many times before in the history of our country; his knees trembled, he forgot to keep his back to the wall and his gun loose in his holster. He could have obtained, and I believe still could, guarantees through this legislation, unless the United States wishes to pay an additional $6 billion to $10 billion by going another route. If that is the case it is welcome to do so, but you, Mr. Speaker, I and everyone else in this country knows it is not about to do that.

Guarantees to Canadian manufacturing and construction could be written into the legislation. If by some remote chance a Canadian manufacturer or contractor, one or more, attempted to tender or bid with unreasonable prices, we could put safeguards in the legislation, or provide the safeguards by legislation, stating that where in the opinion of a monitoring agency, or in the opinion of the minister, or in the opinion of anybody else, tenders by Canadian manufacturers are unreasonable, tenders will be called for from anywhere else in the world. This would apply to manufacturers of steel pipe in the United States, Japan or western Europe, who would then be able to tender. This would be the case if our pipe manufacturers were stupid enough to attempt to charge all the traffic would bear by tendering at unreasonable or exorbitant prices.

In light of the more than one million people out of work in this country and the fact that this pipeline is going under Canadian soil, surely it is incumbent upon us to see that there are guarantees. We could earn the respect of the United States and do something about our own nationhood if we make sure we get most, if not all, of the work here in Canada.

The Acting Speaker (Mr. Ethier): Order, please.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

Adjournment Debate

ENVIRONMENTAL AFFAIRS—GOVERNMENT PLANS TO CLEAN UP OIL SPILLS

Mr. Benno Friesen (Surrey-White Rock): Mr. Speaker, ever since my election in 1974 I have been pressing the Minister of State (Environment) (Mr. Marchand) for an assurance that the Department of the Environment has some kind of operative plan to protect the people of Surrey and White Rock and, as a matter of fact, all the people of the coast of British Columbia, against the future inevitability of a major oil spill.

I recall the spill in 1972 at the Argo plant, and I know we are always vulnerable to that kind of disaster off our shores. As a result of that awareness I began pressing the minister, early in October, 1974, for some kind of assurance that there would be contingency plans that would be operative in the case of a major spill. As a matter of fact, I asked the then minister questions so frequently about that particular issue that she became exasperated with me and on one occasion presented me in the House with a computer print-out list of all the equipment in place in Vancouver. That list contained the number of peat bales, booms and so forth, and this surely was a highly irrelevant thing to do.

In November there was a report in one of the Vancouver newspapers under the headline "No government agency capable of major oil cleanup, GVRD told". I had always doubted somewhat the minister's statements to me. When I received that report, I made certain I had a copy of the report which prompted that headline. On January 24, 1978, as reported at page 2176 of *Hansard,* I asked the following:

● (2202)

In the months of October and November of 1974 I posed a series of questions to the former minister of the environment and asked for the tabling of contingency plans in the event of a major oil spill on the west coast. The former minister assured me, as recorded in *Hansard* of November 6, 1974, that plans in the Vancouver area were very adequate and, in fact, computerized.

In response to that question, the minister said:

I assure the hon. member that we can deal effectively and quickly with oil spills on the west coast, and on the east coast as well.

I have a copy of the plan which was presented to the GVRD by Mr. Chris Hatfield, the former Pacific region environmental emergency co-ordinator for Environment Canada. This man has credentials and knows what he is talking about. I should like to present to the House some of the items which he mentioned to indicate major deficiencies of contingencies in the GVRD area. The first one reads as follows:

Although all the contingency plans contain much useful information, they are really spill notifications and general policy plans. No site specific action plans are included that describe such things as which local areas have priority for protection or clean up, where field co-ordination centres will be located, or what methods will be used for cleanups in the different areas.

The next item reads as follows:

No comprehensive communications system exists to link all federal government agencies, air and waterborne support, provincial and municipal truck and equipment fleets and contractors together, in order that they may communicate effectively. This results in gross inefficiencies, delays and isolation of many working groups from each other during incidents.

[The Acting Speaker (Mr. Ethier).]

It continues by indicating that the Department of National Defence is not included in the contingency plan, although a large body of manpower and communications is available in the event of such an emergency. Another item contained in the plan reads as follows:

Little risk analysis has been carried out in order to give priority in spill control planning to areas having higher exposure to the occurrence of spills. As a result, spills in obvious high risk areas such as Boundary Bay, Vancouver Harbour and Port Moody Arm, are not planned for.

It continues:

No provision has been made for the mock exercise testing of present contingency plans. As a result, when an actual event occurs, details such as telephone lines becoming overloaded, lack of keys for important buildings, or lack of air transport, become critical delay problems.

A few days ago I received a letter from the minister as a result of my urging him to provide some equipment for Surrey and White Rock. The letter indicated that there is a plan for mock exercise some time in 1978, together with American departments. It seems to me that is very indefinite and far too loose. Another indication of a deficiency reads as follows:

There is at present, no provision in current contingency plans for updating. Most existing plans are, therefore, put on shelves, where they become obsolete as personnel and phone numbers change, material suppliers go out of business, and clean-up methods improve.

The closing paragraph of the plan ends on a note of some wry humour. It reads as follows:

To end this section on a positive note, it should be pointed out that the federal government has spared no cost to acquire tremendously sophisticated equipment for communicating information about spills to Ottawa. Any word uttered, picture taken or story printed, can be whisked to Ottawa within milliseconds of its release. Computers, telecopiers, mag card selectric typewriters, telex, multiple speaker telephone conference call hookups and suitcase portable computer access terminals are all used to keep headquarters informed of events—during Ottawa working hours.

●• (2207)

The fundamental question is who is in charge in the event of a spill like the one we had in Richmond last summer? We had all the equipment there. The booms, the peat moss and the skimmer were all there, but who is in charge? The final and ultimate question is: Who is going to make the decision to send the equipment out to the site? It looks to me as though we have all kinds of equipment spread along the lower mainland by government departments as well as private industry, but there is no one on site who is the ultimate person in charge and who says, "send it out". As a result, it appears that people are waiting for someone else to do it, and it does not get done.

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

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, the hon. member for Surrey-White Rock (Mr. Friesen) has over the years quite correctly posed a series of questions regarding contingency plans for dealing with a major oil spill on the west coast and specifically in waters in the lower mainland area. Ministers responsible for the environment have answered his questions and provided copies of the major contingency plans prepared by departments of the federal government. If the

hon. member had read these plans, particularly the joint Canada-United States marine pollution contingency plan, he would realize that the Department of Transport's Canadian Coast Guard is the lead agency for ship originated spills and for those which could affect the Canada-U.S. boundary waters.

Mr. Friesen: I know all that.

Mr. Anderson: The Department of the Environment has lead agency responsibilities for spills from shore sources which do not affect boundary waters.

At this point I must emphasize that those federal departments that have a duty, or are called upon to respond to spills, do have effective contingency plans. They are exercised in real and in simulated spills, and they do work. Accepting the "polluter pays" principle, our problem is to ensure that potential polluters and other levels of government are equally prepared to respond to spills within their jurisdictions.

The major oil companies and oil spill co-operatives formed under the aegis of PACE, the Petroleum Association for the Conservation of the Canadian Environment, have good contingency plans and have effectively demonstrated their capability to respond to spills for which they are responsible. However, the capabilities of municipal and provincial governments range across Canada from excellent to non-existent. This situation clearly indicates that some provincial and municipal governments accurately perceive their responsibilities for spill response while others do not.

I am pleased to advise the hon. member that a municipal government and industry co-operative called Burrard Clean is actively involved in spill responses in Vancouver Harbour. We welcome the initiative of the GVRD in examining its emergency measures requirements and are prepared to advise and assist them in developing contingency plans and response mechanisms to complement existing federal arrangements. We wish that more jurisdictions—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. parliamentary secretary, but his allotted time has expired.

NATIONAL DEFENCE—DISINTEGRATION OF SOVIET SATELLITE OVER CANADIAN SOIL—INFORMATION PROVIDED MINISTER

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, Canadians have reason to be concerned about the security of their nation. Our depleted yet competent military has lost confidence in the Minister of National Defence (Mr. Danson). The apparent confusion and ineptitude of the minister has been only too well documented in the recent Soviet nuclear powered satellite affair. The *Globe and Mail* put it very well as follows:

> Mr. Danson appears unwilling to complain. Loyal to a fault to his subordinates, he is willing even to make their excuses for them: "The senior actors can be kept out of the picture until they are needed."
>
> Which is utter nonsense. A man who has been kept as completely out of the picture as Mr. Danson obviously was is not a senior actor, or an actor of any sort, except in the role-playing sense. He is, to put it plainly, just a flack.

● (2212)

The final paragraph of the article reads as follows:

> How many other pictures is Mr. Danson being kept out of? What else will he know nothing about until it is too late? We know that Russian and American satellites are competing over our heads in a war of spy and counterspy. We know that each side is developing "killer satellites" to knock out the other's space snoopers. Yet the Government of Canada, linked in a defence partnership with the United States, appears content to be left out of the picture—at least until it is needed to explain the next disaster. And Mr. Danson will go on being treated like a flack, until he works up the nerve to stop acting like one.

That is an outside assessment, Mr. Speaker. I could put it more strongly. Canada needs leadership, not the "followship" of the Minister of National Defence. Emergencies require clarity and decision. The recent satellite issue shows that the minister is lacking on both counts. Perhaps the minister should be placed on the back bench until his confusion clears.

The recent communications failure saw the President of the United States providing information to the Prime Minister (Mr. Trudeau) who, in turn, informed the Minister of National Defence, when the reverse should have been the case. Word should have gone from our Canadian commander to the Minister of National Defence, then to the Prime Minister and then to the President of the United States.

I questioned the former minister in committee regarding the speed and efficiency that would be required for consultation and consolidated defence procedure in emergencies within NORAD that would assure the protection of the sovereignty of the United States and Canada as well as initiate prompt protective measures. The minister's response was that procedures are secure but they are not public. My scepticism at the time has proved unfortunately to be accurate. I want to know what measures the minister has taken to ensure that this communication gap will not occur again. Perhaps the minister should provide an in camera briefing in order that, as representatives of the Canadian people, we can tell them that corrective action has taken place to assure their security to the maximum degree possible in spite of the imperfections of the minister and his "busy" systems.

Perhaps since the Prime Minister as well as the Minister of National Defence failed to grasp the significance of Canada's participation in NORAD, that does in fact give Canada access to United States space surveillance information and points to the fact that parliament, and in particular the Standing Committee on External Affairs and National Defence, needs further briefings on the purpose and functioning of NORAD. Will the minister refer this matter to that committee for further study and investigation?

I want a strong, secure Canada. Since Canada cannot defend itself I want our ties with our allies in NORAD and NATO resecured and strengthened. I know we have time-tested friends within these agreements, and perhaps through discussions we might even determine if there really is any threat or enemy and, if so, who that threat and enemy is and where they are. I asked the former minister of national defence and the former secretary of state for external affairs who our enemies are, and neither could tell me.

Can the present minister tell us who the enemies are that we are defending ourselves against? Where is the threat? Has he told us in a recent statement, where he declared that the Soviet Union had a grand plan to impose its will on Canadians by force if they were unsuccessful through non-violent methods? Quite frankly, I do not think even the minister believes that, or does he? Can we take his word or is this ministerial irresponsibility again? Or is it just one more government deception as a decadent and crumbling government makes one last desperate grasp for power; as it attempts to give three loud cheers for the constitution, three more for the United States and the RCMP, and three kisses and boos for the Russians, the spendthrift provinces and the opposition?

When the minister—or whatever hon. flack the minister has chosen to respond to me tonight—stands to answer my question, let him address the issue, identify our internal and external enemies and assure us that we have taken corrective procedures for the security of Canada. Let us recognize that while in the short term we will have to rely on strengthening our defences through NATO and NORAD, in the longer term these are but functionary vehicles currently possessed of the evil of confusion and power lust.

● (2217)

The real danger and enemies of this world are hate, anger, fear, bigotry, selfishness and perverted violence in whatever vehicle or in whatever place or person or country they might be found. Let us recognize that our defence against these enemies must be attacked first by individuals with an inner strength of spirit, of love, peace, truth and natural justice, acting without fear and with courage and clarity. Let these be the common values that will unite Canadians with a will and a way to build a nation that is worth defending.

I call now on the person chosen to speak on behalf of the minister to stand and speak strongly and clearly and to assure this nation that we are secure.

[*Translation*]

Mr. Jacques Guilbault (Parliamentary Secretary to Minister of National Defence): Mr. Speaker, it is probably because we are nearing election time that my friend and colleague from Fraser Valley West (Mr. Wenman) has the inspiration to make a speech such as we have just heard, which is more or less an election speech we would normally hear in the public forum once hostilities between political parties have started. There must be special circumstances indeed when a very secondary event reported in the newspaper, namely the contention that the minister and the chief of defence staff were not quite in contact, leads to such diatribes.

For my part, I find myself in a privileged position as parliamentary secretary to the minister to know exactly of the close ties which exist between the minister and his departmental officials. I find absolutely groundless the contentions of my hon. friend to the effect that the minister does not play an important role in defence, in Canada, and that he is removed from his officials. To prove him wrong, I shall read a document that was given to me by the officials, and which only serves to prove that they maintain very close relationships with the minister and his parliamentary secretary.

[*English*]

In response to the hon. member's question in the House on January 30, 1978, concerning lines of communication between himself and the chief of defence staff with regard to information on Cosmos 954, the minister stated that they were in constant communication and were working in close concert, and any difference on the information given was that of timing.

It was and is the minister's wish that information on events concerning the Cosmos 954 be given freely as they occur. The contradictions of information outlined by the hon. member did not, in fact, take place. At a briefing just prior to the minister's departure for Toronto on the Friday afternoon of January 27, 1978, both he and Admiral Falls, the chief of defence staff, were advised that a significant "hot spot" had been detected. This information remained unchanged until just five minutes before Admiral Falls' scheduled press conference at 3.30 p.m. the same day, at a time when the minister was airborne enroute to Toronto.

In accordance with the minister's instruction, Admiral Falls properly proceeded with his press conference, in which he disclosed that the hot spot was not confirmed. This information was relayed to the minister when his aircraft landed in Toronto.

That is the sense and the gist of this whole big event that the hon. member is trying to blow up into immense proportions. In reality the minister and the senior members of the defence staff are constantly working together, and I know of no other civil servants who work in a comparable fashion respecting the authority of the minister than those we have in the defence staff.

● (2222)

INDUSTRY—PLASTICS—REQUEST FOR MEASURES TO AID

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, on December 8 I asked the minister about requesting aid for the plastics industry. He said at that time that he felt the 10 per cent discount on our dollar would be of sufficient help and that we would be using our own raw materials.

When I asked about cutting interest rates and cutting capital aid, he said that Treasury Board would have to pay for this. Well, that is the taxpayer of Canada. That means all Canadians who are now paying for about one million unemployed. I leave it to reasoned judgment which we would prefer.

I want to speak about the economic mismanagement of this government. Our industry has gradually priced itself out of world markets. Our exports of manufactured goods have fallen simply because of the burden of increased taxes on labour and management. This burden could not be met without increasing the price of the article that was manufactured and paying more to labour to meet the demands of inflation and increased taxation.

I do not believe anyone would seriously argue with me the incompetency of the present government in the economic debate. Perhaps I would not be too unkind if I said that it is the most incompetent of all governments in its field since confederation. As an example, let us compare what it has done in the labour field. A Canadian workman would probably receive $1 per hour more than his American counterpart. However, because of our heavy taxation the American has more take-home pay. In addition, his living costs are 15 per cent less. Added to this is the fact that his dollar is worth 10 per cent more.

No wonder we are selling less and less goods outside of Canada. A reduction in tariff protection in Canada would endanger some industries. I speak of the plastic industry in particular. If present conditions are allowed to exist, with government taxation at an all-time high, a million unemployed and a high inflation rate, this country will keep on losing its exports markets and factories. For this reason industries are leaving Canada almost weekly.

Many industries have moved out of the province of Quebec into the New England states and Vermont, where labour earns less but people are employed because the production can be sold. They also have more take-home pay which enables them to purchase more goods and services.

This is the situation in the plastics industry today. There are 1,400 manufacturing establishments, a market of around $2.6 billion, one-third supplied by imports. The industry input goes into various markets. About 150 pounds of plastics go into an automobile. By 1982 or 1983, it is estimated that this will be up to 550 pounds. Plastics represent 6 per cent of the manufacturing components of Canada's gross national product. The plastics industry employs directly nearly 50,000 people and has increased its employment 6 per cent per year up until last year.

The general need is to be internationally competitive. That is impossible if protection is not given or incentive programs such as tax credits are not used in every way possible to stimulate productivity and efficiency.

This situation is now more acute. Petrosar at Sarnia is turning Alberta oil and gas into petroschemicals, into pellets used by plastics fabricators, and into a growing list of products such as insulation, pipes, drains, cups and so on. If conditions are not made more favourable, most of the petrochemicals will be exported and we will be buying back from those companies our manufactured articles.

● (2227)

I appeal to the minister. He knows full well that Canada is the largest importer of plastics per capita in the world. Canada imports more plastics products than any other country in the world, more than the United States which has ten times our population. Does the minister fully realize that Canada imports more finished products per capita than any country in the world and that our total deficit trade balance in manufactured goods in 1976 amounted to $10.2 billion, roughly equivalent to 500,000 jobs?

In the absence of a manufacturing industry the role of the risk-taker disappears. Unless changes are introduced along the lines I have outlined, our only role would be that of an exporter of natural resources, thus admitting to the world that the government, and we as parliamentarians, cannot make the grade. Well, Mr. Speaker, I have seen too many smart Canadians holding top jobs south of the border to listen to that lament. What have we got to offer? In the absence of manufacturing, research will dry up. And that is progress in reverse.

[*Translation*]

Mr. Bernard Loiselle (Parliamentary Secretary to Minister of Industry, Trade and Commerce): Mr. Speaker, our department has co-operated closely with the main association of the plastics industry, the Association of Plastics Industries, and the provincial governments, to make an in-depth study of the plastics industry in Canada. This study aimed at identifying the problems and the potentials of the industry in the next few years.

The main facts are as follows: Between 1964 and 1974, the industry's part of the total production of manufacturing industries increased from 3 per cent to 6 per cent; it should be noted that this pattern is expected to continue. Indeed, it is anticipated that between 1975 and 1985, the demand for plastic products will increase on the average by 10 per cent a year, which is a much higher rate of growth than for the entire sector of manufacturing industries.

Because of its high rate of growth, it is not surprising that this sector has all the characteristics of a youthful and inexperienced industry, including fragmentation, overly rapid development and underutilization of its facilities. These negative factors have forced the Canadian plastics industry to suffer higher losses than its American counterpart.

Study of this sector shows that capital expenses excluded, the difference in costs is of about 15 per cent and that if we take into account the difference in capital costs, the difference is 2.5 per cent to 3 per cent more. It should be underlined that this analysis is based on equivalence between Canadian and American currencies. The major factor in the difference in costs is the fact that raw materials required for the manufacture of plastic resin are more expensive in Canada. When petrochemical complexes are opened in Alberta, Ontario and Quebec, this will considerably increase the Canadian plastic resin production capacity. The Canadian price of resin is already becoming increasingly competitive with that of the United States and other international markets; this may result from the implementation of a more energetic marketing policy by Canadian resin producers who anticipated the opening of these new facilities.

Fragmentation and overcapacity constitute the other factors which explain the cost differential between Canadian and American industries. It is very difficult to solve this problem because of the high rate of demand for plastic products, of the relatively low costs of the addition of new facilities in anticipation of an increase in the demand and of the ease with which new manufacturers can enter that industry. It will have to play a prominent role if it becomes necessary to reduce the costs

brought about by its overcapacity. It will have to carry out more thorough studies to determine if new facilities are needed before building them.

The department and the Association of Plastics Industries also believe that it would be useful to carry out a certain regrouping within that industry through mergers and agreements calling for specialization; they are actually now getting prepared to study this issue in a more detailed manner.

It is worth noting that the department and the Association of Plastics Industries will look for means to increase Canadian exports of plastic goods particularly to the United States; this will be another way to enhance the efficiency of that industry. The tariffs applied to plastic products entering the United States are relatively low and could again be reduced through GATT negotiations now under way. The creation of export consortiums and the use of better technology for export development will also be studied.

The Canadian plastics industry is one of the sectors in Canada which has experienced the most rapid growth; in that respect, prospects are excellent for the coming decade. If prices of raw materials get closer to those of American industries, if we use our plants in a more rational manner, if we set appropriate Canadian tariffs and if we facilitate the access to foreign markets, particularly the United States, and if we get a favourable exchange rate, this sector of the Canadian industry will be able to expand so as to meet the very high demand for plastic products which will exist in Canada by the year 1985. For that purpose, it will be necessary to reduce inasmuch as possible, disparities between costs; furthermore, the industry and the government will have to work more closely. We believe that at the present time, only the first steps have been made in that direction and we hope to have permanent and fruitful discussions with the representatives from this industry.

The Acting Speaker (Mr. Ethier): Order. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock p.m.

Motion agreed to and the House adjourned at 10.31 p.m.

HOUSE OF COMMONS

Wednesday, February 15, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL SECURITY

FUNDS SURREPTITIOUSLY FUNNELLED INTO CANADA TO PROMOTE EXTREMIST ELEMENTS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under the provisions of Standing Order 43 in regard to certain interests who over a period of years have funnelled money into Canada for the promotion of alleged extremist elements, and further information I have received from beyond reproach intelligence sources indicating certain entities who will obviously deny any such actions committed by persons within their employ. I move, seconded by the hon. member for Portage (Mr. Masniuk):

That the Prime Minister reveal all knowledge possessed by the government concerning millions of dollars sent into Canada by means of Air France phony billings, Renault automobile company phony billings, funds distributed by the French consulate in Moncton, New Brunswick, through an insurance company located in the maritimes and, finally, whether or not funds are now being sent into the country via Manila, in the Philippines, for similar purposes.

Mr. Speaker: In accordance with the terms of Standing Order 43, such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

LABOUR CONDITIONS

REQUEST MINISTER CONCENTRATE ON IMPROVING LABOUR SITUATION—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity. In view of the existing labour unrest in Canada, resulting in an unprecedented number of man-days lost due to strikes and walkouts—in fact, over 3.5 million in 1977 alone—and because the minister responsible has over the past month or so seen fit to concentrate his time and effort on professional football in Canada, instead—who knows, Mr. Speaker, perhaps "Happy Harold" will be able to rejuvenate the Hamilton Tiger Cats to give competition to the hon. member for Edmonton Centre (Mr. Paproski)—I move:

That this House instruct the Minister of Labour to stop meddling into the Canadian Football League, leaving those responsibilities where they belong, and instead concentrate all his efforts in returning a semblance of order to the confused labour scene in Canada.

Mr. Speaker: Such a motion can be presented only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

MELVILLE, SASK.—LAY-OFFS BY CANADIAN NATIONAL—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Canadian National has announced that it will end truck service from its servocentre in Melville in June, throwing 21 men out of work and disrupting trade for many small businesses in the city. Because of the serious economic effects of this closure and the betrayal of the commitments CN made when it closed its stations in the area years ago, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House condemns CN for failing to live up to its promises and instructs the Minister of Transport to urge the company to fulfil its long-standing service commitments.

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

Some hon. Members: Agreed.

Some hon. Members: No.

GOVERNMENT TRANSPORTATION PLATFORM FOR NEXT ELECTION—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. I move, seconded by the hon. member for Portage (Mr. Masniuk):

That the Minister of Transport make a statement on motions stating whether or not the Liberal 1978 urban transportation platform will consist of warmed up,

left over, unfulfilled 1974 Liberal promises, or will it be a brand new set of deceptive Liberal platitudes?

Some hon. Members: Oh, oh!

Mr. Speaker: Order.

* * *

HEALTH

FLUORIDE POISONING OF PLANTS AND WILDLIFE ON INDIAN LANDS—MOTION UNDER S.O. 43

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that the report prepared by Dr. Carnow and Dr. Conibear for the St. Regis Indian band council indicates that fluorides originating at Reynolds Metal Company have affected all the life forms on the island, including plants, insects and cattle, I move, seconded by the hon. member for Moose Jaw (Mr. Neil):

That the Minister of Indian Affairs and Northern Development and the Minister of National Health and Welfare take immediate steps to investigate and correct this serious matter, and in particular, approve the request for an epidemiological study which to this point has been rejected by the government.

Mr. Speaker: In accordance with the provisions of Standing Order 43, such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

GATT NEGOTIATIONS—GOVERNMENT URGED NOT TO ACT TO DETRIMENT OF INDUSTRY—MOTION UNDER S.O. 43

Mr. Gus Mitges (Grey-Simcoe): Mr. Speaker, I rise under the provisions of Standing Order 43 to present the following motion. In view of the fact that Canadian agriculture has been sacrificed time and time again in the General Agreement on Tariffs and Trade negotiations among Canada and other trading nations of the world, to the detriment of all facets of agriculture and its labour force, I move, seconded by the hon. member for Huron-Middlesex (Mr. McKinley):

That the Canadian government immediately instruct its people who are in charge of such negotiations now going on to exclude any dealings on agriculture that will be detrimental to the industry and that will endanger in any way a labour force which comprises 40 per cent of the direct and related jobs in Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Whiteway.]

HOUSE OF COMMONS

LIBERAL PARTY SUPPORT INDICATED IN GALLUP POLL—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns directly the dwindling number of Liberals across Canada. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House urges the government House leader to take this opportunity to deny the malicious rumour that is being circulated, namely, that the most recent Gallup poll indicates a drop for the fourth month in a row in Liberal support across the country, this time by a further four points.

Some hon. Members: Oh, oh!

Mr. Speaker: Order.

* * *

● (1412)

[*Translation*]

OFFICIAL LANGUAGES

POSSIBILITY OF USING FRENCH IN PROVINCIAL COURTS—MOTION UNDER S.O. 43

Mr. Eymard Corbin (Madawaska-Victoria): Under the provisions of Standing Order 43, I move, seconded by the hon. member for Ottawa-Vanier (Mr. Gauthier):

That this House dispatch at once the Clerk, accompanied by the Sergeant-at-Arms to the Conference Centre to deliver the following resolution to the first ministers' meeting. Considering that the Bill of Rights has precedence over symbolism; considering that the right to be prosecuted in one's native language has no political connotation, but is based on the most elementary concept of justice; and showing its apprehension as a result of the argumentation made by the Ontario Superior Court to deny Gérard Filion a bilingual prosecution before judge and jury, the House of Commons voices its concern over the excessive slowness of governments to establish the necessary legal infrastructures and calls on the first ministers to put that question on the order paper of the conference and asks that it be considered before the adjournment expected today.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

TRANSPORT

CONSTRUCTION OF DRY-DOCKS TO PROVIDE EMPLOYMENT—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, because of a sense of urgency with respect to creating jobs today, not ten or 15 years down the road, I should like to move a motion, under the provisions of Standing Order 43,

dealing with the capacity of the government to call now for the construction of two loading drydocks, one for the east coast and one for the west coast. My motion, seconded by the hon. member for Halifax (Mr. Stanfield), would read as follows:

That this House direct the responsible government ministers, the Minister of Transport, the Minister of Industry, Trade and Commerce, and others, to make known their decision and to move forthwith in implementing that decision so that jobs may be saved and jobs may be created.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

NATIONAL UNITY

REQUEST MINISTER OF FINANCE BE GIVEN DIFFERENT PORTFOLIO—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, considering the continuing attacks that the Minister of Finance of Canada is launching against the government of Quebec;

Considering that in doing so he maintains a climate of suspicions which greatly affects the normal progress not only of Quebec but of Canada as a whole;

Considering that such an important position as the one he occupies requires, in addition to genuine competence, statesmanship so as to stay above contingencies of narrow and sterile partisan spirit;

Considering that his action is causing prejudices to those who sincerely want harmony in a renewed Canada, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That the House ask the Prime Minister to transfer his Minister of Finance to a position more in line with his capacities.

Mr. Speaker: Order.

ORAL QUESTION PERIOD

[*English*]

TRANSPORT

INTRODUCTION OF LEGISLATION TO IMPLEMENT NEW TRANSPORTATION POLICY

Mr. Don Mazankowski (Vegreville): Mr. Speaker, my question is directed to the Minister of Transport. Since it is now some three years since the federal and provincial ministers of transport in western Canada agreed upon the five major principles which affect transportation policy in western Canada, which was described as a breakthrough, since the government does not have now any legislation on the order paper to implement any of these principles—particularly as they relate to the redress of freight rate anomalies and to the incorporation of a new transportation policy in the form of legislation—can the minister tell the House if we can expect a modified version of Bill C-33 to be introduced in this session? Or are we simply to assume that the public will be treated to another list of pie in the sky promises similar to those which were floated during the election campaign of 1974?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, as the hon. member for Vegreville said, we had Bill C-33 on the order paper in the last session. It was subjected to the beginnings of a filibuster, and as a result of consultation there was a clear indication that the filibuster would continue for a long time. That time was simply not available. If the hon. member would now give me an undertaking on the ease and speed with which the bill would be passed, I would be delighted to bring it forward now.

• (1417)

Bill C-33 contains extremely important measures in relation to the important issues of long-haul, short-haul and minimum-maximum freight rates so the railways cannot overcharge where people are captive in fact, although not in law. I think it is an important bill. I will be glad to have consultations with hon. members opposite, and if it looks as though we can move the bill forward, I will certainly bring it back immediately in the form it was in. If a modified form would speed things up, I would be delighted to do that, although I am afraid I would be running into two different views, even within the Conservative party, as to which modifications to make.

Mr. Mazankowski: Mr. Speaker, since the objections from this side of the House centred largely around the fact that the Minister of Transport wanted to set himself up as a transportation czar, and because the minister would not shake his nasty old habit of favouring the user-pay concept, this party took a very strong position against that bill. Unless the minister is prepared to modify those parts of the bill, we will again take a strong position against it. If the minister is not prepared to bring in legislation with those modifications, he should say so: he should come clean and tell the House what we can expect by way of a comprehensive set of legislative proposals to deal with the very serious problems which affect transportation in this country from coast to coast.

Mr. Lang: Mr. Speaker, there was nothing in the bill which related to the so-called user-pay concept or any other such concept. Indeed, the only element which was of fundamental importance with regard to freight rates was an assurance that the user would not have to pay too much, which is, I would like the hon. member to know, a great concern of mine as well.

When the hon. member for Vegreville talked about interpreting certain clauses as setting up the Minister of Transport as a czar, he was giving an indication of the kind of filibuster that was being carried out, when in fact all the bill did in that regard was make it very clear that the minister would have to take responsibility for policy issues and not be deflected from

his responsibility by the actions or role of the CTC. I think that is a very important principle.

However, the bill had complicated matters in it. It had in it some statements of principle, in clause 3, which were the result of discussions not only with western transport ministers but also with Atlantic transport ministers. Obviously, that clause was capable of a good deal of argument. I am quite prepared to come back without some of that material, if I can have some assurance that the clauses regarding long-haul, short-haul and maximum-minimum rates would be dealt with quickly in this House.

Mr. Mazankowski: Since it is important to provide a mechanism with which we can redress the anomaly of freight rates in this country, and since the third major priority of the new transportation policy as enunciated in the election campaign of 1974 is the removal of regional inequities in freight rates—and there has not been one freight rate change since that proclamation was made—are we to assume now, from what the minister is saying, that the government has abandoned the policy of removing inequities in regional freight rates? Is that what the minister is telling the House?

Mr. Lang: Mr. Speaker, I am telling the House and the hon. member exactly the opposite. The imposition of maximum rate control on the railways, so that they cannot charge whatever the market will bear in cases where they have a monopoly position, is very important to me. The hon. member is saying I should bring on the bill. If we bring in just those clauses which deal with that question, and if the hon. member says members of his party will not make 120 speeches about all the things which are left out and which were in Bill C-33, I would be glad to do that. I will be glad to discuss this matter with the hon. member, and if we agree on being able very quickly to pass the clauses with regard to long-haul, short-haul and maximum-minimum rates, I will bring the bill before the House within two or three weeks.

HALIFAX—GOVERNMENT ACTION TO REDUCE RATE FOR CONTAINERS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I would like to put at least one supplementary question to the Minister of Transport. I remind him that he has had four years to do something about inequities in the freight rate structure. A confidential report prepared by the Arthur D. Little firm in the United States, which was released within the last 24 hours in Halifax, indicates that the rate structure of CNR will very shortly price the port of Halifax out of the container business altogether unless something is done. That, in light of what the minister said, is a little hard to swallow.

● (1422)

We want to know when the minister is going to take his responsibility seriously and do something about the 115 per cent increase in the cost of moving containers out of the port of Halifax, and when he is going to do something positive to enable the Atlantic provinces, the producers, processors and industrial interests, to compete in the central Canadian market, where they can no longer compete because of increasing freight rates.

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the purpose of Bill C-33 is to make sure that railways do not have complete freedom in rate setting in areas where they have practically monopoly control over freight movement. I say again to the hon. member, as I did to the hon. member for Vegreville, that if there is agreement to move forward with those provisions, I will be glad to bring them forward.

I should also point out that the thing we have to cure in the law is something which was overzealously done by a government some ten or twelve years ago, following upon a royal commission set up by a Conservative government. That was a mistake that I think we probably ought not to repeat on a subsequent occasion.

Mr. Forrestall: A final supplementary question, Mr. Speaker. That is the type of utter damn nonsense the people of Atlantic Canada will not put up with any longer from this government.

Some hon. Members: Hear, hear!

Mr. Forrestall: Is the minister aware of the Arthur D. Little study? Is he aware of its implications? Does he agree with its conclusions? Also, can he tell the House why it was as cheap, three or four years ago, to move a container from Halifax to Chicago as it was to move it from Montreal to Chicago, and today the same container shipped from Halifax costs $500, as opposed to $350 from Montreal? Can the minister tell the Atlantic users of container service and our international customers who use the port of Halifax why that is the case, and why he is not directly responsible for it?

Mr. Lang: Mr. Speaker, perhaps it is not altogether obvious why at one time a rate should have been the same for a long distance as for a short distance. That is a principle that one would have to examine. In short, the reason freight rates are what they are is that after the MacPherson commission—set up by the right hon. member for Prince Albert—the minority parliament enacted legislation which gave, essentially, freedom to the railways to set rates on the principle of what the market would bear, on the theory that competition would control the situation.

I am convinced that competition, in many cases, cannot control the situation, because the mode of transportation may be completely limited to rail by the nature of the product and its movement. In such cases, we need additional protection—legislative protection. I have the instrument to do it, and I will be glad to see it supported when it comes forward.

THE CANADIAN ECONOMY

FIRST MINISTERS' CONFERENCE—GOVERNMENT'S ECONOMIC PLAN TO PROVIDE JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is for the Deputy Prime Minister. Considering that we have been watching show business posturing by the federal government for 2½ days at the federal-provincial conference which is taking place down the street, and we have been waiting to hear what proposals the government would offer to provide jobs for the more than one million unemployed, I ask the minister whether he can tell the House the economic game plan or the specific proposals put forward, in either public or private session, that would provide jobs now for Canadians who need them.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I am, personally, very pleased that it has been possible to show the Canadian people the proceedings that are taking place currently in Ottawa—

Some hon. Members: Hear, hear!

An hon. Member: So are we.

Mr. MacEachen: —and to show the Canadian people, without benefit of the editorial jibes of the hon. member, what is actually taking place at the conference, the many constructive proposals that have been made by the provinces and the government of Canada to deal with the medium-term future of Canada. I understand the conference will conclude today. Obviously, there will be a summing up at the conclusion, and it will be possible for the hon. member to draw his own conclusions later today or early tomorrow.

● (1427)

Mr. Broadbent: Mr. Speaker, I, too, am delighted that the people of Canada have had an opportunity to witness the incompetence and inaction of this government which we have seen here for four years. The Deputy Prime Minister said there will be a summing up this afternoon. Would he now deal with the question. I am not talking about the proposals put forward by the provinces; I am asking him what specific proposals his government has put forward, either in private or public session, to provide jobs for Canadians who need them now, not at some distant point in the future.

Mr. MacEachen: Mr. Speaker, the hon. gentleman is threshing old straw. The question of the immediate-term and short-term economic policy of the government has been dealt with frequently during the question period in the House. There undoubtedly will be certain short-term achievements arising from the federal-provincial conference. But I believe all the first ministers of all the provinces of Canada are agreed on one point, and that is there has to be some advance planning in order to achieve the immediate-term goals of the Canadian economy. In that connection I would refer the hon. member to the rather lucid speech of the Premier of Saskatchewan.

Mr. Broadbent: Mr. Speaker, I would, indeed, agree with the Deputy Prime Minister that there was at least one lucid speech. All the proposals made by the hon. gentleman he mentioned were ignored by the federal government and were not even seriously discussed. In view of what the Deputy Prime Minister has said—and he has not provided any information about proposals—would he admit that all he has confirmed is that the only light shed, from the federal point of view, on the economic problems of the people of Canada was that provided by the television cameras at the conference?

* * *

[*Translation*]

TRANSPORT

NEGOTIATIONS WITH QUEBEC ON RENOVATION OF CERTAIN WHARVES

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Transport. Considering that Quebec and Ottawa are negotiating the transfer of a number of communication wharves from the federal to the provincial, could the minister tell whether these negotiations have come to a deadlock or whether we will be able eventually to negotiate an agreement so that these wharves be renovated before it is too late?

[*English*]

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I believe that question should have been directed to the Minister of Communications.

[*Translation*]

Mr. Lambert (Bellechasse): I have a supplementary, Mr. Speaker.

Considering that the minister refers to the Minister of Communications and that the Minister of Public Works is beside her, perhaps one of them could answer my question.

I should like to know whether the negotiations which were started a few years ago under the Bourassa government continue under the Lévesque government, and whether we will eventually hear the good news that the negotiations have been successful and that we will be able to renovate those wharves before it is too late.

Mr. Speaker: Order, please. The hon. member may ask a last supplementary.

Mr. Lambert (Bellechasse): Considering the time it takes to answer my question, Mr. Speaker, I shall accept a written answer.

[*English*]

INQUIRY WHY TRADE MINISTER OBJECTED TO PROVISIONS OF BILL C-33

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my supplementary question is directed to the Minister of Transport. I refer to the minister's answer to my friend, the hon.

member for Vegreville, and his suggestion that there was some question of a filibuster when Bill C-33 was before the House last session. If there was anything like a filibuster, it was somewhat inspired by one of the minister's new colleagues, the Minister of Industry, Trade and Commerce, who at that time was the transportation critic for the opposition. The minister obviously desired to remedy these gaps in transportation policy and they were, as my hon. friend from Vegreville mentioned, defined in the election campaign of four years ago.

● (1432)

Since the minister had the desire to do something, has he yet spoken to the Minister of Industry, Trade and Commerce to find out what his objections were to Bill C-33, so that a bill could come before this House which could receive expeditious treatment?

Some hon. Members: Hear, hear!

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I want to assure the hon. member, with regard to matters such as that concerning a region of western Canada, that the Minister of Industry, Trade and Commerce and I work very closely together toward producing a better result for western Canada.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Nowlan: Mr. Speaker, I am glad that on the surface, at least in terms of rhetoric, they may be working together. I asked whether the minister had discussed with him the implications of Bill C-33, to see what changes might help that bill move through the House. Has the minister had an opportunity to discuss with the Minister of Industry, Trade and Commerce his meeting with the three ministers of transportation from western Canada on Tuesday last, when transportation problems, not trade and commerce problems, were discussed?

Does the minister agree with the quotation in a report which says that the Minister of Industry, Trade and Commerce feels that too many people in the west are obsessed with the Hall report? Does the Minister of Transport agree that people in the west are obsessed with the Hall report? Has the Minister of Industry, Trade and Commerce reported to the Minister of Transport what he has found out about transportation problems in the west, so that something can be done for the west, let alone the rest of the country, as the hon. member for Vegreville said earlier?

Mr. Lang: Yes, Mr. Speaker, we have discussed the meeting which was designed essentially to deal with industrial development in the west. Of course, transportation is involved in that issue as in almost every other important issue in the economy of this country. I do not know that I checked the particular quotation to which the hon. member has referred.

It is clear that the Hall commission report is an extremely important document for western Canada and, of course, with respect to transportation needs. We are working in very important ways to make sure that in its most important aspects it is implemented promptly. We have in investment right now, $100 million to repair rail lines throughout the western Canadian territory—this at a time of serious fiscal restraint. The hon. member opposite should recognize the importance of that. We intend to honour this very important document.

IMPLEMENTATION OF HALL REPORT RECOMMENDATIONS

Mr. Arnold Malone (Battle River): Mr. Speaker, I have a question for the Minister of Transport. In light of the fact that the $1 million Hall report tabled in May, 1977, resulted in 92 individual recommendations, of which only six have been fully implemented, three have been partially implemented, 58 have not been implemented at all and 24 official statements have been made on the rest, calling for further study, and noting that the western premiers bypassed the Minister of Transport and tried to meet the Prime Minister with a view to persuading the government to implement the recommendations speedily, I ask the minister, when will he implement the action recommendations by Hall, instead of further stalling and impeding the improvement of transportation and grain handling in the west?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, obviously a good number of matters which are recommended in a royal commission report involve very significant expenditures. These have to be weighed. Sometimes engineering designs are required. These have to come before action—as the hon. member calls it—can take place.

In fact, what we did was immediately transfer lines to the basic rail network which Mr. Justice Hall's commission wanted there. We have begun the rehabilitation work, which is the most important, immediate action to take place. We set up an action committee, which has made recommendations on some additional lines. Indeed, we are taking very rapid action on most of the important recommendations, not with the approval, it is true, of the three provincial governments which happen to be in a different partisan field—

Some hon. Members: Oh, oh!

Mr. Lang: Mr. Speaker, it is true that our form of action has been endorsed almost entirely by the Alberta pool, the Manitoba pool, the Saskatchewan pool and most other key organizations in the west.

An hon. Member: Not the NFU.

Mr. Lang: Not necessarily by the NFU, but by every key organization in agriculture in the west.

Mr. Malone: Mr. Speaker, the minister just said that he has taken no action at all except the abandonment of railways. On August 15, 1977, the minister stated that the total cost involved in implementation of the Hall report must be carefully analysed before a proposal is put before the federal cabinet. Can he tell us today whether those cost analyses have been

made? Have any recommendations been made before cabinet, or are we going to have another situation in the next federal election like the $290 million rapid transit promise, which will simply disappear?

Mr. Lang: Mr. Speaker, some of the analyses have been made, some recommendations have gone before cabinet and have resulted in action being taken. Others are before cabinet at this very time; for example, in relation to Prince Rupert and the whole question of the future of the branch line system in the prairies. The hon. member misunderstands the importance to the prairies of the transfer to the basic rail network of about 70 per cent to 80 per cent of the lines there, so that their future is secure.

In addition, there is the investment of $100 million and what it means to communities such as Beechy and Lucky Lake, Saskatchewan, where after 50 or 60 years of seeing nothing done on their rail lines, they now see new ballast, new ties, and they are going to see new rail, as our dedication is to a rail handling system that is good, solid and for years to come will give assurance to farmers in the west.

INSTRUCTIONS TO ANDERSON COMMITTEE RESPECTING INCREASING RAIL TRAFFIC ON PRAIRIES

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I wish to continue this line of questioning of the minister, in view of the fact that he is wearing his Transport hat. The Hall commission report had a main thrust to it, namely, that the way to get the railways on the prairies operating in the black again was to increase their traffic. Did the minister, or any of his colleagues, give the Anderson committee any instructions not to consider any positive proposals that would increase traffic on the prairie rail lines?

Hon. Otto E. Lang (Minister of Transport): No, Mr. Speaker, I must say that I did not find that recommendation, as such, in the Hall report. The Hall report had a major recommendation, that the government pay to the railways approximately $200 million a year, which is the difference between what it costs for them to carry grain and what they receive for carrying it. We have not been able to approve, at this time of fiscal restraint, that additional $200 million a year for the railways. I am not sure hon. members opposite would have rejoiced had we done so. What we did, instead, was find $100 million and offer it for specific programs of rehabilitation; therefore, we are obtaining firm rehabilitation for it.

The Prairie Rail Action Committee has recommended that an additional line be transferred to the prairie rail network. That is the first of their recommendations. They considered the line into Spiritwood and Glaslyn and decided that it should remain. A decision on that question was needed so that the elevator companies could go ahead with building plans. They recommended that it be transferred to the basic rail network. We have transferred it to the basic rail network, and at least one elevator company has announced its construction plans at Spiritwood. That is the kind of action that really counts in relation to the grain handling and transportation system.

Mr. Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, I simply asked whether any instructions had been given not to consider proposals. As a prelude to my question, I wish to quote from a letter dated September 15, 1977, from Mr. Anderson to the Golden West municipality in Corning, Saskatchewan. I quote from one paragraph:

> Your brief represents broader action than our committee can recommend. I note you have sent copies to Messrs. Lang and MacMurchy. These are the gentlemen who best are prepared to consider your proposal.

My question to the minister is obvious. Has he received this positive brief to build up tonnage so that the railways can make more money by carrying goods in Saskatchewan for both domestic and export markets, and has he responded to that brief?

Mr. Lang: Mr. Speaker, the terms of reference of the Anderson commission are available: there is no doubt about what they are. That question would not ordinarily be seen as being within them. While I am not sure I have seen that particular brief, there have been a number which have recommended attention to the situation so that more grain may move. I have been one of the strongest advocates of the view that there will be much more grain moving out of the prairies in three, four or five years. I suggested, three or four years ago, that we should build for the export of a billion bushels of grain a year. That is the basis upon which I am operating, and it is the basis upon which we ought to review the adequacy of the rail system and the grain handling system.

● (1442)

Mr. Hamilton (Qu'Appelle-Moose Mountain): I have been trying to talk about what the Hall commission recommended, namely, that the railways should put more traffic on the rails than is the case now. Has the minister considered the possibility of putting in the small lines which are required to move our potash out of Saskatchewan by rail instead of by truck? Lumber, coal, gravel—all these things could be hauled over rail lines which are presently in existence, but the railways are not hauling them and our roads are being wrecked. We could make enough money to enable the railways to pay for themselves, if they would let these other products get on the railways. It is not just the grain we are interested in.

Mr. Lang: I do not know from what source the hon. member receives his information, but in almost every case the railways are presently moving Saskatchewan potash to the west coast ports. There is one potash mine where, as a result of a dispute between the railway and the potash company, the potash is being moved out by truck. But even in this case the rail lines are in place, I believe, and are available. So the product can be moved by rail as soon as appropriate arrangements are made between the company and the railway.

TRADE MINISTER'S COMMENT ABOUT MINISTER OF TRANSPORT

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I do not want to intrude into the discussion which is going on, but the fact that the minister found it necessary, first, to

endeavour to delude the House into believing that my government had anything to do with the legislation to which he referred leads one to believe that the rest of his answers are equally a perversion of the truth.

Some hon. Members: Question.

Mr. Diefenbaker: It is of interest that as soon as the Minister of Transport began to speak about the part played by Her Majesty's Loyal Opposition, the Minister of Industry, Trade and Commerce disappeared: he left the chamber. Another perversion of the truth to which I wish to refer concerns this western grain story—"The Ode by Otto", from Otto, for Otto.

I want to ask the minister this question. In that wonderful, new relationship between himself and the Minister of Industry, Trade and Commerce, have they been able to clear up the description given by the Minister of Industry, Trade and Commerce on November 26, 1974, which was five years after the minister modestly says in the "Western Grain Story" that everything has improved since he took over. Has he discussed with the Minister of Industry, Trade and Commerce the words used on November 26, 1974, by the Minister of Trade and Commerce with reference to the Minister of Transport, "I shall see Otto Lang tarred and feathered and driven out of Saskatchewan." Then we have the generous words, "I'll pay for the oil and I'll pluck the chickens".

Some hon. Members: Oh, oh!

Hon. Otto E. Lang (Minister of Transport): Once again, if the record of what I said is checked, it will be clear to the right hon. gentleman that when I first referred to the MacPherson royal commission I made it very clear that it was acted upon by a minority government, and I indicated that I took some responsibility, in a broad sense, for the error of following the recommendation of a Conservative royal commission. I made that very clear.

So much for his statement implying that I was misleading hon. members. The second misleading thing in the right hon. member's remarks comes in his reference to the "Western Grain Story". That is a very important analysis, for our grain producers, of all the policies, showing how they have fitted together over many years. It is one of some 29 pieces of correspondence I have had with the producers on the prairies since I took over responsibility for the Wheat Board. I consider it extremely important to keep them informed. It is true that there are a couple of pictures showing myself speaking with farmers. This is to emphasize my desire to hear from them. That was another purpose of this particular booklet.

Some hon. Members: Hear, hear!

Mr. Lang: Incidentally, there are pictures of Mr. Hall and Mr. Snavely and, as far as I have heard, they are not yet Liberal candidates in Saskatchewan. As far as the remarks of my colleague, the Minister of Industry, Trade and Commerce, are concerned, I would say that before this place was electronically recorded, hon. members were used to hearing colourful ways of referring to one another, even when later in the day we referred to one another quite sincerely as friends. That happens to be the nature of this institution. I am delighted to admit that I was a principal target for my colleague's colourful and effective wit over the years. I am equally delighted now that we are side by side and that the targets are over there.

Some hon. Members: Hear, hear!

Mr. Diefenbaker: We have now seen the personification of the immortal words of the Prime Minister, "Love one another." We have had an example of it here this afternoon. I simply ask whether the words I have quoted concerning the minister, after five years of office and uttered by the present Minister of Industry, Trade and Commerce, did not rather shock the finer sensibilities of the hon. gentleman and cause him to have some doubt as to whether the two were friends at that time.

Mr. Lang: Over the years, the right hon. gentleman himself has been, of course, recorded as predicting time after time, on the eve of an election, that the campaign would be his last. When the Minister of Industry, Trade and Commerce joined this party and the cabinet, I thought it was delightful that we could be both speaking to the west about the interests of the west, for the very reason that, as may have been noted, we may speak in some ways to different audiences and in different ways. It is very desirable that both of us are there, speaking in that way.

Some hon. Members: Oh!

* * *

THE ENVIRONMENT

KITIMAT PIPE LINE LTD.—REQUEST APPLICATION BE POSTPONED PENDING ENVIRONMENTAL STUDY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, perhaps we could depart for a few moments from the story of the lion and the lamb lying down together.

Mr. Knowles (Winnipeg North Centre): Which is which?

Mr. Douglas (Nanaimo-Cowichan-The Islands): I should like to address a question to the Minister of State for the Environment. In view of the fact that the Kitimat Pipe Line company has reactivated its application to construct a pipeline from Kitimat, British Columbia, to Edmonton, and that this matter is to be reviewed by the National Energy Board in the next few months, I should like to ask the minister why the west coast oil port inquiry, headed by Dr. Thompson has not also been reactivated, and why no arrangements have been made for community hearings or for the funding of public interest groups who were promised an opportunity to put forward their views on this important matter.

Hon. Len Marchand (Minister of State (Environment)): A decision was made that we would consider this matter after

Dr. Thompson had submitted his interim report to us. He made the request that the hearing be reopened pending seeing what was done with the Kitimat application. We want to wait until he submits his interim report, so we can decide whether to reactivate the hearings or call an end to them.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Surely, that is a complete evasion of the issue. When the application by the Kitimat Pipe Line company was held in abeyance, scores of community hearings which has been planned by Dr. Andrew Thompson were also suspended. Are the people of British Columbia, who were promised an opportunity to be heard in this connection, to be completely ignored?

● (1452)

If, as the minister said, he is going to wait until after Dr. Thompson makes his report at the end of April, this matter will be before the National Energy Board long before the people who are vitally concerned have the opportunity to express their views.

Mr. Marchand: Mr. Speaker, I expect to receive the report from Dr. Thompson within the next few weeks. I am sure the hon. member will not have to wait very long before a final decision is made one way or the other.

* * *

TRANSPORT

CRASH OF AIRCRAFT AT CRANBROOK, B.C.—GOVERNMENT ACTION TO RECORD NAMES OF PASSENGERS ON FLIGHTS

Mr. Jim Fleming (York West): Mr. Speaker, I have a question for the Minister of Transport. In view of the fact that the names of passengers on the PWA flight which crashed in Cranbrook, B.C., on the weekend apparently were lost by a centralized computer system, causing unnecessary fear and anguish for many families, does the minister have any plans to require airlines operating within Canada to provide in future a fail-safe or, at least, a back-up system for recording the names of passengers?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I thank the hon. member for his question. In respect of this tragic accident, the delay in dealing with the names is a very important matter indeed. I propose to ask my officials and the Canadian Transport Commission, within their appropriate jurisdictions, to look at the question of making sure that ways can be found to avoid this happening in the future.

REDUCTION IN SUBSIDIES FOR CERTAIN PRODUCTS IN ATLANTIC REGION

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, we can see the evasion of ministerial responsibility by one cabinet minister after another, and the epitome of that evasion has been evidenced here today as the Minister of Transport has looked for scapegoats rather than being willing to accept blame for the slow passage of his bill as a result of his own obstinate position.

I should like to ask the minister whether he would explain to this House the economic justification for the change and reduction in subsidies as they relate to the intraprovincial movement of forest and agricultural products in the Atlantic area, at a time when both industries are suffering economic difficulties and when unemployment in both industries is extremely high. Does he think it is timely to reduce the subsidies at this time?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the change in subsidies in the Atlantic freight program results from long discussions among the Atlantic transport ministers, the premiers and myself, and from a five-way agreement among us that the subsidies can be selectively used and should be retained wherever this does, indeed, promote development and, therefore, jobs in the Atlantic region. It was also our agreement that where those ends are not met, this money was better used in other ways in the Atlantic region. That is what we are doing by building airports immediately and, I hope very soon, making improvements to bus transportation and to highways.

It is true that today we are announcing a proposal for changes in those subsidies in accordance with that agreement. I say, again, that this is a reduction in certain areas where it has been found, by the agreement of five governments, the four provincial governments in the Atlantic area and ourselves, that this will not have any adverse impact on the development of jobs in the Atlantic region, particularly when the five governments agree that the money could be better spent in other ways for the benefit of the Atlantic region.

Mr. McCain: Mr. Speaker, having an element of familiarity with the negotiations between the less favoured provinces and the government of Canada, I am quite familiar with the pressures that have been exerted by the federal government for the acceptance of the reduction in these subsidies. I ask the minister whether he has at any time studied the economic impact of the massive increases in freight rates as they apply to the maritime provinces, particularly in respect of goods for export, for intraprovincial and interprovincial movement, and is he satisfied that each of these transportation cost increases is justified and have had a favourable impact upon the economy of the Atlantic area?

Mr. Lang: Mr. Speaker, of course, as with other freight rates in the country, cost increases inevitably will show up in certain freight rate increases. I am not trying to justify every increase by the railways, by any means; I do not say they are all justified. But our current legal framework gives the railways certain freedom in that regard, and that is a matter about which I should like to do something.

The hon. member asks whether we have studied the impact. We certainly have. The five governments together had officials at work for a long time identifying the exact list of goods which should remain under the subsidy program. I would

remind hon. members that, whereas in many other areas of the country freight rate increases are borne in total by those upon whom they are imposed, because of the various programs we have in the Atlantic region a good number of these freight rates are borne to the extent of 50 per cent by the people of Canada through payment of the transportation cost by the government. Therefore, 50 per cent of the increases and, indeed, of the whole rate is very frequently borne by the people of Canada as a whole. I think this is a good thing, because it is part of our commitment to the development of the Atlantic region and I will continue to support that kind of program.

Mr. McCain: Mr. Speaker, the impact is virtually unbearable and beyond the increases which have taken place, particularly as they relate to export rates. The minister overlooks the fact that the Government of Canada, in its wisdom and when it chose, could take steps to alleviate the impact of freight increases; but this it has not done recently. Does the government anticipate, in its policy, that it might take those steps, in a time of economic difficulty in the Atlantic area, in order to reduce the impact of massive increases which have taken place while this minister has been in the saddle but has failed to exercise his capability as minister?

Mr. Lang: Mr. Speaker, I think, again, the notion that costs can somehow simply be ignored, or that they will go away by being transferred to the taxpayer, is a popular notion among opposition politicians. But it is neither true nor is it good for the economy of this country or the taxpayer. It is not sensible for us to transfer to the taxpayer all the freight costs and ignore the realities of those costs. In the Atlantic region, however, we do have a program whereby there is significant assistance to modify that impact, by bearing 50 per cent of certain of those freight costs in the treasury, and I support that program. More than that can only be done if we are willing to put much more in the way of tax dollars into transportation, and thereby lessen the rigour with which all our entrepreneurs have to examine the best way of producing.

An hon. Member: You are lecturing.

Mr. Lang: I am lecturing, the hon. member for Vegreville says. What I am trying to get across is the point that it is often better for us to recognize the real cost of transportation and, where possible, as a result refine the product, process the product and ship a lighter product a further distance, to leave the jobs back at the source, particularly when it is in the Atlantic or the western regions of this country.

GOVERNMENT ACTION TO REDUCE AIRLINE DISASTERS

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Transport. It relates to air safety. In May, 1973, there was a fatal crash involving a DC-3, at Rimouski, Quebec, with the loss of four lives. In the MOT accident report it is stated:

> The carrier did not comply with the Ministry of Transport standards in pilot training, dispatch, flight watch, and operational control as specified in Air Navigation Order—

[Mr. Lang.]

There was also the crash of a DC-3 last May. In the just released accident report on this incident at Pickle Lake, Ontario, it is stated:

> The carrier's maintenance and operational control procedures were below standards specified by Transport Canada.

It would appear there have been no improvements in procedure over the last four years. I ask what measures the minister's department has taken to see that airlines are adhering to MOT standards and that operational control procedures are up to standard?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the hon. member should recall that only about a month or six weeks ago I indicated in the House the steps we had taken, following the investigation in northwestern Ontario, to improve the inspection approach throughout the aviation industry. Because I recognized that this was not an isolated matter in relation to western Ontario, we made these improvements right across the country. We have begun the appointment of many more inspectors and have improved their procedures. We have given more authority to the regional offices throughout the country, as was recommended in that investigative report.

Mr. McKenzie: Mr. Speaker, in the Rimouski accident report it is stated:

> The Ministry of Transport had been aware of the carrier's non-compliance for some time but had not effectively enforced the provisions—

Also in the report on the crash at Pickle Lake last year, it is stated:

> Inspection and enforcement actions by Transport Canada was not effective in correcting the deficiencies of the carrier.

Can the minister give a complete assurance to the House and the travelling public that he will take immediate action to see that carriers comply with MOT provisions, and that the Ministry of Transport will start enforcing and correcting safety regulations relating to Canadian airlines?

Mr. Lang: Mr. Speaker, the hon. member refers back to the practice of making it appear as though those reports came after the action to which I referred, and they did not; they came before, long before, that action. Action has been taken since that time. I wish the hon. member would not try to mislead the public with regard to that matter. This action is important.

● (1502)

Of course, the prime responsibility for carrying out the regulations rests with the carriers themselves. Most of them are very responsible and very respectable. They are attempting to carry them out in every way they can. Even then, there will be gaps and deficiencies, because human beings are involved and there are bound to be some errors from time to time. Our inspection process is meant to ensure that anyone with bad will or bad intentions is certainly weeded out. Those who have the good will, have the knowledge which leads them to do the job in the right way. We are trying to do that with an extremely able group of transport officials, inspectors and agents

throughout the country. As a result, I think it is fair to say that we have a safer aviation system in this country than any country of the world.

Some hon. Members: Hear, hear!

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AGRICULTURE

GOVERNMENT PROGRAM TO IMPROVE GRAIN HANDLING

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, my question is supplementary to a number which were asked earlier. It is directed to the Minister of Agriculture. A little over a year ago, I asked the minister what his position was with respect to his responsibility for the grain commission regarding the port at Prince Rupert which, if brought up to its potential, could save farmers in the northern part of our country, in the Peace River region of British Columbia and Alberta, $25 million in freight rates. At that time, the minister said that the elevator was to be upgraded and sold. Can he tell us today to what extent his program has progressed, and whether he has an updated report which would tie in with some of the verbiage the Minister of Transport gave us today?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, first of all I want to put a correction on the record, because the hon. member indicated that I said it would be sold. We said that we had asked for tenders. None of the tenders that we received was satisfactory. We asked another engineering group to make a study of the elevator facilities. That has been finished now and we will be making a decision on what to do with the elevator, whether we should upgrade it to bring it up to the standard the hon. member and I think it should reach. That decision will be made shortly.

I am sure the hon. member is aware, but in case he is not I should say that the elevator has been used more this year than in the past. It is providing good service at the present time. We think it can do even better, and it is our intention to make it so in that port area.

Mr. Oberle: Mr. Speaker, having lived through another season of incredible bungling, where we have seen 600 rail cars piled up on the main line trying to get into Prince Rupert, and 40 ships in Vancouver harbour trying to get loaded, can the minister tell us when he expects a decision on this most important issue which has plagued the grain industry and the western transportation system for so long?

Mr. Whelan: Mr. Speaker, I think the hon. member knows full well that a lot of ships that went into the port of Vancouver, went in there without placing orders within the proper time limit. They went in there asking to be loaded with grain. More grain has been shipped out of these ports than ever before. Prince Rupert has been used more this year than ever before. We think it can be used even more in the future.

Order Paper Questions

ROUTINE PROCEEDINGS

[*English*]

FEDERAL COURT ACT

PRODUCTION AND DISCOVERY OF DOCUMENTS

Mr. Eldon M. Woolliams (Calgary North) moved for leave to introduce Bill C-420, to amend the Federal Court Act (production and discovery of documents).

He said: Mr. Speaker, in brief, this bill amends the Federal Court Act. It amends section 41(2) in which ministers are able to deny the right of statements becoming admissible as evidence in that court on various grounds of public policy and other policy. Under the proposed amendment the judge can demand to see the document, in proceedings in camera, and examine it. If on the grounds of an affidavit filed by a minister he considers the matter as one against public policy, then he allows the document to be declared inadmissible. On the other hand, if he wants to clear up the secrecy of government, he admits the document.

Motion agreed to, bill read the first time and ordered to be printed.

Mr. Speaker: When shall the bill be read the second time? Next sitting of the House?

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

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BUSINESS OF THE HOUSE

Mr. MacEachen: Mr. Speaker, I should like to designate Friday, February 17, as an allotted day.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 55, 65, 440, 502, 526, 743 and 918.

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

[*Text*]

COLUMBIA RIVER TREATY

Question No. 55—**Mr. Brisco:**

1. Has the government considered using Article 14, section 4, of the Columbia River Treaty and subsequent protocol of 1964, to charge or empower British Columbia Hydro and Power Authority with the specific duty of ensuring the greater stability of the Arrow Lakes and the suspension of all progress on the Kootenay River Diversion project and, if not, for what reason?

Order Paper Questions

2. Has the government made any use of the provisions of section 4, Article 14, to better effect the implementation of the Treaty insofar as Canadian interests are concerned and (a) if so, on what dates and what is the wording of the exchange of notes, if any (b) if not, for what reason?

3. Does the government recognize any continuing residual or supervisory role with respect to the implementation of the Columbia River Treaty signed by Canada and the United States and, if so, what is the nature of the role and in what manner has it been carried out of late?

4. Did the government, by Order in Council P.C. 1964-1407, designate the British Columbia Hydro and Power Authority as the Canadian entity for the purposes of Article 14 of the Treaty and, if so, under what considerations?

5. Is the government satisfied with the performance of the British Columbia Hydro and Power Authority in whatever capacity it might have under the Treaty and, if not, in what respect has its performance been less than satisfactory?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1. No, because the lakes and rivers of British Columbia are a provincial resource and the purpose and function of the Columbia River Treaty was to facilitate development of that resource having regard to the international aspects of such development.

2. No. (a) Not applicable. (b) There has been no perceived need to do so.

3. Yes, to ensure that the objectives of the treaty are being met and that the obligations imposed on the designated agencies by the treaty and by the Canada-British Columbia Agreement of July 8, 1963, are being fulfilled. It has been carried out by the establishment and continuance of the Columbia River Permanent Engineering Board and the Canada-British Columbia Columbia River Liaison Committee.

4. Yes, in accordance with the provisions of the January 8, 1963, agreement between the Government of Canada and the government of British Columbia.

5. Yes.

CNR FREIGHT AND PASSENGER SERVICE—GENERAL MANAGERS

Question No. 65—**Mr. Jones:**

1. What are the names of the general managers of CNR responsible for freight and rail passenger service across Canada and, in each case, what are his/her qualifications?

2. Were any of them involved in other transportation companies in the United States or Canada which have gone bankrupt?

3. Were any of them a shareholder or connected in any way with any transportation company other than CNR and, if so, what is the financial status of the company?

Hon. Otto E. Lang (Minister of Transport): The management of Canadian National Railways advises as follows: 1. The relevant officers are: Atlantic Region: Mr. G. J. Frontain, Regional Manager Marketing, Canadian National Railways, CN Terminal Building, 1234 Main St. Moncton, New Brunswick. Mr. A. W. Raftus, Regional Manager, Passenger Sales and Services, Moncton, New Brunswick. St. Lawrence Region: Mr. J. M. Provost, Regional Manager Marketing, Canadian National Railways, 800 Dorchester Boulevard West, Montreal, Quebec. Mr. J. F. A. Levasseur, Regional Manager, Passenger Sales and Services, 800 Dorchester Boulevard West, Montreal, Quebec. Great Lakes Region: Mr. S. F. Warwick, Regional Manager Marketing, Canadian National Railways, Room 424, Union Station, Toronto, Ontario. Mr. J. J. Menary, Regional Manager, Passenger Sales and Services, Toronto, Ontario. Prairie Region: Mr. S. B. Hall, Regional Manager Marketing, Canadian National Railways, CN Station, 123 Main St., Winnipeg, Manitoba. Mr. G. S. Smith, Regional Manager, Passenger Sales and Services, Winnipeg, Manitoba. Mountain Region: Mr. J. H. D. Sturgess, Regional Manager Marketing, Canadian National Railways, Tower Building, Edmonton, Alberta. Mr. F. R. Wildy, Regional Manager, Passenger Sales and Services, Edmonton, Alberta. These persons have the general and technical skills and qualifications required and appropriate for the above positions.

2 and 3. This is not information which appears on the staff records of CN. All CN officers are subject to internal regulations designed to prevent "conflict-of-interest" situations.

MULTICULTURALISM—EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER SINCE 1970

Question No. 440—**Mr. Leggatt:**

In each fiscal year since 1970, what amount was spent in the Constituency of New Westminster by the Ministry of State (Multiculturalism) and those agencies that report to it?

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): The multiculturalism directorate provides grants and services to voluntary organizations whose membership and activities are usually spread over an area greater than any one electoral district, and records are not maintained on the basis of these districts. Similarly, expenditures by the federal cultural agencies on multicultural subjects are not recorded with reference to electoral districts. Accordingly, it would be extremely costly and time consuming to calculate the information requested.

PERSONS EMPLOYED BY MINISTRY OF STATE FOR SCIENCE AND TECHNOLOGY

Question No. 502—**Mr. Howie:**

As of November 1, 1977, how many persons were directly employed by the (a) Ministry of State for Science and Technology (b) National Research Council (c) Science Council of Canada (d) Medical Research Council of Canada and, in each case, how many were earning (i) $30,000 or more annually (ii) $20,000 to $30,000 annually?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Ministry of State for Science and Technology, the National Research Council, the Science Council of Canada and the Medical Research Council of Canada as follows: (a) 135. (i) 36; (ii) 39. (b) 3,008. (i) 415; (ii) 821. (c) 56. (i) 11; (ii) 11. (d) 37. (i) 4; (ii) 4.

STUDIES TO DETECT MINERALS ON OCEAN FLOOR

Question No. 526—**Mr. Howie:**

How many studies are now in progress and being funded by the government to detect manganese, copper and other minerals on the ocean floor?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: there are no studies being conducted and funded by the government to detect manganese, copper and other minerals on the ocean floor. However, the Geological Survey of Canada is collecting geological information to provide a basis for the identification, characterization and distribution of possible mineral resources on the ocean floors and the continental shelves, and for formulating national mineral policies. This information is being collected under two GSC projects at a cost of $48,000 for the fiscal year 1977-78.

FUNDY TIDAL POWER STUDY

Question No. 743—**Mr. Howie:**

On what date will the current Fundy Tidal Power Study be completed?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: the study has been completed and the Bay of Fundy Tidal Power Review Board's report is now in preparation. The report is expected to be available for tabling and distribution early in 1978.

TASK FORCE ON SERVICE TO THE PUBLIC

Question No. 918—**Mr. Alexander:**

1. Has the government established a task force on service to the public and, if so, on what date was the task force established?

2. To which minister does it report?

3. What are its terms of reference?

4. Who works for the task force and in what capacity?

5. Is the task force (a) reviewing departmental revenue policies and the fees that are being charged for services offered to the public (b) reviewing the cost of offering various services to the public (c) assessing public satisfaction with services that are being offered?

6. Will the task force concern itself with postal rates, the cost of postal service or public satisfaction with postal service in the country?

7. Has the task force been asked to make recommendations regarding possible new services to the public?

8. What initiatives are being taken to ensure public participation in the work of the task force?

9. (a) On what date will the task force make its report (b) will it be tabled in the House of Commons?

10. What is the total anticipated cost of the task force?

Hon. Robert K. Andras (President of the Treasury Board): 1. Yes. The Task Force on Service to the Public was set up in June, 1977, as part of the government's ongoing concern with this issue.

2. The task force reports to myself and the Minister of Fisheries and the Environment.

3. The terms of reference of the Task Force on Service to the Public are to study and report on the quality of the federal government's service to the public and the public's perception of that service.

4. The task force is directed by Dr. F. Schindeler of the temporary assignment pool in the Treasury Board secretariat and has been staffed at various times by eight professional and three support staff. With the exception of two of the support staff, the personnel have been drawn from federal departments on a temporary basis.

5. (a) No. (b) In the consideration of possible improvements in the quality of service, the task force is taking their costs into account. (c) Yes.

6. No, the task force has not been concerned with postal rates or with the cost of postal service. Nor has it studied public satisfaction with postal service, per se, but only as part of the general subject of quality of service.

7. The task force may recommend new ways of delivering existing services but it is not expected to suggest new programs or services.

8. Public opinion has been sought across Canada through personal interviews and discussions to ensure that the views of the public are taken into consideration in the development of recommendations.

9. The task force is reporting to me and to the Minister of Fisheries and the Environment on a regular basis. We anticipate a concluding report by mid-summer, which we hope to make public.

10. The anticipated total cost of the task force is $84,000, exclusive of the salary costs for those public servants who have been assigned to the project for varying periods of time, some on a part-time basis.

[*English*]

Mr. Orlikow: Mr. Speaker, almost four months ago, on October 18, I put five questions on the order paper having to do with payments made to people like lawyers who have worked for native groups and whose payment obviously came from funding from the federal government. I asked for information as to the amounts they received and so on. Perhaps it is embarrassing for the government to admit how much money has gone to some individuals, but I think four months is long enough. Can the parliamentary secretary give me some idea when I might receive answers to my questions?

[*Translation*]

Mr. Pinard: Mr. Speaker, it often happens that the replies are more embarrassing for the opposition than for the government. In this case, I asked the hon. member some two weeks ago to wait for three weeks because we had to gather the documents requested. That period is not over yet and I am confident that within a week or two we should be able to meet the hon. member's request. Unfortunately, I cannot make any commitment in this regard until I have seen all those who are doing the research involved.

[*English*]

Mr. Orlikow: Mr. Speaker, I hope the parliamentary secretary will look at today's *Hansard*. The questions I am asking about are not the questions which he promised me answers to three weeks ago. It is a different series of questions. I hope I will receive some answers.

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

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

Some hon. Members: Agreed.

* * *

[*Translation*]

MOTION FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you please call notice of motion No. 59 for the production of papers?

[*Text*]

COPIES OF ALL REPORTS, STUDIES AND CORRESPONDENCE RELATING TO EXPANSION OF SKI AREA IN BANFF NATIONAL PARK

Motion No. 59—**Mr. Clark:**

That an Order of the House do issue for copies of all reports, studies, documents, memoranda, and correspondence prepared between 1973 and July 1977, by the office of the Western Region of Parks Canada in which officials of that office informed the Minister of Indian Affairs and Northern Development of their recommendations as to whether expansion should or should not be allowed at Sunshine Village ski area in Banff National Park; the probable effects on the environment of additional lifting facilities, further buildings, and parking lots, and the terms and conditions under which such expansion should be allowed to take place.

[*English*]

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, documents of the kind requested by the hon. Leader of the Opposition (Mr. Clark) containing recommendations to the minister by senior officials are of an internal departmental nature and are not available for public release. Under the circumstances, would the hon. Leader of the Opposition agree to withdraw the motion?

Mr. Paproski: Transfer for debate.

Mr. Speaker: Transferred for debate.

Mr. Milne: Mr. Speaker, may I ask that all notices of motions for the production of papers be allowed to stand.

Mr. Speaker: Shall all the remaining notices of motions for the production of documents be allowed to stand?

Some hon. Members: Agreed.

[Mr. Orlikow.]

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed from Tuesday, February 14, consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be read the second time and referred to a special committee on a northern gas pipeline.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, as reported at page 2815 of *Hansard* dated February 13, 1978, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) said the following:

I want to say on behalf of this party that though we support the building of a pipeline it is apparent that the promises and conditions which were set forth on August 4 have not been implemented, and unless they are implemented we have very serious reservations about whether this legislation should be passed by the Parliament of Canada.

● (1512)

Yesterday the hon. member for St. John's West (Mr. Crosbie) made a most convincing speech. Contrary to what the hon. member for Yukon (Mr. Nielsen) had to say, he emphasized the reservations pointed out by my colleague, the hon. member for Nanaimo-Cowichan-The Islands. In my preliminary remarks last night I quoted the questions asked by the hon. member for Hamilton West (Mr. Alexander) and others in the official opposition about guarantees and sellouts. The hon. member for Yukon says that we cannot have guarantees. He agrees with the government position as stated by the Deputy Prime Minister (Mr. MacEachen) when he was answering a question in the House a few days ago. When the hon. member for Yukon says there is no sellout, I want to remind him that the hon. member for St. John's West interjected during the answer of the Deputy Prime Minister to the effect that in their negotiations with the United States they gave it all away. I concur with that statement. The government have been out-manoeuvred; they continue to tremble when they are negotiating with our friends south of the forty-ninth parallel.

With regard to the whole issue of our nationhood, our sovereignty and our being masters in our own house, I find it passing strange that our government can acquiesce to what is called generally competitive bidding for pipeline construction and any of the infrastructure which may be needed, such as pressure stations and so forth, while at the same time not only are our friends in the United States guaranteeing to protect their industry and their workers but countries in western Europe and Japan do the same thing.

The hon. member for Yukon says that if we were to do that it would be in violation of GATT. As my colleague, the hon. member for Nanaimo-Cowichan-The Islands, pointed out very accurately, there is nothing in GATT to prevent bilateral agreements or understandings. I want to illustrate this by citing the case of the Interprovincial Pipe and Steel Company in Regina and Edmonton, a Canadian company. Majority ownership in that company resides in the hands of the governments of Alberta and Saskatchewan and the company wants to do an $80 million expansion. DREE has been studying the case and has made reports. Now they are trying to make a decision on whether to approve that expansion. The problem is that the Interprovincial Pipe and Steel Company is caught in a Catch-22 situation. As I understand it, DREE is saying, on the one hand: "If you get contracts for the manufacture of the pipe, we will approve this expansion, and you will get $80 million in advance". On the other hand, the Department of Industry, Trade and Commerce is saying: "If you can show us you have the capacity to make that pipe, you will get some contracts".

So there sits a Canadian company in western Canada which has a 2,000 or 3,000 mile advantage in North America in terms of manufacturing and delivering the pipe, which has the potential to provide a majority portion of the pipe for that 5,500 miles of pipeline, but which cannot exercise that advantage unless it can assure DREE that it will get the contracts, and it cannot assure DREE it will get the contracts until it can assure the Department of Industry, Trade and Commerce and the Deputy Prime Minister that it has the capacity to produce the pipe.

If that is not a stacked deck against a Canadian company and against Canadian employment, I have never seen one. I would like to see who started all this about a high pressure, three quarter-inch pipe. Certainly it was not Ipsco, nor was it Stelco or Algoma. It was nobody here in the opposition and I do not know of anyone on the government side who could have started all this. But somehow or other the matter of having a high pressure, three quarter-inch pipe came up during the negotiations between Canada and the United States. There is no high pressure pipeline anywhere in North America, so far as I am aware, and there is no corporation capable of producing such a pipe, with the exception of one plant in Texas which can make a three quarter-inch pipe. It may well be that the U.S. steel industry has the capacity to move quickly into manufacturing that size of pipe, and if they have that capacity, one can hardly blame them for placing an unholy amount of pressure on the United States administration and on the U.S. Congress to arrange their dealings and negotiations with the government of Canada in such a manner that they will get a significant part of the action which they would get if there was a specification for a high pressure pipe.

Even if the National Energy Board were to come out with specifications which called for a low pressure pipe, under the terms of the agreement, in the phraseology of the minister's speech, in the government's statement and in the agreement about being generally competitive, the United States steel industry can be reasonably assured of a significant portion of the manufacture of the pipe. It would be interesting to know what chance, if any, Canadian steel pipe producers would have on contracts for this pipeline which is being made in Alaska or south of the 49th parallel. We can talk about general competitiveness all we like. The reality is the kinds of benefits which the public provides for the steel industry in the United States. Canadian contractors or Canadian bidders, the steel pipe manufacturers, if they were to bid competitively, do not have a chance of a snowball in hell of getting any of it.

• (1522)

I know of no other country which would allow itself to be made a new Panama. Once and for all Canada should stand up for Canadians, for Canadian workers and for Canadian industry. When will we have a federal government which will have the spine to do that? Even banana republics now stand up to the great U.S.A. They do not stand up with loaded guns or with the intention of starting wars. They are willing to be good neighbours. They are willing to help the U.S.A. out. But work done in Canada should be done by Canadians and controlled by Canadians. Canada should not, however, hold the project up for ransom with regard to prices.

Since 1867 we have had 46 years of Tories and 65 years of Liberals. They continue to betray our nationhood and undermine our capacity to do more and better. The Liberals and Tories bow at the altar of the Yankee dollar far more than any banana republic of third world country. They weep, moan and tremble, and if there is a difference with our friends south of the 49th parallel or if we want to do something the way we want to do it, somehow the old line parties feel that will destroy the great friendship and neighbourliness which exists between us and the United States. They feel that somehow any disagreement will harm investment. That is a myth which is continually perpetuated by members of the old line parties.

We must put guarantees into this legislation. We must insist that Foothills live up to what the government said on August 4, that there will be 90 per cent Canadian content. The Deputy Prime Minister is going to be in charge of this project. He says he is not interested in establishing a Canadian monopoly or cartel. It might be news to him, but neither are we. But we are determined that any project undertaken in Canada will be undertaken by Canadians. Any decision made should be the decision of this parliament, of our government, of the minister in charge of the project and of the company responsible for installing the pipeline. "Competition" means that United States industry will get a major portion of the benefit of this project. No self respecting Canadian member of parliament should hold still for that.

In addition, if any Canadian manufacturer or contractor is stupid enough to try to make unreasonable charges for the construction of this line, then and only then should contracts be open to competitive bidding. This could be provided for in the bill, or the minister could be authorized under the bill to make that decision. There are people in several government departments and certainly people with the Foothills company

who know when there is unreasonable bidding. They can assess tenders from Ipsco or Stelco. They are not stupid.

The government is trying to tell us that there cannot be any guarantees because Canadian companies are dishonest and Canadian workers will be unreasonable. The government says that it must be possible for the Japanese to supply pipe and that it must be possible for steel plants in Pittsburgh, Chicago, Texas or elsewhere to supply pipe. The government has been out-manoeuvred. Unless these kinds of guarantees are put into the legislation, we will be another Panama.

I am trying to get in touch with Canadian companies who will tender on the installation of the pipeline to find out what they know about this, but I understand that there is in excess of $1.2 billion worth of pipeline construction equipment staged in the northwestern United States. It is left over from the construction of the Alaska pipeline. It has been written off. It has been bought and paid for. American contractors are buying it up or will buy it up at firesale prices, and they will submit competitive tenders for the construction of the pipeline in Canada. As far as I am aware, there is no Canadian company which will be able to compete against those kinds of tenders. We are not interested in getting fast bucks from American consumers of American gas. When Canada tries to help out a neighbour, we are interested in seeing that work done in Canada will be done by Canadians. There is no excuse for not saying that to our good friends south of the 49th parallel.

I am ashamed to say that our good friends to the south do not respect us. I do not want them to fear us. They have nothing to fear. But we do not get their respect because we do not have the courage to stand up for ourselves.

We have tried for many years to establish an industrial base to support the agricultural economy of western Canada. We have tried very hard, privately and publicly, but just when we get it going nicely opportunities to expand the industrial base further are poorly handled.

● (1532)

I want to invite the hon. member for Yukon to come with me on Friday to meet the board of directors of the Interprovincial Pipe and Steel Corporation. More particularly, I should like him to stand at the plant gate of Ipsco in Regina or in Edmonton and tell the steel workers that he agrees with the government that there should not be any guarantees in this legislation. I would like to see any Liberal or Tory candidate have the nerve to show up at either place during an election campaign. The meeting, I suggest, would not be political because not all the workers in those steel plants are NDP. But the workers will be angry. They will feel the same kind of shame that I feel as a Canadian when my government—even though I voted against them they are still my government—and my parliament allow what has been going on for decades to continue. The terrible price we are paying for being a branch plant country and the terrible price we are paying for unemployment was pointed out by my colleague, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), on another issue several years ago when he said that because of our supine acquiescence we will always pay.

[Mr. Benjamin.]

Mr. Speaker, there is nothing wrong with nationalism if it is positive nationalism, not the nineteenth century kind when countries used nationalism to exploit and defeat others. I mean a nationalism that has to do with our own nationhood, the kind that earns us the respect of our friendly neighbours. I mean the kind of nationalism that says to our friends in the United States, particularly when we have over a million people out of work: Look, we are happy to make Canadian soil available for a pipeline to take your gas from one part of your country to another, but on our soil the pipeline will be built by us, we will install it and put up the compressor stations. We will not overcharge and we will see to it that delivery of gas is secured. If we want to put some of our gas through parts of it ten or 20 years from now, there will be no problem.

We should not give away the store every time we deal with our friends the United States. A few years ago a senior officer of a United States operation told me: "The trouble with you Canadians is that you do not know what you want to do, how you want to do it, when and where you want to do it. I am getting sick and tired of you guys complaining about the Americans." In fact, the analogy he used was that of a hound dog sitting on a cactus, with all the spines sticking up his backside. Yet he is just too lazy to get off it, so he just sits there and howls.

If we do not grab this opportunity, Mr. Speaker, others will. Under this legislation others certainly will. Surely it is incumbent upon this parliament to put guarantees into the bill that the pipe will be manufactured in Canada, that the construction will be done by Canadian companies and that the installation of compressor stations and all the products needed for that will, as far as possible, be manufactured in Canada.

When the United States assisted the Soviet Union to instal the large pipeline that runs from the Soviet Union into eastern Europe, they provided technological help, construction foremen and private companies to help out. I never heard of the United States requesting competitive bidding on pipe. In fact, when Coca Cola puts up a plant in Africa or anywhere else it is African production, manufacture and labour that is used. Of course, Coca Cola gets a percentage of the profits but even those small countries stand up for themselves.

Sometimes there is disagreement, but even families disagree. Neighbours disagree. Sometimes neighbours do things you do not like. But you do not tell a neighbour that the next time he wants to put a lawn in you will do it for him and send him a bill. Countries are just the same, Mr. Speaker.

I do not think this legislation should pass in its present form. I do not think it should pass second reading unless and until the Deputy Prime Minister can assure this House that guarantees will be placed in it at committee stage. Not only should there be guarantees of Canadian content, but in order to show our neighbourliness it should be provided in the legislation or in the regulations that excessive bidding or attempts by any Canadian company to extract more than is reasonable and just will be ruled out.

The hon. member for the Yukon and the Deputy Prime Minister have sounded like two of a kind in this debate, contrary to what the hon. member for Hamilton West (Mr. Alexander) has said. When will they have the courage to say "Oh Canada, true north strong and free," and to say it in a manner that demonstrates belief in the words? I have a great deal of regard for the Deputy Prime Minister. If he wants to do something about Canadian unity, about a new confederation, he could show by example, not only people in French Canada but people on the prairies and in the Atlantic provinces as well, that we are doing something about our nationhood. Nationhood may mean something different to each of us but it is extremely important. It is not a question of whether a steel plant in Regina makes 2,000 miles of pipe. It goes beyond that—

The Acting Speaker (Mr. Turner): Order please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

An hon. Member: No.

• (1542)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, at first glance this bill strikes me as fulfilling the yearnings of most Canadians in two vital sectors of our community, that is energy and labour. We know that the purpose of the bill is to make available to Canadians in the shortest possible time and at the best prices the energy resources which are found in the Mackenzie delta. We also know that the bill promotes the construction of a pipeline by free enterprise, an undertaking which will no doubt create tens of thousands of jobs in Canada, whatever reservations members opposite may entertain about it.

This negative position taken by the parties opposite is not new. However, under the present circumstances, Mr. Speaker, I am quite surprised. As soon as we learn that Statistics Canada has published the monthly unemployment rate as soon as we hear about a lay-off in a Canadian plant, we see members opposite, especially from the NDP, blaming and criticizing the government for doing nothing to create employment. Yet we have here a bill which is historic, a great bill through which we intend to create many thousands of jobs in Canada. Perhaps the fact that we saw fit to leave to private enterprise the responsibility of making this important project a reality was contrary to the philosophy of the NDP, but given our current economic predicament I would have thought those people intelligent enough to accept and recognize that the government is making a concerted effort towards job creation to help Canadians and improve our economy. Moreover, Mr. Speaker, this pessimistic attitude on the part of the New Democratic Party in particular is indeed an insult to our industry and to Canadian workers. I do not understand the lack of confidence of the members of that party in the ability of our industry and workers to compete with other countries in the making of pipes for the pipeline. I see there a token of small-mindedness and an overt lack of self-confidence.

For instance, would they want to include a clause stipulating that only Canadian industry can bid on the Canadian section of the pipeline, thereby excluding industry and our workers from participation in the construction of the American section of the pipeline? In order to provide for such a possibility, it is necessary to have an open mind and to be confident in one's own capabilities. I wish the members of the New Democratic Party would think about that and realize that we have anticipated that possibility to allow our industry, which is perfectly able to compete with the American industry, to participate not only in the construction of the Canadian section of the pipeline which is proposed in this bill, but also in the construction of the American section as well.

But it is mostly the negative attitude on the part of the NDP that I noticed, in spite of the loud protests from the hon. member who just spoke and who does not seem to understand what I am telling him. I accuse them of being unrealistic and inconsistent. I believe they seem to ignore that what they are advocating would likely preclude this agreement between Canada and the United States on the construction of the pipeline. So, were it not for this agreement and the legislation before us, there would not be any job creation in that sector in Canada. What they preach today by way of their futile protests is unrealistic. If we were to believe them and implement what they preach today, the United States would never have accepted the construction of the pipeline without any consideration for the cost. And in that sense, I say that the NDP in particular is being unrealistic and irresponsible.

Last night, I listened to the hon. member for St. John's West (Mr. Crosbie) who, in his monologue—to use a polite expression—was saying: But I for one intend to see to it that this debate keeps on going for three or four weeks on second reading if need be, because an amount of $10 billion is at stake, and I intend to take part in the discussion in committee to talk at the report stage and also to participate in the debate on third reading so that we take as much time as possible to study this bill because $10 billion is involved I am afraid he did not read the bill: the pipeline is not paid by the Canadian government, by Canadian taxes but the entire building cost is paid by private enterprise. After the few days of debate we had on second reading of this important piece of legislation, I feel that members of the official opposition did not read the bill and do not know its contents as regards a certain guarantee for Canadian participation and the beneficial effect it will have on energy consumption in Canada and job creation.

Therefore, I think it is advisable in this context to refer this bill to committee and to highlight the main points in the hope that this will have the effect of avoiding statements which are not based on reality and which do not take the needs of the Canadian people into consideration during these times when we have an urgent need of new jobs and must act quickly to get the most out of our energy resources.

Mr. Speaker, this is an historic bill which we are now discussing on second reading. Its purpose is to authorize Canada legally to co-operate with the United States in the achievement of what the Deputy Prime Minister (Mr. MacEachen) rightly called yesterday in the House one of the most ambitious projects ever undertaken by private enterprise. Bill C-25 provides for the construction in the north of a $10 billion pipeline, of some 5,500 miles which will be used to transport natural gas from the Arctic to meet the pressing needs of millions of consumers in the two countries, Canada and the United States. This bill therefore authorizes the construction of a northern gas pipeline, as stipulated in the Canadian and American agreement; in addition, it provides for the setting up of the Northern Pipeline Agency to formulate and supervise the plans with a view, first of all, to maximizing the economic benefits of the project for Canada and, second, to minimizing its adverse effects of social and ecological nature.

The Deputy Prime Minister and President of Privy Council is the minister responsible for this bill in his capacity as chairman of the special cabinet committee on the pipeline. How right he was in saying that this huge joint project, which passing of this bill will allow, will stimulate considerably both production and employment in Canada, will help to achieve the objective of becoming self-sufficient in the field of energy, by giving aceess at a reasonable cost to the main new reserves of natural gas in the Mackenzie Delta.

● (1552)

I would recall, Mr. Speaker, that near the end of last year the American Congress approved by a strong majority similar proposals brought forward by President Carter for the implementation of the bilateral agreement signed by our two countries.

I think it can be useful at this stage to give a brief description of the pipeline to show its importance as well as a number of statistics and to indicate its cost. The pipeline will start at Prudhoe Bay, Alaska, and will go south to Yukon. This of course is the American section which will run for 731 miles. Then the pipeline will go from the Alaska boundary to Whitehorse, Yukon, which is the site of the proposed 737-mile lateral spur which will reach the Mackenzie delta where our natural gas resources are. Later it will cross the northeast part of British Columbia, heading southeast, through Alberta, up to James River, near Caroline. The pipeline will then divide into two sections: the western leg, up to Kingsgate, British Columbia, and the eastern leg up to Monchy, Saskatchewan. The pipeline, including the Delta lateral, will stretch over a total distance of 2,765 miles in Canada. In the 48 continental states of the U.S., the Pacific Gas Transmission Company and the Pacific Gas and Electric Company will undertake to build the western section going down to California, which will parallel the present system, and the Northern Border Company will build the eastern section to the central western states, for a total length of 1,991 miles.

So the pipeline, including the Dempster lateral going to the Mackenzie delta, will cover a total distance of 5,487 miles over Canadian and American land. It will cost approximately $10 billion. The Alaska section is estimated at $3.5 billion, the Canadian section, except for the Dempster lateral, will cost about $4.2 billion and, in the 48 continental states, $2.3 billion.

Mr. Speaker, it is expected that in the beginning the complete system will carry up to 2.4 billion cubic feet per day of American gas, and up to 1.2 billion cubic feet of Canadian gas.

According to the work schedule, Mr. Speaker, construction of the pipeline, in northern British Columbia, that is on the Canadian side, would not start before the winter of 1980-81, and under the Canada-U.S. agreement, construction would not start in the Yukon before January 1, 1981, as the deadline for the system being operational is January 1, 1983.

The proposed Northern Pipeline Agency will work in close co-operation with the National Energy Board, and will serve as the only regulatory agency in charge of all federal responsibilities with regard to the Canadian part of the pipeline. Under this legislation, a member of the National Energy Board would be sent to the agency as designated officer, and the board will delegate to him the authority to exercise certain of its powers as regards the project, subject to the approval of the responsible minister and the general power of direction of the governor in council.

The deputy head of the agency will be the commissioner whose head office will be in Ottawa. He will be the minister's principal advisor on matters of policy. An administrator whose head office will be in Calgary will be responsible for the routine administrative duties, within the authority delegated to him by the minister. He will report to the minister through the commissioner, and the designated officer of the National Energy Board may be appointed administrator or deputy to the administrator.

Mr. Speaker, for the purposes of the pipeline, the bill authorizes the governor in council to transfer to this agency the legislative powers now exercised by several other departments and agencies, which must ensure that the relevant federal responsibilities fall under a single regulatory agency. The bill also proposes amendments to a number of acts to facilitate the accomplishment of this objective, as well as the rapid construction of the pipeline in this country.

Moreover, the legislation replaces all certificates of public convenience and necessity certificates required to authorize the project. It should be noted, Mr. Speaker, that the Foothills group will have to comply with the many conditions set out in the legislation. The plans and specifications, the exact route taken by the network, as well as other matters, such as the location and the nature of temporary camps and the training and employment requirements of northern residents will all be submitted to the approval of federal authorities.

The group will have to prove to the satisfaction of the minister responsible for the administration of the pipeline and the National Energy Board that it has obtained the financing required for building the network and has adequately ensured against the risk of incompletion. Foothills will have to meet all

the commitments made during the hearings of the National Energy Board which aimed at maximizing the economic benefits of the project and minimizing its social, economic and environmental negative impacts. In addition, it will have to comply with other specific conditions to be established under the legislation by the designated administration officer. These policies, instructions and orders will be subject in certain cases to additional studies that the company will have to make, such as that on the statement of environmental effects that it has already begun as part of the second stage of the examination process in this area. The detailed conditions will first of all be published in draft form to enable the public to examine and comment on them before they are given final approval by the designated administration officer.

The terms and conditions of implementation also give specific details about the comprehensive information that Foothills will be asked to submit to the approval of the administration concerning its hiring and supply plans. These provisions aim at ensuring that the Canadian staff and suppliers will have an opportunity to offer the goods and services required for carrying out the project in compliance with the objective of Foothills to ensure approximately 90 per cent Canadian content. Moreover, under the conditions set out in the legislation, Foothills will have to increase the capacity of the main pipe if necessary for carrying Canadian gas from the Mackenzie delta once the Dempster link is completed, in order that these new reserves may supply Canada's increasing energy needs in future years.

Mr. Speaker, this legislation empowers the minister to hold consultations with the United States government and Canadian provinces and territories when needed, to coordinate all aspects of the project involving various jurisdictions.

The legislation also provides for a Federal-Provincial Consultative Council to meet as required and which will be charged with strengthening day to day liaison and co-ordination between officials of various governments charged with overseeing the pipeline project.

The bill also authorizes the establishment of one or more advisory councils consisting of not more than ten members from outside the government to ensure communications and consultations between the various public groups involved and the Northern Pipeline Agency.

As the Deputy Prime Minister pointed out the Yukon has already shown it was interested in the establishment of such a council, which will give the general public a well-organized forum to make its views known on the nature of implementation parameters that are in the Yukon's best interest. The legislation amends the National Energy Board Act to permit the board to recover from any corporation the costs incurred by the regulations agency in overseeing and surveying the planning and construction of any pipeline from the issue of a certificate until one year after leave to operate the facility has been granted. Under that amendment, Foothills will bear the costs incurred by the Northern Pipeline Agency and the board in overseeing and surveying the project, from the day the act is made applicable until one year after the project has been opened. And that aspect seems very important to me. Not so long ago in this House, on an opposition day, some members, especially from the Conservative side, called for the creation of Crown agencies or corporations of a temporary nature and at the lowest cost possible.

● (1602)

Now, we have here an example of an agency which is set up for a limited time, as I have just explained, and furthermore its cost is fully borne by private enterprise without any charge to the treasury. So I think that in addition to attaining all the major aims I mentioned previously, the fact that this type of temporary agency grouping in a rational manner of some elements of various other departments involved in this tremendous project, and above all, that its cost will be borne by private enterprise is in my opinion an innovation and at least meets the wishes of many government and opposition members. When it considers the matter of tolls and tariffs, the National Energy Board should take into account the relevant clauses of the Canada-U.S. agreement. The bill also authorizes the governor in council to make regulations regarding the tolls and tariffs in order to implement this agreement and prescribe the method by which the Board will establish a rate of return on equity investment in the project. Another clause suggests that the National Energy Board Act be amended so that the definition of tolls may be changed. As a result, the NEB will be authorized to collect such charges when the pipeline is ready to transmit oil or gas. This bill provides for the repeal, one year after the issue of the licence to operate the pipeline, of those sections of the act establishing the Northern Pipeline Agency and delegating to it as well as to designated officials certain powers. I stressed this point earlier.

However, those sections may be repealed by a joint resolution of both Houses of Parliament if a certificate of public convenience and necessity is issued for the construction of the Dempster spur before the authority to operate the main system is granted. Mr. Speaker, the Deputy Prime Minister explained that this line of action had been taken because it was considered prudent to provide for the dissolution of the agency one year after the beginning of the operation of the main system in case no certificate would have been issued for the Dempster spur which would be the only reason justifying the retention of the regulating body. That method also leaves parliament the choice to authorize the agency to undertake the responsibility for the planning and the monitoring of the Dempster spur if the required certificate is issued within the prescribed time period.

This bill will impose an impressive set of terms and conditions for the proposed northern pipeline to be built by the Foothills group to carry Canadian and U.S. natural gas from the Arctic to southern markets. This bill on the northern pipeline specifically requires participating companies to meet general conditions relating to varied matters such as the procurement of Canadian labour, goods and services, the design, specifications and route of the system, the elimination or reduction of adverse socioeconomic and environmental effects.

Furthermore, Mr. Speaker, the companies will have to provide detailed information on things such as costs, financing plans, contracts to manufacturers and shippers, operation and security guidelines, collective agreements, and, in many cases, they will be required to secure the approval of the federal government. The general terms set out in the bill will be complemented afterward by orders, guidelines and specific requirements, the proposed drafts of which setting out the conditions in detail should be made public early this summer so the public will be able to comment on them before they are put into effect.

The policies dealing with the procurement of goods and services needed for the construction try to maintain a good balance between two crucial objectives: first, the maximm input from Canadian industry, second, the construction of the pipeline in Canada at the lowest possible cost.

The reasons we want to maximize Canadian input are obvious, but we must take into account the fact that Canadian gas consumers want the construction of the pipeline to be as efficient and economical as possible.

The Deputy Prime Minister (Mr. MacEachen) made that statement when he tabled this bill for second reading.

According to the bilateral agreement signed with the United States, Canada is directly interested to limit costs. U.S. users will have to pay the total transportation costs for Canadian gas on the Dempster lateral that willl be 277 miles long if the total expenses for the main pipeline built in Canada do not exceed estimated cost by more than 35 per cent. If they do the U.S. share will be reduced accordingly.

It was interesting to hear the minister state and I quote:

Except for that particular point, Canadian consumers are to be more directly affected by the total cost of the system and the delivery cost, for it is expected that by the mid-1980s, Canadian Arctic gas will meet some 10 per cent of our requirements while Alaskan gas is expected to meet only 5 per cent of U.S. demand.

It should be noted that the Foothills group is required, under the terms and conditions specified in the bill, to submit a procurement program covering all goods and services for the approval of the minister responsible. This program must be aimed at achieving the maximum level of Canadian input for the supply of goods and services and maximum advantage should be taken of opportunities to foster Canadian research and promote the long-term expansion of viable Canadian suppliers.

The company is required to submit to the minister the outline of the procedure it intends to follow to carry out its Canadian goods and services procurement program. Once the minister has approved the goods and services procurement plan, the company will be required to carry it out under the pipeline agency supervision. Some proposed contracts, specified by the minister, would have to be approved by the minister before being awarded. If the minister has reasons to believe that a proposed contract with a foreign supplier could result in sales losses or unfair trade practices, he may request the company to produce proof to the contrary before giving his authorization.

Foothills will also be required to obtain the minister's approval of a detailed manpower plan designed to ensure maximum possible use of Canadian labour in the planning construction and operation of the pipeline. According to the general conditions outlined in the bill, Foothills must also comply with the undertakings given to the National Energy Board regarding social and economic matters, problems concerning ecology, animal life, fisheries and farm lands and act toward solving them as well as comply with any other direction made by the designated officer of the pipeline agency.

All these requirements will be recapitulated in the detailed conditions issued pursuant to the general provisions of the bill after having been reviewed thoroughly and submitted to the public for its comments. Moreover, Foothills must seek the minister and the National Energy Board approval for the network plan, including pipe diameter, wall thickness, and maximum allowable pressures. It must also have the final plan for each section approved by the designated officer of the pipeline agency, submit detailed estimates on the cost of these sections and prepare an operation and security guide and inspection plans to the satisfaction of the National Energy Board.

The companies participating in the work are also bound, under the general terms and conditions, to file with the minister and the National Energy Board, documents establishing satisfactorily that a source of financing has been found, that debt instruments do not contain any provision requiring the consent of their holders to the financing of the Dempster line, and that the major part of the financing is Canadian, within the terms of the Foreign Investment Review Act. Foothills must also convince the minister and the National Energy Board that it is protected against any risk of non-completon of the pipeline and interruption of its construction. To comply with its commitments and the Canadian and American agreement, Foothills is also bound, pursuant to the provisions of the bill, to construct the spurs required to transmit the gas to remote communities along the main pipeline. It will have to spend up to $5 million to build the secondary lines needed to distribute gas in the Yukon.

To conclude, Mr. Speaker, I am convinced that this vast endeavour will generate considerable benefits, over both the short and the long terms, for all Canadians. First, it will give us access to a new and important source of energy, at once more sure and more economical than any other; second, it will stimulate considerably both production and employment in many parts of the country; third, it will certainly have a bearing on our international balance of payments; and four, it will play a vital role in the long term development of our northern economy. That having been said, and those specific details given, I therefore hope, in the interest of all Canadians, that the parties of the opposition will facilitate the adoption of this important bill as soon as possible.

● (1612)

[*English*]

Mr. J. R. Holmes (Lambton-Kent): Mr. Speaker, I want to say at the outset that I am delighted to make a brief intervention in this most important debate. It is not my intention to review the importance of the pipeline, which has been adequately described by my colleagues, the deficiencies, which have as well been described by hon. members, or, indeed, many of the positive proposals suggested by those on this side who spoke earlier in the debate. I want to concentrate on the specific issue of land claims in the Yukon which the minister indicated yesterday was a specifically important factor relating to the pipeline, and in particular to the people who live in the north and who are really the most directly affected by the project.

I listened with great interest and, I must say, astonishment yesterday to the Minister of Indian Affairs and Northern Development (Mr. Faulkner). Let me make two or three observations—and there are many I could make—in relation to the speech he made in this House.

First, in spite of the minister's attempt to emasculate the government's position on a second stage inquiry, which was promised by a previous minister of Indian affairs and northern development and, indeed, Dean Lysyk when he was in the communities of the Yukon, who pointed out very clearly that there would be a second stage inquiry, there is no doubt in my mind that the minister has not changed his position and that in fact there is still no promise of a second stage inquiry.

Second, if I understood the minister correctly I am sure he was suggesting that land claims represented a most important component in this entire debate. He also gave the impression to this House of Commons that negotiations were proceeding very smoothly, that there were no problems with negotiations, and implied they were almost on the verge of obtaining a settlement with the native people of the Yukon territory. That just does not live up to the facts.

As you may recall, Mr. Speaker, the Council of Yukon Indians was in Ottawa not too long ago discussing the problems it was having with this government relating to the pipeline issue, specifically the problems in respect of land claims. Let me quote from page 3 of this press release:

> We are now faced with some clear choices. We can continue to oppose a pipeline until our land claims are settled and be labelled as radical and anti-development. Or, we can compromise, thereby, sacrificing our rights to self-determination on our home land.
>
> We have decided not to compromise but to fight!
>
> We will take our case to the Canadian people. We will demonstrate the humanity and justness of our position. We will use every legal means at our disposal to ensure that we achieve a fair and just settlement. On February 13, the Federal Court will rule on our opposition to the National Energy Board recommendations. Our struggle to achieve self-determination will not stop there.

All I can say is that that does not sound to me as though negotiations are proceeding smoothly, and it does not sound to me as though they are on the verge of agreement in principle.

An hon. Member: That was two weeks ago.

Mr. Holmes: I realize that, but that statement to me is self-explanatory of the situation that exists in the Yukon.

Another very brief comment that astonished me yesterday was the statement by the Minister of Indian Affairs and Northern Development as recorded at page 2846 of *Hansard*, in which he indicated very clearly the position in respect of the $50 million which had been suggested in the Lysyk report and by other members on this side. The minister stated:

> I informed the Council for Yukon Indians last November that we are prepared to give very serious consideration to a proposal whereby such a fund would be established as soon as an agreement in principle was reached.

This is astonishing because somewhat earlier, in the *Globe and Mail* of January 25, there appeared an article entitled "Ottawa acts to speed land claims", in which reference was made to a $50-million advance into a Yukon native trust; but there was nothing about an agreement in principle. This is a brand new concept the minister introduced into the debate yesterday. This is one of the difficulties we have experienced, and certainly that the native people have experienced in the Yukon vis-à-vis their relationship with this government.

When Canada and the United States signed an agreement in principle applicable to the northern natural gas pipeline they signed a death warrant to the way of life in the Yukon. Whether Yukoners view the pipeline as synonymous with progress with no significant adverse effects, whether they view the pipeline as an evil intrusion of southern influence which will disrupt and permanently change one of the few remaining frontiers, or whether they accept the inevitability of development providing certain conditions are adhered to, they all agree that significant changes are inevitable with the construction of a pipeline. With the introduction of the legislation the federal government, whether by accident or design, has polarized and hardened the position of Yukoners.

The pipeline may be an engineering feat unexcelled in the world. It may be a success in delivering gas to the United States, and there are undoubtedly economic benefits that will accrue to Canada, with convincing arguments that job opportunities are significantly important at a time when the number of unemployed in Canada rivals that of the depression years. But however valid these or other reasons for the construction of a pipeline may be, these potential gains may be overshadowed by discontent and divisiveness in the Yukon unless the government acts responsibly to create harmonious relations between all the segments of society in the Yukon. I am not convinced that the government of Canada recognizes the significance or magnitude of this particular problem. More importantly, sir, there is little tangible evidence that the government cares about the individual whose home is in the Yukon.

This government's record to date in dealing with the native people has been virtually non-productive in spite of the fact that negotiations of land claims have been underway since 1973. In addition, the constant feuding with the territorial council and other responsible groups in the Yukon has bred discontent. The government's insensitive attitude to the wishes of all Yukoners, native and white alike, will be aggravated as

the various agencies become more preoccupied with the design and construction of the pipeline. This will occur at the expense of the issues that are potentially divisive among the people of the Yukon.

The implications of the problem were prophetically described in the document "Together Today for Our Children Tomorrow" by the Yukon Indian people, who state at the beginning of the chapter entitled "Today":

In 1973 the picture of the Yukon Indians is not a pretty one. The Yukon Indian people are not a happy people. Both the white man and the Indian are becoming more and more disgusted with each other. The communications gap, the social gap, the economic gap—all these are widening. Both Indian and white are getting nervous because of the lack of understanding and tolerance among both groups.

To a great extent, a good deal of the uncertainty that exists in the Yukon is related to the government's handling of the comprehensive land claims and the ability to arrive at a just and equitable settlement. Let me emphasize, if I may, the importance of this issue of land claims and their settlement. Mr. Justice Berger during his inquiry in the Northwest Territories in relation to the Mackenzie Valley pipeline made a comment that is relative to the situation in the Yukon when he stated:

● (1622)

If the pipeline is approved before a settlement of claims takes place, the future of the north—and the place of the native people in the north—will in effect, have been decided for them.

In his report entitled "Alaska Highway Pipeline Inquiry", Dean Lysyk indicated that native land claims was a major issue. In part, it reads:

With respect to the Yukon Indian land claim, we should like to emphasize that, contrary to the expectation of some observers, there is no significant element of public opinion in the Yukon that either challenges the validity of this land claim or doubts that it is important and desirable to settle the claim quickly and justly. Everyone understands that the settlement of the Indian land claim will not merely prepare the way for future economic developments that may be financed from southern Canada, but that substantial financial resources and the specified rights that will be placed in the hands of the Indian people will, of themselves, provide a strong and long-lasting stimulus to the local economy that cannot fail to be of benefit to everyone living in the Yukon.

In preparing its position paper entitled "Meaningful Government for all Yukoners", the government of the Yukon Territory clearly recognized the validity of native land claims. The introduction to that document reads as follows:

The object of this paper is to discuss how government in the Yukon Territory can be made more meaningful to all residents, native and non-native alike. This entire package is a necessary element that must be considered along with other aspects of the Indian land claims negotiations.

It continued:

In this paper there is no discussion on the Indian corporations which will be concerned with controlling and developing any assets that native people will receive. Nor is there discussion on other native organizations that may be concerned with aspects of Indian culture, society and human resource development. This is because these areas are primarily of native interest and the governments should not be directly involved with them although assistance should be available if necessary.

Mr. Robert Blair, the president and chief executive officer of the Alberta Gas Trunk Line Company and Foothills Pipe Lines Ltd.—the company responsible for building the Canadian portion of the Alcan pipeline—spoke of the rights of northern native residents during the hearings before the National Energy Board. On November 8, 1976, he stated:

I feel sure that the issue of "land claims" alone will be a factor of great importance to the timing of a Mackenzie Valley pipeline and is a factor whose effect on timing has not been quantified at all successfully. I put the words "land claims" in quotation marks because this factor is far more; it is the determination of the residential and employment and economic rights of the majority of the permanent residents of the large part of Canada through which a Mackenzie Valley route would proceed. I have personally given considerable time to work on this factor.

While appearing before the National Energy Board on December 10, 1976, he stated:

You don't ride over the citizens to push through an industrial development.

Also on the same date he stated:

Until there is settlement of those matters, I do not believe that a manageable project can be carried out.

In its report, the National Energy Board emphasized that the settlement of comprehensive land claims was a major factor in the construction of a pipeline.

The observations in support of the settlement of land claims by the previous individuals and groups I have mentioned is by no means complete. I am sure many more could be added. I assume it provides sufficient background evidence to support the very obvious fact that the federal government should honour its commitment to settle the native land claims in the Yukon. The government should have been acting in a far more responsible manner to achieve that end.

Why the delay? Why so little progress in view of the fact that negotiations commenced in 1973? Obviously it is to the advantage of the native people to arrive at a just and equitable scttlement before the onslaught of a major development project in the north. The reasons revolve around two basic issues, namely, mistrust and the deliberate attempt of the federal government to slow the progress of the negotiations to serve its own political ends.

In 1969, the Prime Minister (Mr. Trudeau) introduced the controversial white paper on Indian policy which rejected aboriginal rights. Despite the fact the white paper was withdrawn following intense reaction from the Indian community across Canada, and the Prime Minister was forced to qualify his position on aboriginal rights following the supreme court decision on the Nishga case in 1973, the Indians across Canada continue to distrust the motives of the present Liberal government. The concern of the native people was reinforced when the federal government assumed a very passive role, abrogating its constitutional responsibilities in the James Bay agreement.

In 1972 the Grand Council of the Cree were attempting to negotiate with the Quebec government following the proposed James Bay hydroelectric project. The Quebec Boundaries Extension Act of 1912 clearly indicated negotiations should take place, and yet the federal government refused to intervene despite its constitutional authority under the British North America Act. When the negotiations failed, the Grand Council of the Cree and the Northern Quebec Inuit Association took

the James Bay corporation to court. Following lengthy trial proceedings, once again they returned to the negotiating table. In a restricted time frame, the Cree and the Northern Quebec Inuit Association were confronted by the James Bay Power Corporation, the James Bay Development Company, Hydro Quebec, and the province of Quebec. Although the federal government was a party to the negotiations, it failed to intervene and counteract the adversary role of the large corporations.

On one occasion just prior to the deadline for the signing, I was asked by the Northern Quebec Inuit Association to seek a one month extension of the negotiations. That extension was not to negotiate a five-cent per hour raise; it was to negotiate the lifestyles and entire future of Eskimos in northern Quebec. The following day I asked a question in the House and I was refused by the then minister of Indian affairs and northern development. He refused to grant a one month extension.

When Eskimos in the northern part of Quebec were experiencing grave difficulty in finalizing their land selection, once again the federal government refused to take action to protect the interests of the Inuit. The most devastating testimony regarding the lack of concern on the part of the federal government with respect to native rights was its refusal to insert a clause in the bill which would protect the rights of non-signatories to the agreement.

Subsequent testimony during the hearings of the standing committee clearly identified a number of Indian, native and Inuit people who perhaps had rights to that area. The argument was very simple: if the group had aboriginal rights, then a grave injustice was being carried out by extinguishing those rights unilaterally. Yet a simple amendment which would have extinguished the rights of those signing the agreement and protected the rights of others who may or may not have a claim to the area was defeated by the government. Is it any wonder that the native community across Canada mistrusts the government?

It was in the context of this background that the document entitled "Together Today For Our Children Tomorrow" was presented to the government in 1973. The Prime Minister's initial response was positive, yet negotiations between the Council of Yukon Indians and the federal government was painfully slow. Federal negotiators refused to respond to that detailed document. In reality, those negotiators had no authority to negotiate unless they had clearance from Ottawa.

On March 3, 1975 the former Minister of Indian Affairs and Northern Development, the present Minister of Supply and Services (Mr. Goyer), arrived in Whitehorse and made a unilateral public offer of settlement. The government knew this announcement violated the negotiating process, and not unexpectedly the native people rejected the offer and the methods employed by the government.

● (1632)

Negotiations remained in limbo despite pressure from the Council of Yukon Indians. Finally in October of 1975, the minister appointed a one-man negotiating team, Mr. Digby Hunt, the former assistant deputy minister of northern development.

Mr. Nielsen: The worst mistake.

Mr. Holmes: He was one of a small group of federal architects which had been formed to develop, prepare for, and promote the Mackenzie Valley pipeline.

Although the second round of negotiations commenced, they were clouded with uncertainty. Because of his background and involvement in northern pipeline development, Mr. Hunt's appointment was viewed with suspicion. Concern about his appointment to this important position fell on deaf ears in the government and our fears that additional time would be wasted in settling the land claims became a reality with the suspension of negotiations in 1976.

Negotiations commenced for a third time in 1977 and on July 19, 1977, the former Minister of Indian Affairs and Northern Development, the present Minister of Consumer and Corporate Affairs (Mr. Allmand), reported from Ottawa substantial progress with Yukon Indian claims. The report, which I think is very significant, stated the following:

> Indian and Northern Affairs Minister Warren Allmand stated today that he was very encouraged by the release Friday, July 15, of a "settlement model" for the Yukon Indian claim. The model was made public by the Planning Council for the Yukon Indian claim, following lengthy discussion between planning council members who consist of representatives of the Council for Yukon Indians, the government of Canada and the Yukon territorial government. The model describes the goals of the Yukon Indians and outlines ways in which they could be achieved. "This is a significant step forward in the resolution of the Yukon Indian claim".

The former Minister of Indian Affairs and Northern Development said:

> I am confident that the settlement model, which has my personal endorsement as well as that of the board of directors of the Council for Yukon Indians and the executive committee of the Yukon territorial government, will lead to an agreement in principle and ultimately to a final agreement.

The minister said he had been following the Yukon discussions closely through his special representative and the federal negotiator, Dr. J. K. Naysmith, and he emphasized the value of the "co-operative planning process" which has provided an effective framework for reaching agreement. He said:

> The preparation of this settlement model is proof of the substantial progress that has been made by the Council for Yukon Indians and the two levels of government by co-operating and dealing openly with the issues involved.

He said also:

> The process could well serve as an example of how complex elements in native claims might be handled in other parts of Canada.

The minister was optimistic that an agreement in principle between the Yukon Indians and government may be reached by the end of 1977. He reiterated his position that the resolution of the Yukon Indian claim is a high priority with the government and that every effort must be made to resolve it in an equitable and realistic manner.

Where is the agreement in principle that was promised by the end of 1977? Why have negotiations stalled once again? Are we to believe the resolution of the Yukon Indian claim is a high priority with this government?

In light of events in recent months, broken promises, loss of trust and inevitable confrontation, the obvious conclusion is that the Yukon land claim is not a priority but an issue to be engulfed by the gigantic pipeline project as it gains momentum. We witnessed a similar struggle with the James Bay agreement, and this government, by virtue of its actions in the recent past, has set the stage to impose its will rather than honouring its commitment and constitutional responsibility to negotiate a fair and equitable agreement.

On April 19, 1977, the former minister of Indian affairs and northern development announced the establishment of a board of inquiry on the socioeconomic aspects of the proposed Alaska Highway gas pipeline. The board was chaired by Dean Lysyk with a mandate to submit its report by August 1, 1977. In an effort to allay the fears of the northerners, including the native people, and to avert a boycott of the natives who viewed such a short inquiry as a whitewash, the then minister of Indian affairs and northern development assured Yukoners and the Canadian people that a second stage inquiry would be held.

Mr. Nielsen: It was part of the order in council.

Mr. Holmes: Indeed, the above report goes on to declare:

> The inquiry is to submit its report, including the preliminary impact statement, by August 1 in order that its findings may be taken into account by the government in decisions it expects to take concerning northern pipelines in the early autumn.

The minister said that if the Alaska Highway application should receive approval, the government would establish a further inquiry to assist it in developing terms and conditions for the construction and operation of the line. As I indicated earlier, Mr. Speaker, let us make no mistake; Dean Lysyk, when he was travelling through the community, gave the message to every Yukoner, Indian and white alike that in the event that an Alcan pipeline was approved, there would be a second stage inquiry.

It is perfectly clear that this government made a commitment to have a second stage inquiry if the Alaskan Highway application was approved, and yet both the Minister of Indian Affairs and Northern Development (Mr. Faulkner) and the President of Privy Council (Mr. MacEachen) have said no to a second stage public inquiry.

Is it any wonder that the Council of Yukon Indians during their visit to Ottawa stated:

> Throughout the inquiry, our people in the communities stated their strong objections to the pipeline proposal. And in every community our people listened as Dean Lysyk repeated the promise of a second stage inquiry. We believed the government and their agent but now we are advised by the Minister of Indian Affairs, Hugh Faulkner, that there will be no second stage inquiry. We have been denied participation in all pipeline discussion. Our hopes for establishing a relationship of trust and co-operation are gone. The wound is deep and the hurt deeper.

On Saturday, February 4, the Toronto *Globe and Mail* reported the President of Privy Council as stating a second stage inquiry into the impact of the pipeline on the north would not take place. Instead, as reported in the paper, an advisory committee would be established to obtain public input.

The minister knows such an advisory committee is similar to the "citizens' advisory panel" recommended in the report from the committee on interior and insular affairs of October 25, 1977, entitled "Approving the presidential decision of an Alaska natural gas transportation system and for other purposes." The minister knows that, irrespective of the merits of an advisory committee, it will not replace the second stage inquiry promised by this government that is so crucial to the communities in the Yukon.

Again, Sir, during the fall of 1977, following the decision to build the Alcan pipeline, the Union of B.C. Chiefs, under the able direction of George Manuel, the past president of the National Indian Brotherhood, requested that the second stage inquiry as promised by the government be carried out. With the signing of the agreement between the U.S.A. and Canada, it was now apparent there would be a significant impact on the Indian communities, particularly in the north and east of B.C. in such places as Fort St. John and Fort Nelson.

● (1642)

In anticipation of the disruptive changes which would occur in these Indian communities the Union of B.C. Chiefs made a very sensible and responsible request for a second stage inquiry, which was initially, and I must re-emphasize this, promised by this government. The minister and the government again said no to the B.C. request. The Minister of Indian Affairs and Northern Development, the Deputy Prime Minister and the government know that with this change in policy the government has broken its promise. Indians and native people have been betrayed. The government has lost the confidence of native people and, what is more important, the government has imperilled the prospects of a fair and just settlement.

I want to serve notice that at the appropriate time during debate or study of this bill I intend to pursued the important matter of a second stage inquiry, and I hope that during this debate or committee hearings we will be able to convince the government that it should honour its previous commitment to all those in the Yukon and in the northeast part of British Columbia.

When the United States and Canada signed the agreement in principle applicable to a northern natural gas pipeline in September of 1977, agreeing to a timetable for beginning construction of the pipeline in the Yukon by January 1, 1981, they ignored a very significant recommendation of Dean Lysyk. In his chapter on Yukon Indian land claims the third recommendation appearing at page 121 declares, and I quote:

> For the reasons stated in part E of this chapter, some additional time is desirable to avoid prejudice to a just settlement. Construction of the pipeline should not commence before August 1, 1981.

Dean Lysyk was not recommending a moratorium. He was not recommending some unrealistic time delay; his was a responsible position. He was recommending a responsible time in keeping with the complexities and sensitivity of the issue in the Yukon Territory. Yet this government chose to ignore this

important recommendation. As I indicated, that is reminiscent of the days when I asked the former minister of Indian affairs and northern development for a one month extension to complete negotiations on the James Bay settlement.

The legacy of broken promises and delaying tactics of this government unfortunately has transformed negotiation into confrontation. Witness the application for leave to appeal the recommendations of the National Energy Board submitted by the Yukon Conservation Society and the Council of Yukon Indians. If I understand the legislation before us correctly, it blocks entirely a move by any group, including native groups, to have hearings before courts in the future.

The government's game plan is obvious. With the passage of this legislation the momentum of the project will impede efforts to conclude a fair and just settlement. The rights of individuals can be conveniently shunted aside in the name of progress. Dean Lysyk stated in the Alaska Highway pipeline inquiry:

> With respect to the Yukon Indian land claim, the proposed pipeline represents both an opportunity and a risk.

The government has failed to understand the significance and importance of that statement. If the past has taught us anything, it is simply that pre-conceived views and unilateral action bear little relation to the real problems of the Indian and native people in Canada. Through broken promises and deliberate attempts to delay the negotiations which commenced in 1973, this government has impeded the prospect of allowing Indian and native people to choose a future path which they, their children and their children's children wish to follow.

The native people are not asking us to determine what the Indian was, what the Indian is today or what he may become in the future. They are simply asking us to accept him as he is and to provide him the choice to develop without interference. I regret to say that that has not occurred under the administration of this government.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, with regard to the construction of a natural gas pipeline I would like to paraphrase a statement made by the hon. Mr. Justice Berger, who said, and I quote: "The risk is in Canada; the urgency in the United States." I prefer to think that the urgency is in the United States and the opportunity is in the Yukon.

Traditionally pipelines have been powered by the resource being transported through the lines. For example, much of the Alyeska pipeline is powered by the oil running through it. In the case of the proposed natural gas pipeline the intention is to bleed gas from the line in order to operate the driving motors, the compressors. The amount of gas required to drive these motors would be approximately 8 per cent of the gas in the line, or enough gas to heat 750,000 homes annually. At a time when there exists a critical national shortage of natural gas, 8 per cent of the gas in the line used simply to operate the motors is a tremendous waste which would be better used in the marketplace.

An Anchorage engineering firm, Retherford and Associates, has come up with a more economic means of driving the motors, that being to electrify the pipeline. Electrification of the pipeline in the southern Yukon was previously mentioned by the Deputy Prime Minister (Mr. MacEachen) in his speech opening the debate on this bill on Monday. Electrical energy, either by means of coal, oil, geothermal heat or hydro-electricity, could be used to power the natural gas to its various destinations. Each basic resource was examined to determine the most viable and economic method for electricity production to be used instead of the fuel gas in the gas transport system. The high price of oil, the rising price of coal and the lack of research and development in the area of geothermal heat made it clear that hydroelectricity would be the most feasible and competitive fuel to power the pipeline in the Yukon.

What are the reasons? First, hydroelectric energy can be developed in sufficient quantity at competitive cost. Second, hydroelectric energy is a renewable resource, the fuel of which is descending water, which does not escalate in price and which is not depletable.

Third, the use of hydroelectric energy reduces the pressure on other energy sources and extends the life of non-renewable fuels, the future value of which may lie in other uses more important than energy, such as food.

Fourth, the hydroelectric process is non-polluting.

Fifth, hydroelectric projects have long lives, and their major structures are relatively maintenance free.

Sixth, hydroelectric energy can easily be used instead of fossil fuels such as gas, oil and coal, which can be used in other market areas.

The Yukon has hydroelectric potential, and therefore it is essential that we take this opportunity to capitalize on such an energy swap. In short, the use of hydroelectric power to drive the natural gas pipeline would ensure that an additional 8 per cent of the gas resource would reach the marketplace. Once there, the value of this gas would more than pay the cost of the use of electrical energy.

Moreover, the construction of a dam on the Yukon River to generate this hydroelectricity would give strong assistance to the infrastructure of the Yukon economy. The abundance of hydroelectricity generated would not only drive the motors of the pipeline but also serve the community.

● (1652)

The market for the electricity assured by the electrification of the pipeline would justify the construction of a dam that would generate twice as much electricity as is needed for the pipeline. The remaining 50 per cent electrical capacity would be an extremely valuable aid in the development and advancement of the already existing lines as well as attracting secondary industry, which would not have otherwise come to the area. It would diversify the economic base of the Yukon and

would be assured of being readily accepted by the Yukon. For both the dam and the pipeline I feel Canada has the capacity to undergo such an enormous project at a competitive price. We have the Canadian know-how, the competent engineers and technicians; we have the Canadian manpower, a sufficient and able labour force, and we also have Canadian materials sufficient to meet the needs of the proposed pipeline.

I urge the people making the decision on the means of driving the natural gas from Prudhoe Bay to southern markets to investigate very carefully the suggestion of using hydroelectricity as the source of energy. The people of the Yukon await the decision. We have the Canadian talent. We must maximize the potential economic, industrial, energy and social benefits for the Canadian people, while at the same time minimizing adverse social and environmental impacts. This is an excellent opportunity to help in the development of the Yukon and also of Canada.

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I am terribly excited about the performance of my friend from across the aisle. He has been painting this Utopian dream for the Yukon that we have always known about, and that this government has procrastinated with for the last 100 years. If they had just listened to the Yukon Territorial Council and to the hon. member from the Yukon (Mr. Nielsen) who has spoken about these things for the last 20 years, we would probably have achieved some of these projects long before now.

It is my intention to confine much of my remarks today to purely parochial interests, and I feel justified in doing that, because my constituency, Mr. Speaker, encompasses about one-third of the geography of British Columbia in which 540 miles of this pipeline will be placed. The section which I am concerned with is described in the bill as entering British Columbia near Watson Lake, on the B.C.-Yukon border. It will follow the general route down the Alaska Highway, touching all the small communities along the route, such as Lower Post, Fireside, Summit Lake, Trutch, Fort Nelson and Fort St. John. It will traverse and touch the Stone Mountain and Muncho Lake provincial parks, areas, Mr. Speaker, that have traditionally been the domain of native hunters and trappers, all of whom will be affected by this pipeline, as well as a number of very sensitive game sanctuaries and breeding grounds. Closer to the Peace River country, Mr. Speaker, the pipeline will go through some of British Columbia's most productive farmland before it enters the province of Alberta near Dawson Creek.

Very few of my hon. friends in the House, Mr. Speaker, have heard before all of these exotic places, but that comes as no surprise to me. Unfortunately, there is not enough time for me today to make more than brief reference to this great area of our country.

My hon. friends here will recall my repeated efforts to convince the government to extend the terms of both the Lysyk and the Berger inquiries to study the impact the pipeline will have on the area that I have described; but, as you know, Mr. Speaker, the government chose, as it does in so many things, to hold the provincial governments in this particular matter responsible for whatever planning or preparation will be necessary to minimize the obvious negative side effects, and, on the other hand, to maximize the positive benefits that could accrue to the area touched by the pipeline. In so doing, the federal government abrogated its clear responsibility in a number of very important areas of their own jurisdiction, and I want to touch on these, Mr. Speaker.

Firstly, the Alaska Highway, or that portion of the highway, namely 600 miles, which travels through British Columbia. As you know, Mr. Speaker, that highway is entirely under federal jurisdiction. It is owned and maintained by the Department of Public Works and will, of course, be the major staging and access route for the pipeline contractors. To a great extent, Mr. Speaker, the highway is used by travellers from the United States since it offers the only road link between Alaska and the other states south of the 49th parallel.

Many thousands of visitors from all across our country and, indeed, from every corner of the globe travel the highway every year. They come to take part in a unique experience, to see part of our country and its history which most Canadians have already forgotten. They find fulfilment in the rugged wilderness and go to hunt and fish and enjoy the many wilderness scenes and wildlife species, such as the mountain goats, mountain sheep and grizzly bears which still abound in the area. As a matter of fact, Mr. Speaker, the tourist sector of British Columbia's economy of which the Alaska Highway is a most vital component, is probably the most important industry in that province next to wood fibre and maybe mining.

All of British Columbia's oil and gas deposits are serviced from the Alaska Highway, which provides access for a significant portion of the forest and mining industry in the province as well. The number of people who service and cater to all these industrial and recreational activities is greater than the total population of the Yukon. Every single person will be affected by the pipeline. As a matter of fact, Mr. Speaker, there are twice the number of people living in the areas of northeastern British Columbia—which I have described—who will be directly affected by the pipeline than there are in the area of our country which was studied by the Berger and Lysyk inquiries at a cost of tens of millions of dollars. Some of these people, Mr. Speaker, are of native ancestry, and again the numbers are at least equal to those to whom all the attention of the inquiry was directed.

Now surely, Mr. Speaker, the government cannot deny its direct responsibility, at least in the area of native concerns. If there is such a thing as special rights and aboriginal title for native people, the government of British Columbia has never heard of it. If there is a special deal for native people, Mr. Speaker, it is a deal they must address to the federal government. As far as British Columbia is concerned, even the reservations that have been set aside for the native people in that area can be expropriated for railway rights-of-way, roads and power installations. That has been done. As my hon. friends know, there were no treaties with the Indians in most of British Columbia. As far as the Peace River country is

concerned, however, we do have treaty No. 8, and it will form the basis on which the natives of northern British Columbia are beginning to build their case—and I hate to say it—against the pipeline.

I fully understand all of the difficulties the companies will experience if they do not receive approval by March of this year to finalize their plans and to start working on the logistics of building the line. I understand as well the problems the government faces if the pipeline agreement is not ratified by parliament before an election is called. But, Mr. Speaker, I am at this time in no position to sympathize with these problems. You will recall, Mr. Speaker, that I was one of the first to greet the National Energy Board's decision to opt for the Alcan route instead of the Mackenzie Valley route with a great deal of excitement and enthusiasm. You will also recall, however, Mr. Speaker, that I urged the government repeatedly to begin their discussions with the government of British Columbia and assess the problems, in socioeconomic terms, in the areas affected by the pipeline.

On April 22 last year I raised a question in this House to find out whether the terms of reference of the Lysyk inquiry in the Yukon could be extended. I asked the government this question on July 18, October 6, October 26 and December 19. Twice within the last couple of weeks I have used my time in the House during question period to remind the government of their direct responsibilities in this regard. I have asked the government to table the agreements which they have reached with the province of British Columbia so that we can intelligently and adequately discuss them here in the House. I have asked the Government through local, regional and municipal authorities as well as citizens groups to safeguard against any unnecessary and negative side effect.

● (1702)

Unfortunately these legitimate requests have so far been ignored. There has been no dialogue as far as I am concerned with the agencies I have mentioned. Whatever discussions have been held with the province have been held behind closed doors. Indeed, Mr. Speaker, the agreement with the United States requires a statement of acquiescence from the provinces affected by the pipeline. The B.C. government gave its approval without any consultation with local governments and without any formal study or inquiry into the possible impact of the project.

I am put in the position today of making a judgment on behalf of my constituents without even knowing what demands or conditions the government of British Columbia has placed on the building of a pipeline or approval of it. As part of the agreement between Canada and the United States these statements of concurrence must be issued. Let me state what the bill says in respect to the British Columbia situation:

Specific details of this undertaking will be the subject of a federal-provincial agreement to be negotiated at as early a date as possible. Such agreement should guarantee that British Columbia's position expressed in its telex of August 31 is protected.

You will recall, Mr. Speaker, that I asked the Deputy Prime Minister (Mr. MacEachen) whether he would be prepared to table the communiqué. On two occasions, the hon. gentleman preferred not to make this document public. Whenever the government is reluctant to pass on information, I am suspicious that they have something to hide. From the point of view of myself and my constituents, it would appear that the bill will have to wait until the two governments consider it timely to tell those people who have to live with this extravagant scheme, both during and after construction, how their environment, their lives and their future will be affected.

I do not trust either this government or the government of British Columbia with such an important and far-reaching decision. In northern British Columbia we have been disappointed before. For instance, we were told that the total work force of 6,000 men, which at one time was working on the Peace River dam project, would find work in industry attracted to the area by the government. They would be able to take advantage of the special on-site power rates. As well local municipalities and communities would have access to the preferred power rates, easing the burden of building the required infrastructure.

Over 600 square miles of land was flooded, with monstrous environmental and ecological consequences. None of the promises was kept. Power rates in the Peace River country are still higher today than they are in Vancouver which is 700 miles away. The federal government failed to exercise any of its jurisdiction when whole settlements of Indians were forced off their land without compensation. These included registered reservations. The massive body of water has affected the climate and atmospheric conditions in the area to the point where it has seriously threatened the viability of certain industries. The growing of certain cereal crops in the Peace River area is a marginal endeavour today. I am always sceptical when this government makes any deals, the terms of which cannot be made public.

My concern in respect to this project is somewhat different from those expressed by most of our colleagues. Like the territorial council of the Yukon, I worry about the impact on the local labour market as much as I do about assuring Canadian content, which is most important. I want similar assurances to those granted to the Yukon in respect to preferential treatment of local workers, businessmen and entrepreneurs.

On the other hand, I know what it means to local employers. Local industry will not be able to match the lucrative labour contracts. Machine operators and workers will enjoy higher wages as a result of these contracts during the pipeline construction. Labourers of all categories will seek work connected with the pipeline construction and will quit their present jobs. Local businesses will be forced to raise their wages in order to equal wages being paid by the pipeline companies. Alternatively, they will close down for lack of workers.

I took a trip last summer through Alaska and the Yukon to study the impact of the pipeline on the communities along the Alyeska route. I was told that in Fairbanks 80 per cent of the municipal police force left their jobs to work on the pipeline construction just at the time when the drug peddlers, gamblers

and prostitutes arrived. An acute shortage of labour will occur in the local area whenever such a large project commences. Local residents will be denied their most essential services.

Experience along the Alyeska route as well shows that the contractors like to use local supplies and service facilities as much as possible. However, these facilities are always inadequate, and there is a lack of time to gear up for the influx of new business. When the projects are completed it will take months if not years to get everything back to normal, as was the case in Alaska. During construction of the pipeline it will be worth one's life to travel the Alaska highway. The term "highway" is too generous a description of the road which was built in 1942 by the United States army as a defence project. For the most part it is a dirt road. The federal government has plans to upgrade and pave the road; however, this has never been a priority. My hon. friends and colleagues will recall the many interventions I have made in the House in support of an accelerated upgrading program for the highway. The paving from Fort St. John to Fort Nelson was to be completed this year, but it will now take an all-out effort to come close to completing that section to coincide with the completion of the construction of the pipeline.

The adjustments that will have to be made by the smaller communities is a concern of mine. They must accommodate the influx of population required to maintain and operate the line once it is in place. We know of the commitment made by the provinces not to levy additional taxes or fees, which was commensurate with the commitment made in the bilateral agreement. There is no mention made of who is to pay for the additional services required by towns, cities and villages along the way, including schools, hospitals and recreational facilities which the newcomers have a right to demand. Will their cost be borne by the local taxpayers? We do not know that. We expect cost is a component of the behind the door agreement reached with the province of British Columbia.

Again, Mr. Speaker, our previous experience provides us with little comfort. Governments have always been more preoccupied with calculating royalties and taxes than with assuring those people who manned the frontier and maintained the facilities in remote areas of equitable living conditions.

I would be remiss if I did not recognize the exemplary corporate citizenship demonstrated by one of the partners in the Foothills consortium, namely Westcoast Transmission. This company, as you know, Mr. Speaker, is taking part in the pipeline construction. It has built and it maintains hundreds of miles of pipeline in British Columbia. Where the government neglected their responsibility, the company took over, providing housing and recreational facilities, co-operating with local municipal councils and community groups, encouraging their employees to integrate, to take part in the social affairs of their new towns.

● (1712)

In some cases brand new small communities had to be built, but wherever possible the employees live in existing towns, adding to their vibrancy and viability. This company has a unique and enviable relationship with their employees as well. Their industrial relations process could serve as a model to most other industries, and even to the government in its dealings with the public service.

I encourage hon. members to study what Westcoast Transmission is doing for its employees. It was the the officials of Westcoast Transmission who made the first and only contact with the municipal and regional officials, discussing the new project and its implications. However, this dialogue is limited in the sense that the company as well can only speculate on the terms of reference the government will eventually dictate and the guidelines that must be followed. At this point they have not been told what size of pipe they must use for the project. They have been told that they must bear the costs of the monitoring agency, but there is no indication of the size or dimension of the bureaucracy. The company knows that the British Columbia government will attache certain conditions on the permits they must issue, but no one knows what these conditions might be.

Frankly, Mr. Speaker, I wonder why the private sector still gets involved at all in such risky schemes. The risks are not any abnormal or changing market conditions or unknown factors in respect to the technological challenges connected to the resource harvest in the new frontier and hostile environments, but rather the risks of dealing with governments which make their own rules as they go along, usually after irreversible commitments have been made by the resource sector, governments that regulate and change at whim every aspect of market conditions.

Government estimates on which their policy decisions in the public interest are based are consistently and hopelessly wrong. A year ago, for instance, we were told that we might be experiencing serious shortages in natural gas in the early eighties. That was only five years after the government declared that our domestic requirements are secure for the next 100 years. The latest estimates announced by the policy-makers of the Department of Energy, Mines and Resources show that we will have no trouble meeting both our domestic and export commitments with reserves already identified until at least 1990.

I wonder what impact those latest inventory figures will have on pipeline decisions. How firm, for instance, is the agreement with the U.S. which is annexed to the bill under schedule I? With respect to the schedules of construction, we do not know and probably will not know until long after this bill is passed in this House just what is involved.

The passing of Bill C-25 will not answer any of the questions that need to be answered before the companies can proceed with their final plans. The passing of this bill will not facilitate the assembly of the capital required to build the line.

What it will do, however, is give the government the opportunity to make all other remaining and critical decisions without the scrutiny of parliament. It will give the government the option to make final decisions respecting Canadian content of labour and supplies, and critical decisions respecting timing and the staging of the various sections in a manner that

accommodates their political objectives and the timing of this year's election.

Most of my constituents welcome the pipeline. We in northeastern British Columbia have learned to appreciate the major influence this industry has had in the economy of the north and the quality of life. The industry has helped to stabilize small and fragile communities, adding an important tax base to the marginal source of finances available. The pipelines and processing facilities have added an important dimension to the job markets. They have opened up the country, helping to provide access to other resources in the area.

While there is always an upheaval during construction, it can well be said that there are no harmful side effects in terms of the environment. Even the wildlife has adjusted well to the rights-of-way which provide additional food and trails for the animals to get around. But in spite of all that, we do not want the pipeline at just any price. We must have some assurances, similar to those built into the bill for the Yukon, that the existing communities will receive adequate help to cope with the pressures and social tensions that will accrue during the construction period.

We want local residents to have preferential treatment when applying for the construction jobs. Local business entrepreneurs must be given the opportunity to supply all those services they are capable of supplying. We must insist that the contractors and the companies operating the system once it is in place will make every effort to train young people, particularly young native people, in the skills they require; and, most important, we want the infrastructure around the project built to accommodate the needs and the legitimate aspirations of the people already in the area.

With regard to the labour component, one of the most necessary matters that has not been mentioned is the fact that there needs to be an agreement with the unions for access to their membership on the part of local residents so that they can be placed on these important jobs.

Ironically, most of these demands can be met without any additional costs to the project. As a matter of fact, with the least degree of foresight and planning the objectives of all concerned could be made to complement each other. For instance, the operation of the system will require a very sophisticated communications system employing the latest technology. This system, if properly planned, could, without much additional cost, carry radio, television and telephone channels and signals which could service the residential settlements along the route. These services are presently not available for the most part of the highway area. With a small number of strategically located breakout systems, the whole area could be serviced with these essential amenities which other Canadians have taken for granted for two generations. Similarly, access routes and transportation infrastructure could be planned commensurate with other interests.

Without the benefit of an impact study which would directly relate to the pipeline, I must rely on my experience in municipal and regional governments and on the studies that have been made by the various authorities in the areas affected, such as chambers of commerce and councils.

I must assume, that we can rely on the province to provide and advance the funds required for the initial adjustment that local settlements must make. The sum of $200 million, which is the figure used in the Yukon, is not unrealistic for northeastern British Columbia.

We must insist on a firm commitment to build in the cost of laterals to service the settlements north of Fort Nelson and to adjust the rates charged in Fort Nelson commensurate with Alberta border prices.

There must be an immediate assessment of any land claims that may arise and an effort to begin negotiations. In addition to that, however, there must be a clear commitment by the federal government to accelerate the reconstruction program on the Alaska Highway to the point where it is paved to mile 315, which is the junction with the Liard Highway. As well, we want to know the role the B.C. railway will play in the staging and transport scheme. There is a great deal of uncertainty about the future of that part of the railway which spans the stretch from Fort St. John to Fort Nelson. In view of the importance of this rail link to industries in Fort Nelson, we want the rail bed upgraded not only to accommodate the pipeline contractors but also to assure continued service to the vital resource areas of the north. I can only hope that all these points are incorporated in the provincial shopping list when it is finally made public.

• (1722)

As you know, Mr. Speaker, it is the intention of my party to expedite the bill in every way possible having regard to the many opportunities which can accrue to Canadian business and labour as a result of the project. I would point out, however, that the government has had this legislation ready for four months. It could have been debated at the time the United States Congress dealt with the matter. We are now called upon to proceed with almost indecent haste in our consideration of the bill while assuring adequate safeguards for Canadian interests. My hon. friends have drawn attention to many areas in which the bill is imperfect. As one editorial said this morning, there are so many holes in this bill it could accommodate a pipeline.

I serve notice on the government that ministers will have to be much more co-operative during the committee proceedings, much more free with information, if they wish to ensure our support. To those members on the government side who would like to blame us for holding up this bill, I say that the people who will be holding up the bill will be the natives in the Yukon and in northeastern British Columbia who will be sitting in courtrooms and in front of bulldozers because they realize that, once again, their last chance of seeing the promises made to them by the government fulfilled has gone by. We on this side intend to insist on significant changes being made in this bill, so it is really up to the government to decide when the legislation will leave the House and when the contractors will be able to get on with their work.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, the note on which my hon. friend from Prince George-Peace River (Mr. Oberle) concluded is the note on which I feel I should begin. This is beyond any question one of the most questionable operations the government has tried to pull off. I refer to the manner in which the introduction of the bill has been delayed.

Mr. MacEachen: Delayed?

Mr. Munro (Esquimalt-Saanich): Delayed. The government has delayed the introduction of this bill. Do I have to say it again? It has delayed the introduction of this bill.

Mr. MacEachen: Thank you!

Mr. Munro (Esquimalt-Saanich): The agreement with the United States was signed on September 20 in this city. The bill was introduced on February 6. There was plenty of lead time, even as the agreement was being concluded, to have prepared a measure for implementation in legislative form to be placed before the House.

I have noticed that this is not the first time the government has exercised a delaying device of this sort for the single purpose of trying to secure a political advantage by forcing the opposition to make hasty decisions. We have had six days only in which to examine this legislation. It is an important bill. Aside from the other bill which we considered earlier this session in relation to the budget and granting the government authority to borrow $10 billion, it is the only bill to come before us which deals with a sum of this magnitude. Here is another bill which involves $10 billion. Not all of that sum, it is true, is to be raised by Canadians but we are dealing with issues of a magnitude which cannot be overlooked.

This party, the party to our left and the party down at the end of the chamber have had six days in which to study the implications of this bill, yet we are being pushed to allow the measure through. We have given an undertaking that we shall not delay the measure in the House. But I still believe every member on this side should make it clear that bills of this importance should not become the political playthings of the government. This is not the way to govern a country as delicate as Canada. I find it shameful that there should be members sitting in this chamber today who can accept that sort of thing. It is deplorable. It is a form of blackmail.

[*Translation*]

Aside from that, I have other remarks to make and having commented on that matter, I would like to add that we all want to be sure that Canadian manpower and industries will be involved to the highest degree possible in the construction and maintenance of the proposed pipeline. It is a huge project, Mr. Speaker, since it is expected to cost $10 billion and require a construction period of two to three years as well as the use of pipes in Canadian territory over hundreds of miles—I do not remember exactly how many—a number of miles in Yukon, my colleague just said 600 miles in British Columbia and the rest in the province of Alberta. It is therefore a huge project and we on this side insist, as do government members, I hope, that Canadian manpower and industry take maximum part in that project.

We want the construction company to be obliged to hire manpower in every part of Canada and also order the needed materials from each of our regions. Let us take advantage of the expertise and steel technology developed not only in Ontario, in Saskatchewan and the west, but also in the province of Quebec and in Nova Scotia. All Canada, Mr. Speaker, must benefit from that huge project. To be sure that it will be so—

[*English*]

—that the future may unfold as it should, Mr. Speaker—

[*Translation*]

—we, of the Progressive Conservative party, will propose to the committee that a monitoring agency accountable to parliament, whether it is a select committee or one of the standing committees of the House, be set up to make sure that the company is complying with the provisions of the bill.

• (1732)

[*English*]

Before turning to another aspect for which I am responsible, namely the environmental problems relating to this matter—and that is my principal task—let me speak of another concern I am most anxious to get on the record. I refer to the opportunities Canadians ought to have of acquiring equity shares in the company responsible for the construction and operation of a pipeline project of this sort and size.

This situation did not arise in the first instance as a result of an earlier pipeline construction, but it did finally occur as a result of a good deal of effort on the part of this party. Our party down through the years has been in the vanguard of those who have sought ways to assure that Canadians have an even, and even a better than even, chance to participate in the fruits of this country's good fortune, not through agencies such as FIRA, but through an ability to participate in projects which have Canada as their base.

A method of assurance would be to require that there be an offer of equity shares in the Foothills pipeline project. Probably Foothills will set up another company in which Canadians should have the opportunity of sharing. This will be a gilt-edge investment if we believe in the future of this country. Why should Canadians not be given the first opportunity to share in and enjoy the benefits that will be accruing to our country once gas begins to flow through the pipeline we are now discussing? The investment will be even more gilt-edged once Canadian gas is flowing through the pipeline, as is hopefully foreseen down the road and I will return to that later. I should like to see assurances built into this legislation which would give that right to Canadians to participate financially in this great venture and draw profit from it. This is a matter we might well examine more closely once we get into committee.

In referring to the matter of Canadian input of work and material, I would mention the need for a parliamentary monitoring agency which would be required on a quarterly basis to

keep under scrutiny the manner in which the many varied terms and conditions imposed on the construction companies and others under the bill are being carried out. This project is too vast to think that parliament in a matter of a week, two weeks or three could discuss it, pass it and forget about it, going on to something else. We have to be able to come back to this project to make sure that what we have stipulated is being carried out. We cannot just say: "There you are, we have passed the bill, now you get on with it". We have to be able to assure ourselves and Canadians that those who are authorized under the bill to do the job will do it in a manner that is wholly and in every respect consistent with the requirements of this bill. Nothing can be left to chance or to a monitoring agency that cannot be called to account.

The monitoring agency that is envisaged in the bill is an agency which, under these provisions, cannot be called to account. We as members of parliament can and ought to be called to account. That is why we are here. We cannot authorize a project of this size on the basis of allowing things to go ahead without being sure there is some manner in which we can call the company or companies to account for their actions in relation to the legislation. We as parliamentarians should be ready to provide answers when we are called upon to do so. The only way we can do that is by making sure there is an agency in place that will allow us to determine whether, in each particular area of construction, progress is being made along that foreseen critical path, and in accordance with the provisions so loudly being touted regarding the competitive capability of Canadians to provide the materials and workmen.

There must be a more than equal opportunity for Canadians to participate in that construction in Canada. These are matters for which we in this House will be held accountable, and we must be sure we have all the answers. We do not want to be like this government which stands up during the question period and sidesteps questions. We cannot sidestep questions on a matter of this importance. We have to know what is taking place and that it is taking place in a proper way and at the rate it should be taking place in order to produce the greatest economic return possible to this country. A monitoring agency composed of members of this parliament is essential to this whole deal.

We have been talking in general terms about some of the problems that will be faced during construction. Let us consider the things that have yet to be done before the project can get underway. What provisions are there in the bill which give an ironclad assurance that these things will be carried out before the project begins? What about all those things that have to be done before the project materializes?

Let me quote briefly from one of the reports that fortunately was prepared by the environmental assessment panel which in itself was rushed into preparing its assessment of the impact of the project in federally owned territory. I have with me the Hill report. It is an interim report of the environmental assessment panel sent to the Minister of Fisheries and the Environment (Mr. LeBlanc) in July 1977. It was commissioned, if I remember correctly, in February. The panel had a matter of three or four months to examine and outline those areas where there could possibly be an impact, and then submit recommendations to the minister on what might be done. At page 3 of this particular report the authors state:

The short lead time available made a normal environmental assessment of the project impossible at this time.

That suggests to me that if it was impossible at that time there must be a further study in order that a full environmental assessment can be made. Instead, the panel was instructed to review the existing data, seek public and professional information and submit an interim report by August 1. It did that, but this was purely an interim report.

Yesterday, if I am not mistaken, I heard the Minister of Indian Affairs and Northern Development (Mr. Faulkner) make reference to guidelines following the publication of this report. As yet I have not seen those guidelines. A lot of documentation has crossed my desk relating to the pipeline, among other things, and perhaps I overlooked the guidelines. This environmental panel studied the situation as carefully as it could in the time available. If it produced a set of guidelines which would be of assistance to the construction company, then they should be available to all hon. members who are considering this important piece of legislation.

● (1742)

How can the government expect the House to pass the bill as quickly as possible when some of the documents are not available? There are some things which all hon. members must know before considering this piece of legislation. The hon. member for Prince George-Peace River referred to the position of British Columbia which was sent in a telex to the federal government on August 31. As yet, we do not know what the position of that province is.

It will be necessary to conclude three agreements between the federal government and the provinces of Alberta, Saskatchewan and British Columbia. Surely the conditions under which those three provinces agree to the construction of the pipeline are relevant to this debate. Yet we do not have that information. In fact, there are many lacunae in the documentation which is at our disposal. Even so, we are expected to approve this legislation on a crash basis.

I should like to refer to the environmental concerns which the Hill panel laid before us. As I have suggested, the panel was under the gun just as hon. members are. It is unfair to parliament and it is cynical of the government to push the passage of this bill. The importance of the concerns expressed in the Hill report should not be underrated. Environmental concerns are of prime importance. It is only within the past 20 or 30 years that the true significance of the effect that developmental projects can have on the environment has come to light. It is not easy to define the dilemma faced by our modern society when developmental projects begin to manifest an impact on the environment of an affected area. The trouble is that some of the environmental effects need not be immediate. It may take years for the effects to show. The environment must be safeguarded and the developmental change must be allowed.

I happened to notice a cartoon by Norris of the Vancouver *Sun* which appeared in an Ottawa newspaper. The cartoon depicted a cave situation. There was a bush fire at the mouth of the cave. There were a couple of hairy boys entering the cave wearing goatskins and carrying clubs over their shoulders. At the same time, an equally hairy individual was leaving the cave. Obviously he was an egghead, a man who had been thinking. He had produced an object which the other cavemen were looking at. The caption under the cartoon was: "You can call it a wheel if you like, but to me it is development". Following that, the other cavemen went through the process of breaking it up. Surely that is not the attitude toward development we have to adopt.

I wonder if the definitions of the hon. Minister of Industry, Trade and Commerce (Mr. Horner) should be applied to environmental problems. After the federal-provincial meeting of industry ministers on January 30, the minister said that the over-zealous protection of the environment costs jobs. Is that the definition used by the government? Also he said that we, the Canadian people, have to be fully aware of that, and that minimum standards of environmental protection across the country are not necessary, that over-zealous maintenance of minimum standards hurts the regions. Then the minister went on to explain that in areas where there is no industry, standards designed for urban Canada would be inappropriate. Perhaps a pragmatic approach has to be taken. However, there are minimum standards which must be followed. It is a very delicate balance.

I should like to refer to some of the problem areas indicated in the Hill report. The report indicated that there would be damage in various areas that could be mitigated. Also in the final analysis it was indicated that more study was necessary and more data had to be collected before a final decision or recommendation could be reached. Because of the size of the project, its impact in environmental terms will be of the same relative magnitude, according to the report.

The panel referred to the potential environmental effects associated with a buried gas pipeline passing through areas subject to permafrost. They were not examining, they were just spotting. Then they spotted another one, the relative importance of environmental problems resulting from the operation of the chilled line, on one hand, compared with the heated gas mode over the remainder of the route, on the other. With the chilled line, frost accumulation could result in heaving of the pipe, while a warm line could result in the degradation of the surrounding permafrost. These are the sorts of problems that the Hill report saw emerging once the construction was underway.

● (1752)

There is also the possibility of a pipeline rupture due to seismic activities. One of the lines went through a seismic area, and, incidentally, that was the Alcan route. The other line does not go through a seismic area, but there were dangers which they foresaw and which they spotted.

When they were examining the company and its knowledge of the various construction problems, they were advised during the hearings that the proponent had limited knowledge of the occurrence, distribution and nature of permafrost along the proposed route. If I remember correctly, the construction is not likely to begin until about January 1, 1981. There is a two-year lead time.

Mr. Speaker, I wonder if the conversation which is going on across the way might not take place behind the curtains?

The Acting Speaker (Mr. Turner): Will the hon. members please carry on their conversation behind the curtains.

Mr. Munro (Esquimalt-Saanich): This is another area where the Hill assessment group spotted problems that were going to occur. Another one is river crossings. Should the pipeline be buried under the river or should it be carried by an elevated mode across the river? Because by burying it, there could be damage to it and interference with fish spawning, migration and overwintering and possible deleterious effects of siltation on fish and fish habitat, and the possibility of gas leaks under ice cover. All these are matters which must be investigated.

This is one reason among many that I have maintained from the beginning that a monitoring agency should be set up composed of members of parliament, so that we can be assured that the construction company is examining these matters and making sure that the environmental damage is reduced to the minimum, in a manner which will permit construction to go through. If they have to examine rivers for fish spawning, etc., are they doing it now? We do not know that. I think we should know whether or not they have started this.

There is a provision in the bill at page 50, schedule III, clause 7, which reads as follows:

> The company shall, in respect of social and economic matters and environmental, fisheries and agricultural concerns, comply with the undertakings given by Foothills Pipe Lines (Yukon) Ltd., the Alberta Gas Trunk Line (Canada) Limited, Westcoast Transmission Company Limited, and Alberta Natural Gas Company Ltd., and in the submission of the Alberta Gas Trunk Line Company Limited to the board, as amended during the hearing or such orders or directions as may be made or given by the designated officer.

Clause 8 reads:

> Prior to the approval of the final detailed design of each section or part of the pipeline, the company shall submit to the designated officer,
>
> (*a*) the results of such further studies in respect of social and economic matters, environmental, fisheries and agricultural concerns as may be ordered or directed by the designated officer; and
>
> (*b*) the recommendations of its environmental consultants for the protection of fisheries, farm lands and the environment.

These requirements are written into the bill and the provisions are under the general direction of what is known as the designated officer. However, that does not relieve those of us who sit in this parliament of the responsibility to ensure that those requirements are fulfilled. I think in a matter of such importance and size it would be a mistake for us to proceed as though, once the bill has left us and gone to the other place and been given royal assent, it were no longer our concern. It is

our concern and it is the concern of the Canadian people. They are going to hold us accountable and we should be in a position to be accountable.

May I call it six o'clock, Mr. Speaker?

Northern Pipeline

The Acting Speaker (Mr. Turner): Order, please. It being six o'clock this House stands adjourned until tomorrow at 2 p.m., pursuant to Standing Order 2(1).

At 6 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, February 16, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

NATIONAL SECURITY

MONITORING PROFITS OF COMPANIES IN CANADA CONTROLLED BY SOVIET INTERESTS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of importance concerning the following five completely or largely Soviet-owned companies operating in Canada: Emec Trading Company and Morflot Freight Liners Limited, both of Vancouver; Stan-Canada Machinery Limited and Belarus Equipment of Canada Limited, both of Toronto; and Socan Aircraft of Calgary. I am advised by intelligence sources that these companies are under surveillance. I move, seconded by the hon. member for Frontenac-Lennox and Addington (Mr. Alkenbrack):

That the Solicitor General make a statement as to whether the government has or is presently monitoring the profits of these companies that are being kept in Canada in the form of bank certificate deposits in an amount exceeding $20 million, for purposes of determining that none of this money has or will be diverted to finance KGB activities in Canada or to support extremist elements whose ends are not in keeping with the Canadian democratic process, and that the minister include in his statement similar information with regard to 45 to 50 other companies in Canada that are not completely state-owned by the Soviet Union but which are controlled by Soviet interests.

Mr. Speaker: Such a motion can be presented for debate, pursuant to Standing Order 43, only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

CALL FOR GENERAL ELECTION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. Yesterday, all of Canada came to realize that in spite of several months of preparation and coaching by his handlers, the old prize fighter has now become too weary to continue in the big league. We were all disappointed that when it came to the final round, he had nothing left in his bag of tricks. In light of this, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House demands that the old fighter and his entourage resign from office so that the electorate can choose someone who can do the job.

An hon. Member: Who, you?

Mr. Speaker: Order, please. The hon. member for Selkirk.

* * *

FISHERIES

FRESHWATER FISH MARKETING CORPORATION—REQUEST MARKETING PRACTICES BE REVIEWED—MOTION UNDER S.O. 43

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the inability of the Freshwater Fish Marketing Corporation to meet the final payments to fishermen for last year's catch, and in view of the fact that tens of thousands of pounds of fish are being returned to the corporation by government inspectors from retail stores because of freezer burn caused by up to four years' storage, I move, seconded by the hon. member for Portage (Mr. Masniuk):

That this House directs the minister responsible for fisheries to order an immediate market study analysis, cost accounting, efficiency study and a review of the marketing practices of the Freshwater Fish Marketing Corporation.

Mr. Speaker: The presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POST OFFICE

COLLECTION AND DELIVERY OF MAIL STREWN ALONG HIGHWAY 401, TORONTO—MOTION UNDER S.O. 43

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise pursuant to Standing Order 43. A mile of Her Majesty's mail has lain strewn along the express lanes of Highway 401 in Toronto for nearly two weeks. A postal official sent a sample of these wind-blown, frozen letters by registered mail a week ago to what he termed "our investigation people", but that mail has not been delivered either, it being in the postal system. I have retrieved some of this mail, preventing its obvious destruction, and I will turn it over to the Postmaster

General (Mr. Lamontagne) today in the hope that he might have it delivered. I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That this House asks the Postmaster General to supervise, personally, the collection and delivery of the balance of the letters that are still deliverable and report back to this House, when his mission has been accomplished, as to why there should have been such careless non-delivery of Her Majesty's mail.

Mr. Speaker: Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

LEGISLATION TO IMPROVE CONDITIONS IN INDUSTRY—MOTION UNDER S.O. 43

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the recommendations submitted by the provincial ministers of agriculture to the federal-provincial conference recognize the serious problems which exist in the agricultural and food industry, and in view of recommendations for upgrading the processing of agricultural products, a "Buy Canadian" food campaign, a grain marketing strategy, an improvement in agricultural research funding, an expansion of international markets for agricultural products, and an improved transportation system—all of which are in keeping and consistent with Progressive Conservative positions and policies—I move, seconded by the hon. member for Elgin (Mr. Wise):

● (1412)

That the ministers of agriculture and transport bring forth appropriate legislation immediately to deal with these urgent and pressing problems.

Mr. Speaker: The motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

HALIFAX—FREIGHT RATES—ALLEGED BIAS BY CNR AGAINST PORT—MOTION UNDER S.O. 43

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of pressing urgency to the port of Halifax. Given the revelation of extreme bias on the part of Canadian National toward the port of Halifax, as contained in a report for the government of Nova Scotia prepared by the U.S. consulting firm of Arthur D. Little, indicating that CN is intent on forcing Halifax out of the container business through the deliberate application of prejudicial freight rate structures, I move, seconded by the hon. member for Halifax (Mr. Stanfield):

That this House call on the Minister of Transport to make a full statement on motions today explaining the position of this government and its Crown agency, the CNR, in connection with this totally unacceptable bias against the port of Halifax.

Mr. Speaker: Such a motion, pursuant to Standing Order 43, can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN BROADCASTING CORPORATION

REQUEST PROGRAMMING BE REVIEWED TO REFLECT CANADIAN INTERESTS—MOTION UNDER S.O. 43

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Whereas this parliament has charged the CBC with the mandate and the funds to promote national unity and to inform Canadians on issues affecting their lives and their livelihood, and whereas the lead story on the 9 a.m. national radio news on the day following the conclusion of a major conference of first ministers dealt at length with the outcome of the Ali-Spinks boxing match in the U.S.A., I move, seconded by the hon. member for Madawaska-Victoria (Mr. Corbin):

That this House expresses to the public affairs department of the CBC its dismay at their failure to comprehend their mandate, and their absence of a sense of proportion in assessing Canadian values.

Mr. Speaker: The presentation of such a motion for debate, pursuant to Standing Order 43, can be done at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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TRANSPORT

GRAIN—IMPLEMENTATION OF HALL REPORT TO IMPROVE GRAIN HANDLING—MOTION UNDER S.O. 43

Mr. Doug Neil (Moose Jaw): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the campaign promise of the government in 1974, to the effect that "the total grain handling system from the granary to the ships in the harbour will be revamped and new systems introduced", in view of the fact

that deliveries of grain to the west coast have fallen behind some 25 million bushels in meeting the commitment of 43 million bushels a month through the west coast, and in view of the fact that costs of demurrage are building up and Canada's reputation as an exporter is being seriously damaged, I move, seconded by the hon. member for Vegreville (Mr. Mazankowski):

That the government take immediate steps to increase efficiency in the grain handling system by implementing the recommendations of the Hall commission report and, further, that the treasury, rather than the producer, bear the costs of demurrage, which liability has arisen through the bungling of this government and through no fault of the producer.

Mr. Speaker: The presentation of such a motion for debate, pursuant to Standing Order 43, can be done at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

NEW JOBS TO BE CREATED RESULTING FROM FIRST MINISTERS' CONFERENCE

Mr. Joe Clark (Leader of the Opposition): My question is to the Prime Minister. It is on a matter regarding which, I am sure, the government has some firm estimates. Will the Prime Minister tell the House of Commons how many new jobs will be created this year as a result of the projects outlined in the document appended to the communique yesterday?

• (1417)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the communique, as the House will realize, covered many pages, as did the announcement of proposed or considered projects. It would be difficult to quantify in exact terms the number of jobs that will be created. That happens to be the case. Our hope, and the hope expressed by all the premiers, is that we will turn the economy around from the position it has been in for the past year or two by creating confidence. This confidence is determined to increase the rate of investment in the country.

The rate of investment will create jobs by bringing the price spiral down to 3½ per cent within three years, which is the resolution we all agreed to. We are making the Canadian economy more competitive. All these factors, put together, will mean more jobs for Canadians. This is a fact which has been accepted by all the governments represented at the meeting, and together they decided this was a step unique in the history of managing the economy.

Mr. Clark: Mr. Speaker, a supplementary question. The federal government has no estimates coming out of the conference, just as it had no proposals going into the conference. I should like to ask the Prime Minister a specific question regarding one of the projects that was appended to the communique. It relates to the advantage that will now be taken, ten years late, of the 200-mile fishery limit. How many jobs can Canadians expect to be created next year by that particular venture?

Mr. Trudeau: Mr. Speaker, once again, even in his second question, the Leader of the Opposition is asking me to give him a number. I tell him I will not attempt to give him a number. If he wants to ask the people of his province who know something about energy projects if it will be a good thing for the economy and for jobs to advance the energy projects in the west and in the east, then he can ask them. If the number is not one they have in their pockets, they will say so, Mr. Speaker.

He can ask the fishermen on the west coast and on the east coast if it will mean jobs for them, because we have taken these decisions, in terms of building the infrastructure and using the 200-mile limit to our advantage. They will not know an exact figure, but they will know it is important. He can ask the people in Oshawa who know something about the automobile industry if it means jobs for them to have reached these agreements with the province of Ontario and, hopefully, Quebec. They will not give him a figure but they can give him an answer, if he will go and ask them.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, that reminds me of the applause for Muhammad Ali as he went into the ring last night.

Some hon. Members: Hear, hear!

Mr. Clark: The Prime Minister will not give me a number, so I will give him a number; the number of nearly one million Canadians who are out of work in this country and whom he and his government ignored when preparing for this conference. Since the Prime Minister has failed on the fisheries question, I should like to give him a chance on the Prince Rupert question and ask how many new jobs will be created in 1978 by the expansion of port facilities on the west coast.

Mr. Trudeau: Mr. Speaker, the Leader of the Opposition and the leader of the New Democratic Party have both referred to Muhammad Ali. I can tell them that he could probably take both of them on together with one hand tied behind his back.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

• (1422)

Mr. Hees: What about wrestling inflation to the ground?

Mr. Clark: The Prime Minister has indicated to the House that he can fly like a bee and sting like a butterfly.

Some hon. Members: Oh, oh!

Mr. Clark: I would like to ask the Prime Minister, who has failed consistently to tell the people of Canada, one million of whom are out of work right now, how many new jobs will be created by the proposals appended to the communique of yesterday? I would like to ask, in relation to the automotive industry to which he referred, how many new jobs can Canadians expect to have created in 1978 as a result of the agreements relative to that industry, referred to in the communique yesterday?

Mr. Trudeau: Mr. Speaker, apparently the only fall-back position of the Leader of the Opposition is to ask for a specific number. He knows very well that there is no possibility of quantifying a number with any precision. I can tell him, with respect to jobs in the automobile industry, that if the proposal which the federal government is putting forward to one of the majors for building their plant in Quebec, for instance, is accepted, it will mean thousands of jobs. But it will depend not only on the proposals of the federal government; it will depend also on the confidence Canadians show in their own future. If they think the Canadian economy and the country is closing down this year, as the Leader of the Opposition has predicted, obviously they will not create jobs. But this is not the view of the ten premiers and myself who met yesterday, Mr. Speaker.

Some hon. Members: Hear, hear!

JOBS TO BE CREATED BY OPENING COAL MINE IN CAPE BRETON

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, my question is directed to the Prime Minister. Given the severity of the present unemployment situation, I can understand the Prime Minister's reluctance to deal with this issue; but having attended that conference and listened to the flim-flam of a million new jobs that was thrown out by the Minister of Energy, Mines and Resources, surely the Prime Minister can give some specifics today.

I would ask the Prime Minister, in relation to another of the projects included in that list—that is, the opening of a coal mine in Cape Breton—how many new jobs will be created for hard-pressed Cape Bretoners this year as a result of that project? How will that ease the unemployment situation in Cape Breton?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the hon. lady talks about listening to flim-flam. Maybe the description is one that she sees. She not only has not listened to flimflam, but she has not listened. If she had listened to the minister make his presentation, she would know that the facts she is quoting are not the facts put forward. She is inventing a figure or else drawing it from some imaginative place. He never said one million jobs, Mr. Speaker, and the hon. lady is putting up a straw lady.

Some hon. Members: Oh, oh!

[Mr. Hees.]

Miss MacDonald: Mr. Speaker, I find the Prime Minister's quaint reply just about as amusing as the quaint way in which he refuses to acknowledge that women members of the House of Commons have just as much right as any other person to be addressed as a member.

Some hon. Members: Hear, hear!

Mr. Paproski: What do you care about the status of women?

An hon. Member: Chauvinist.

Miss MacDonald: Mr. Speaker, that mid-Victorian view has gone out. I would ask the Prime Minister a question regarding the projects presented to that conference and attached to the communique. I refer to the Fundy tidal power project, another project which will influence hard-pressed Atlantic Canada. How many jobs will it create in 1978 to ease the unemployment situation? Does he have a figure? Are there any specifics?

• (1427)

Mr. Trudeau: Mr. Speaker, since the opposition cannot describe the conference as a failure, in the face of their colleagues in the provincial governments having declared it a success, their ploy seems to be to ask me to put numbers on the jobs which are going to be created tomorrow. As a result of our meeting yesterday, I am not saying that a million jobs are going to be created tomorrow. But what I am saying is, if they want to talk about the jobs being created today and tomorrow, in the past ten years, for example, we have created in the economy some 2,300,000 jobs.

I really cannot follow the logic of those who say that what we did yesterday has not created jobs today. However, what we did the day before yesterday has created jobs today and will create jobs the day after tomorrow.

Some hon. Members: Hear, hear!

GOVERNMENT MEASURES TO IMPROVE ECONOMY

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. I remind him, at the outset, that he cannot have it both ways. He is chiding the opposition for producing figures. I remind him that it is his government's document which shows that we are going to have an unemployment rate of 5½ per cent in three years, a 7.3 per cent investment increase in each of the next three years, and inflation will come down to 3½ per cent.

In light of his government's assertion with regard to these figures, which require, on the employment side, an increase in jobs—to achieve his government's target—of 300,000 in each of the next three years, which is almost twice the rate of job creation in real numbers, according to Statistics Canada, how does he plan to achieve that target which his government, not the opposition, has set?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the figures which appear in the communique are not the figures that the hon. member has just quoted. He is, once again, using figures which are not those arrived at as a result of the conference yesterday. He is also disputing the fact that we created 250,000 jobs by the fourth quarter of last year over the year before. When there are two ways of interpreting the economic path of Canada, the hon. member prefers to take the most pessimistic and negative one. This is not the view of the premiers who, meeting together, preferred to express confidence in the future of the economy and agreed to objectives in terms of growth and in terms of reducing inflation, which shows they have more confidence in the economy than the opposition parties combined.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Broadbent: Mr. Speaker, I am quoting from a document produced by the Department of Finance. It states that unemployment will go down to 5½ per cent by 1981. This is the government's figure, not something that we on this side have concocted. Also, with regard to job creation for last year, Statistics Canada state that 182,000 was the real number for last year, not the bogus figure the Prime Minister keeps quoting.

A document put out by the Minister of Industry, Trade and Commerce and a document by the Minister of Finance forecast, in the manufacturing sector, some 74,000 new jobs, on an annual basis, which is about four times the rate which has occurred in the past four years. Will the Prime Minister tell the members of the opposition and, more important, the people of Canada, why he makes the assumption that in the next four years we will have four times as many new jobs in manufacturing than we have had, on an annual basis, in each of the past four years?

● (1432)

Mr. Trudeau: Mr. Speaker, the whole purpose of the conference was to reverse the trend of the past two years during which Canada was not competitive in its price and cost structure. The premiers and I agreed that in order to achieve that purpose we had to do several things. One of them was to bring down inflation, the CPI, to a rate of 3½ per cent within the next three years. The second was to keep down the cost of government growth. The third was to create confidence in the private sector so that the private sector would, with renewed confidence in the economy, create the jobs which are needed. The fourth was to specify a certain number of projects which the governments together could get under way now or in the short term.

There are many assumptions which lead to the optimism felt by the premiers and myself. All those assumptions are spelled out in some detail in the paper. The leader of the NDP can regret those assumptions; he can question whether they will be realized or not. All I can tell him is that the ten provincial governments, together with the federal government, are determined to make these optimistic projections a reality. They know they will do it if they can instil into the private sector, by which I mean the unions and management, the same kind of confidence that we in the governments of this country feel.

Mr. Broadbent: Mr. Speaker, the people of Canada want action, not just rhetoric about the confidence felt by the Prime Minister of this country. Considering we all want to bring down the level of unemployment—and I grant that members on the government side want this as much as do members on this side of the House—does the government not intend to bring in a capital works program of the kind all the premiers requested at the meeting in St. Andrews last August? Is the Prime Minister not prepared to cut taxes for medium and low income taxpayers? Is he not prepared to expand the housing budget? All these measures could provide jobs now for the people who need them. I point out that the government made no specific short-run proposals, nor did it set up specific means of achieving its main targets.

Mr. Trudeau: If the leader of the NDP is referring to some suggestions made at St. Andrews by the premiers, I would point out to him that the same premiers, with one change, were present at the conference during the last few days. We looked, together, at capital projects—a substantial list. We took those on which we felt progress could be made either immediately or in the near future and singled them out.

As to the suggestion regarding tax cuts or stimulation of demand, the hon. gentleman must recall—and, more important, the premiers took it into account—the announcement made by the Minister of Finance in October and our budget of last year which have resulted in the injection into the economy of some $4 billion in addition to what otherwise would have happened. All this led the premiers and myself to the conclusion that the economy would not perform in the years to come as it has in the past two years, because steps have been taken and policy decisions have been taken and implemented which will produce better results. This is extremely important in the eyes of all who took part in the conference.

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[*Translation*]

FINANCE

INQUIRY WHETHER MINISTER FORESEES EARLY INTRODUCTION OF BUDGET

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is to the Minister of Finance.

Since the federal government will soon launch a full-scale energy and industrial development program, which means considerable expenses, and in view of the present high rate of unemployment in Canada, could the minister tell the House whether he intends to introduce a new budget or whether he thinks there is a slight possibility that we can do with the present budget?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as the hon. member knows, we have injected $4 billion into the Canadian economy and most of the tax deductions for individuals and corporations came into effect on January 1, 1978. It is only seven weeks since we have taken these incentives and we are analysing on a day to day basis the progress of the Canadian economy, but later this spring we will be able to determine whether or not a new budget is necessary. I hope to be able to do so, but as the proposed incentives did not come into effect before January 1, we must give the economy the necessary time to react.

* * *

URBAN AFFAIRS

HOUSING—INQUIRY WHETHER STATEMENT OF PREMIER OF QUEBEC IS CORRECT

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my supplementary question is directed to the Minister of State for Urban Affairs.

Considering that in his press conference yesterday the Quebec premier stated that Quebec would lose or had lost $64 million because at the last minute the Central Mortgage and Housing Corporation changed the time limit for the presentation of public housing projects, can the minister tell the House whether the figures and the reasons given by the Quebec premier are accurate and, if so, what he intends to do to correct the situation?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I should like to remind the House that in fact, on March 21, 1977, the official of the Central Mortgage and Housing Corporation, who was the regional director in Montreal at that time, wrote to the chairman of the Société d'habitation du Québec to inform him that all these public housing projects should be submitted before November 30 to be eligible in the last fiscal year. In fact, this limit of November 30 has been applied in all the Canadian provinces. The only exception has been in favour of Quebec since after the representations which were made during the meeting I had with minister Tardif last summer, we were asked to postpone this limit of November 30. At that time, I confirmed in a letter to minister Tardif that the limit would be December 10. Not only was the limit confirmed in writing by myself but it was confirmed again by the regional director last November.

* * *

[*English*]

FINANCE

INVESTMENT FUNDS—GOVERNMENT'S INTENTION RESPECTING INTEREST RATES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As our dollar continues to plunge, with more than $450 million being drained from our foreign exchange reserves in six weeks so far this year, would the right hon. gentleman tell us whether he sees it falling still lower than its present value of 89 cents? Would he confirm speculation in the marketplace that it is the government's intention to trigger still higher interest rates in the hope of attracting investment funds to halt the retreat?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the Canadian dollar has been floating freely for a number of months and the government has no intention of changing its monetary policy. We do not intervene on the marketplace and we let the value of the dollar fluctuate according to the market situation. Moreover, the government has no intention of determining a fixed rate for the Canadian dollar.

[*English*]

GOVERNMENT POLICY ON VALUE OF DOLLAR

Mr. Sinclair Stevens (York-Simcoe): A supplementary to the Prime Minister. The Minister of Industry, Trade and Commerce has indicated that a 90-cent dollar is good. Would the Prime Minister inform us whether, in his view, an 80-cent dollar would be even better and, if so, in what way would it be better?

Right Hon. P. E. Trudeau (Prime Minister): I think the question is irresponsible. The hon. member knows that if I were to give an answer, it would set up a wave of speculation which he and his friends might perhaps make money out of, but that is not our intention.

Mr. Stevens: A further supplementary to the Prime Minister, who still believes people listen to him. I will give him another try. Our dollar, having collapsed by 37 per cent in relation to the Swiss franc, 23 per cent in relation to the Deutschmark, and 8 per cent in relation to the U.S. dollar, would the right hon. gentleman tell us whether his government has any shame at all and, if so, at what level does he intend to defend the Canadian dollar?

Mr. Trudeau: Yes, Mr. Speaker, I am ashamed of the lack of intelligence of a member who begins by saying he is not going to listen to me, and then asks me a question.

Some hon. Members: Oh, oh!

* * *

● (1442)

NATIONAL SECURITY

MONITORING PROFITS OF COMPANIES IN CANADA CONTROLLED BY SOVIET INTERESTS

Mr. Tom Cossitt (Leeds): Mr. Speaker, my question is directed to the Solicitor General. It concerns the following five companies: Emec Trading Company and Morflot Freight Liners Limited, both of Vancouver; Stan-Canada Machinery Limited and Belarus Equipment of Canada, Limited, both of Toronto; and Socan Aircraft of Calgary. Will the minister tell

the House whether or not the government is monitoring the profits of these companies kept in Canada in the form of 30 to 60-day bank certificate deposits in an amount exceeding $20 million? Is it for the purpose of determining that none of this money is ever diverted to finance KGB spying activities in Canada or the supporting of extremist elements? How long has this monitoring been going on?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I wish the hon. member would identify the source of his information.

Some hon. Members: Oh, oh!

Mr. Blais: At this time I simply wish to indicate that I find it most regrettable that the hon. member is advancing information of this nature, in the manner he has done it, without advising me of the nature of the information. This is the first time I have heard the details which he has advanced. If the hon. member were serious about assisting the security service of this nation, he would refrain from making these alarmist interventions and alarmist declarations without identifying the source of information or providing additional information relating to those allegations.

Some hon. Members: Hear, hear!

Mr. Cossitt: Mr. Speaker, I preface my supplementary question to the minister by saying that probably he knows no more about his present department than he did about the Post Office.

Some hon. Members: Hear, hear!

SUGGESTION MPs SHOULD TAKE OATH BEFORE SECRET INFORMATION GIVEN THEM

Mr. Tom Cossitt (Leeds): My supplementary question concerns media statements attributed to the Solicitor General today, namely, his unctuous admission that some of what I have been saying is true. Will the minister explain what he meant when he was quoted as saying, "We are in a very ticklish situation", and that he was prepared to let some members of parliament in on only some of the secrets, but not all, if they took an oath to say nothing afterwards? Is this an attempt to provide only half-truths to members of parliament? Is it an attempt to muzzle members by forcing them to take an oath before they learn the truth, or half-truth?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the hon. member knows full well that it has been the practice in the past to have a security briefing with members of the Standing Committee on Justice and Legal Affairs on certain matters presented before that committee. Allegations have been made on national networks and by the hon. member which could be dealt with very well in an in camera meeting of that particular committee. I am informing myself about all the allegations in order to be able to assist in that particular briefing when it is made available.

The reason we are doing that is simply in order to avoid exactly what the hon. member is relishing. Indeed, a massive amount of information relating to matters which come within national security is best not made public. Yesterday, the hon. member made allegations under a Standing Order 43 motion which are completely unsubstantiated. I find it most regrettable that when he was subsequently asked outside the House he did not want to provide any substantiation for his wild allegations which will have a very serious impact on commercial establishments hiring people within Canada and offering jobs to Canadians.

Some hon. Members: Hear, hear!

Mr. Cossitt: Mr. Speaker, instead of indulging in a tirade, I wish the minister would give the facts to the House.

Some hon. Members: Oh, oh!

Mr. Cossitt: At this time, is he prepared to rise in his place and say that nothing I have said is true? I ask him if he dares to do that.

Mr. Speaker: The hon. member for Oxford.

Some hon. Members: Oh, oh!

Mr. Speaker: Surely that question, in its very terms, is argumentative. I am sure that is understood.

* * *

INDUSTRY

AUTO PARTS—REQUEST FOR FINALIZATION OF AGREEMENTS TO IMPROVE JOB SITUATION

Mr. Bruce Halliday (Oxford): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce, to whom I gave notice. It relates to potential jobs in the auto parts industry. In 1977, Canada's trade deficit with the U.S.A. in auto parts was approximately $3 billion. Recently, as a result of considerable pressure from the auto parts industry, the third country remission order was given approval in principle by the government. But for it to be effective, administrative action is necessary. When will such action be taken? Why has there been such a long delay in finalizing this simple job-creation program?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, we are working on that. It will take place company by company.

Mr. Halliday: Mr. Speaker, will the minister give us his assurance that the remission order will be fully effective in time for the selling program planned by several Canadian automotive parts manufacturers for the European parts symposium in Geneva, Switzerland, in May?

Mr. Horner: Mr. Speaker, I think it will be ready by then, but it will have to go forward on a company by company basis.

Oral Questions

TRANSPORT

HALIFAX—RESULTS OF STUDY ON MOVEMENT OF CONTAINERS

Mr. J. M. Forrestall (Dartmouth-Halifax East): Mr. Speaker, my question is directed to the Minister of Transport. Is the minister now in a position to give the House any information with respect to the allegations, findings or revelations in the study prepared by the Arthur D. Little consulting corporation, in the United States, regarding the position Canadian National has taken vis-à-vis the port of Halifax, the port of Montreal and the cost of moving containers into the mid and central U.S. markets?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, I am not in a position to give an analysis of the relative freight rates at this point in time. Indeed, I am not able to confirm the findings of the report at this stage. However, I will look into the matter further. I hope to be able to enlighten the House on another date.

Mr. Forrestall: Mr. Speaker, it is very difficult to believe that Canadian National would deliberately create a bias against the port of Halifax, in favour of the port of Montreal, although that is not something I would put past the minister. In investigating this matter, would the minister advise himself, through consultations with Canadian National Railways, why the cost of moving containers through the port of Halifax has gone up 115 per cent since the base rate was struck in late 1969 or early 1970?

Mr. Lang: Mr. Speaker, as I indicated to the House yesterday, another alternative question may be why the rate used to be the same for a much greater distance, as well as asking the question as to why they are now different. I think the hon. member should not leave the impression that there is any concern or doubt about the great future of Halifax as a receiving port for containers. Indeed, our faith in the future of that port was demonstrated recently by the commitment there of very large investment in the development of further facilities for handling containers.

Mr. Forrestall: Mr. Speaker, I have contained my anger and tried not to be partisan with respect to this question. If the minister is going to rise and give us nonsense such as that, Dr. Bandeen can be told that he will not get his recapitalization bill.

Some hon. Members: Oh, oh!

Mr. Forrestall: I am very serious about this. I am somewhat fed up with the manner in which we are being treated by Canadian National. Will the minister, not later than tomorrow, rise on motions and advise the people of the role the government and Canadian National will play with respect to the bias against the port of Halifax, in favour of the port of Montreal?

Mr. Lang: Mr. Speaker, I indicated in my first answer that I will give that information when it is available. I will not give it before it is available: I hope the hon. member understands

[Mr. Horner.]

that. I find it rather strange— although not strange from that party—that the hon. member tries to use an argument in relation to one situation as a reason for filibustering in another case. That is how they deal with the House at all times.

Mr. Forrestall: Let us have some co-operation.

Mr. Lang: It is important for the hon. member to avoid this one-sided pessimism by spreading a certain account about Halifax. He should recognize the fact that the government has not, in a regional way, preferred one port compared to another, as he suggested, or compared whatever it be to another situation. It is true that we have invested in Montreal, in Saint John and in Halifax. It is our determination to try to do a proper economic analysis and produce the necessary port facilities, as we are doing in Halifax, when they are needed.

Some hon. Members: Hear, hear!

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● (1452)

NATIONAL DEFENCE

CONSTRUCTION OF MARRIED QUARTERS AT CFB CORNWALLIS—CONSIDERATION BY GOVERNMENT

Miss Coline Campbell (South Western Nova): Mr. Speaker, my question is directed to the Minister of National Defence. In light of the fact that more people are joining the armed forces, thus putting a strain on housing at CFB Cornwallis, is the minister giving consideration to the construction of new married quarters at that base?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, I am aware of the problem as a result of representations from the base and also from the hon. member. The matter is under active consideration at this time.

* * *

TRANSPORT

REQUEST GOVERNMENT DISCONTINUE USER PAY POLICY

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is for the Minister of Transport. In light of the fact that the user pay theory of the minister was repudiated by the premiers of all the provinces, and in light of the importance of public utility planning and transportation in this country for a balanced economy and balanced economic growth, is the minister prepared to drop the user-pay philosophy and thus do the country a big favour?

Hon. Otto E. Lang (Minister of Transport): In strict terms, this government and this minister have never had a philosophy of user-pay.

Some hon. Members: Oh, oh!

Mr. Clark: Or anything else.

Mr. Lang: It is a delightful distortion of the opposition to say that is so, but in every statement I have made and, indeed, in the statement of principles respecting Bill C-33 when it was before the House last session the developmental aspects of transportation and the use of transportation as a developmental tool have been recognized. The bill also recognized that we should not allow the user to pay too much, which is my very important concern.

What I have said, and what I will continue to say, is that productivity in this country, and economic organization, will be far better served if we do not treat subsidies from the taxpayer against one particular cost as though it were a light matter, just because the taxpayer is an anonymous individual. What taxpayers have to recognize in supporting this program is that by hiding subsidies in relation to one cost, we distort the position. I do not believe it makes sense for this country to ship a product abroad so that it ends up costing us extra money over the value of the product. Subsidies cannot be treated as a light matter; the taxpayers' money is important.

Some hon. Members: Hear, hear!

Mr. Nystrom: Mr. Speaker, the minister is one user who does not pay. It might not be the government's policy, but it is certainly his policy.

Some hon. Members: Oh, oh!

Mr. Nystrom: I should like to ask him, very seriously, particularly on behalf of the premiers of the Atlantic and prairie provinces, when he is setting transportation rates and freight rates in this country, which is more important to him, the user-pay philosophy or the economic development of those regions?

Mr. Lang: Like all members of the House, in doing my work, my transportation is provided, as it is for the hon. member when travelling between Ottawa and Yorkton, Saskatchewan, for political reasons. That is not surprising.

Development in the Atlantic region, in Quebec and in the northwest, where it is needed, has been a strong objective of this government. There can be no doubt about that being a priority objective of this government now and in the future. Surely, that should be clear.

Some hon. Members: Hear, hear!

Mr. Lang: I think its success is evidenced by the changes we are making with regard to freight subsidies in the Atlantic region. The fact is that we should look at every transportation subsidy and see if the money could be better used in another way.

As a result of changes in the Atlantic region subsidies, we are taking a certain amount of money away from subsidizing freight costs. We are still subsidizing many of them up to 50 per cent, but we are taking some of the money away from subsidizing freight costs because it was agreed by five governments that that did not help development in the Atlantic region. We are applying that money specifically to other transportation and infrastructure matters which will help the Atlantic provinces.

Some hon. Members: Hear, hear!

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FISHERIES

COMPENSATION TO EAST COAST FISHERMEN FOR STORM DAMAGE

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is for the Minister of Fisheries. It is also of interest to the Minister of Public Works and to the Minister of Transport. Last week's high winds and high tides did tremendous damage all along the coast of Nova Scotia. Damage was done to mariners, wharves, skidways, breakwaters and boats. In fact, in Little Harbour, Smithsville and Shelburne county the federal public wharfs were completely destroyed, along with some 1,000 lobster traps and a number of boats.

In light of the damage that has been done, and the fact that we in eastern Canada have the highest rate of unemployment in the nation, has the minister made any plans to review the damage in the disaster area, and will special funds be made available to repair fishermen's facilities, thereby providing much needed employment right now, as well as new facilities for the use of the fishermen?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, following similar representations from the hon. member for South Western Nova, I have directed engineers from my department to assess the damage and report as quickly as they can. We have in our budget a contingency fund which can be allocated for storm damage, and of course this we will do as soon as we have a report on the extent of the damage.

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IMMIGRATION

DEPORTATION ORDER ISSUED IN RESPECT OF NINE JAMAICAN WOMEN

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Employment and Immigration and remind him again about a very serious matter, that is, deportation orders issued against nine Jamaican women who are, I believe, in the city of Toronto. As I understand it, this action by the government has been called excessive, cruel and heavy-handed—a view which I share. Can the minister advise the House whether he has taken steps to quash these deportation orders?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I totally disagree with the preamble to the hon. member's question. Each case is looked at on its individual merits. These ladies knew the situation when they applied to come from Jamaica, and other centres, that if they had

children in that country and declared them, they could not be part of this program. They thereby prevented people who do not have children from participating in the program.

At the present time, many of them are coming forward because of the length of time they have worked and lived in Canada. It seems appropriate, when they write down a lie in making an application for a work permit in this country, that it should be dealt with on that basis. Notwithstanding that, we do not adopt a general approach; we look at each individual case on its merits. Where compassion can be shown, or where we can take some action to help them, we do that. We also met, under the aegis of the Ontario Human Rights Commission, with a group in Toronto and discussed with them ideas such as amnesties and matters of that nature which they, too, reject. They indicated we might be talking about 2,000 people in this country with children in Jamaica and other countries. With a problem of that size, I think we should be looking at it on an individual basis rather than saying that we will bring all these people in holus-bolus or send all of them out.

Mr. Alexander: I thank the minister for the lecture, but it seems to me that this government and officials of the immigration department have known for some time that women from Jamaica do have babies out of wedlock. This was known to the minister at the time the program was instituted. All I ask the minister is whether he will quash these deportation orders. Also, given the fact that some of these women have been here for five to ten years and have made a significant contribution to our economy and to the way of life in the city of Toronto, will he not at least at this time stay these deportation orders until a complete review can be made in order that a less excessive penalty may be imposed, thereby showing that in these circumstances the minister and the government have some compassion and sensitivity? Surely, some sympathy should be shown in this matter because of the length of their stay in this country. Can the minister give us that assurance?

Mr. Cullen: Even before proceedings are initiated, each case is looked at on its individual merits to find out if we should even commence proceedings. Having made that determination in a series of cases, deportation orders were made. There is an appeal to the Immigration Appeal Board. If they feel there are compassionate reasons or grounds why a deportation order should not be made, they can appeal. We have made all these procedures available to the people concerned, and I do not intend to quash any deportation order; nor do I have that power.

Mr. Alexander: You can stay the orders.

[Mr. Cullen.]

• (1502)

PUBLIC SERVICE

POSSIBLE WITHDRAWAL OF COLLECTIVE BARGAINING RIGHTS BY IMPOSITION OF SALARY CEILING

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my question is directed to the President of the Treasury Board. Can the minister confirm that consideration is being given to the withdrawal of collective bargaining rights from a large number of public servants by imposing a salary ceiling above which public servants would not be eligible to be members of a bargaining group?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I believe such a proposal was suggested in the Finkelman report and by the Committee on Executive Compensation. Many proposed amendments to the Public Servants Staff Relations Act are under consideration. No final or definite decisions have been made, although we do anticipate presenting something in the House in the not too distant future, as I have indicated publicly on other occasions.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, can the minister give us some indication of the level at which limit is being set, the number of public servants affected and whether the government has fully consulted those who are likely to be affected by changes of this kind?

Mr. Andras: Mr. Speaker, I indicated to the hon. member in the House that that, among many other proposals, is being examined. No final decisions have been taken in terms of legislation. There has been consultation about the general range of the changes to the PSSRA which we are contemplating at the present time. If and when such a decision is taken and appears in legislative form, the House will obviously be informed of it.

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PRIVILEGE

MR. COSSITT—REMARKS ATTRIBUTED TO SOLICITOR GENERAL

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise on a question of privilege. My question of privilege concerns remarks attributed to the Solicitor General (Mr. Blais) today by the news media, a great part of which refers to me. The minister is reported to have said that RCMP security officials approached me for evidence with regard to the matter I raised in this House on June 1, 1977, namely, the training of persons in terrorist activities under the auspices of the Russian KGB at a training camp located at Finsterwalde, East Germany.

The following appears in the media: Asked whether the government is trying to find out who my informants are, the minister is reported to have stated that when security officers of the RCMP approached me, "nothing was forthcoming".

The minister has made an entirely misleading and inaccurate statement which I suggest casts reflections on me as a member of parliament and constitutes a matter of privilege.

The facts are these: I was approached shortly after I raised the matter of Finsterwalde in the House by two members of the security service of the RCMP and, if I remember correctly, their names were Inspector Don MacKinnon and Corporal Dwight Dowbiggin. They asked me if I would give them the name and address of the source of my information. I assured them that I was prepared to co-operate to the fullest extent, but I added that I could furnish the name only if the individual was in agreement. I explained to the RCMP on the day in question that the individual was in Europe travelling behind the so-called iron curtain. I further explained that his ability to travel behind the iron curtain could be severely hampered and, indeed, that his life could be endangered if there happened to be a double-agent within the RCMP who came across the name and passed it on to Soviet sources.

The officers fully agreed, but attempted to obtain the name on the basis of assurances that there was really no possibility of there ever being a double-agent within the RCMP and that, due to recruitment methods followed by the security service, this was in practice impossible. Needless to say, the incident revealed by the Secretary of State for External Affairs (Mr. Jamieson) a few days ago regarding the expulsion of 13 Soviet diplomats because of attempts to infiltrate the security service of the RCMP, and their belief that they had actually done so, indicates clearly that I had every right to be concerned. It was not a matter of my not co-operating. The situation in England a few years ago in which Kim Philby, head of British counter intelligence, turned out to be a Soviet agent is a further example which speaks for itself.

In effect the Solicitor General has accused me of not co-operating with the RCMP. On the contrary, I eventually contacted my source when it was possible and was refused permission to divulge his identity to the police, and I advised them accordingly.

The Solicitor General is quoted further as saying that we are in "a very ticklish situation at a very ticklish time". While I agree with that, I cannot agree with something else the minister is quoted as saying, which I think constitutes another matter of privilege.

Mr. Speaker: Order, please. I hope the hon. member understands that one of the difficulties I have is deciphering what part of his argument is with respect to disagreement with the Solicitor General (Mr. Blais) and what part, if any, constitutes privilege. The hon. member is now going on to cite another matter about which he just said he disagrees with the Solicitor General. Matters about which there is disagreement between the hon. member and the Solicitor General are not matters of privilege, as the hon. member understands, and I would like to be sure that he confines himself strictly to matters which might relate to privilege.

Mr. Cossitt: I agree, Mr. Speaker. I used the wrong phrase. There is no question about that.

The Solicitor General was quoted further as saying that he was prepared to make information available to members of parliament later in the spring on matters I have raised, but only if they swear to keep details secret. He is reported to have added that some of the information would be given to members of parliament only under oath, but not all of it. This indicates to me an attempt by the Solicitor General to suppress the privileges of members of parliament, who are elected by the Canadian people to run this country, as if they cannot be trusted without having to take special oaths, and the implication is that with respect to some information the government would not trust members of parliament anyway, even under oath.

Finally, I submit that the Solicitor General has done the following things which breach my privileges and the privileges of others in this House: He has falsely stated and implied that I did not co-operate with the RCMP security service, and he has certainly implied that members of parliament are not to be trusted.

I feel justified in demanding that the Solicitor General withdraw his uncalled for remarks with regard to me and other members of this House. This parliament should not tolerate inaccurate and untruthful statements by the man in charge of law enforcement in Canada, who has demonstrated clearly his utter and total incompetence.

I reserve my right to move any motion which might become necessary arising from this matter.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I would like to reserve comment on this matter. I would like to read the statement of the hon. member and check the information in it. There has been no intention on my part to indicate that members of this House should not be trusted. There is no aspersion being cast. There is a disagreement in terms of facts, and I would like to check those facts out to see if there is any indication that I should make some correction.

Mr. Speaker: The matter will therefore stand until such time as the Solicitor General examines the record and decides whether any further contribution to this debate should be made.

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BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I do not know who is acting as government House leader today. The parliamentary secretary is nodding his head, so I would like to put some matters to him with respect to House business.

From the point of view of hon. members in this part of the House there is a possibility that the second reading debate on the pipeline bill might end next week. I wonder if the acting government House leader can give us his assurance that we will have the National Energy Board report on Monday. I

understand that it should be available on Monday. That could have a great bearing on the direction of the debate.

Will the parliamentary secretary also tell us which bills will be called after the House has dealt with second reading stage of Bill C-25?

[*Translation*]

Mr. Pinard: With reference to the report of the National Energy Board, Mr. Speaker, I cannot assure the House that it will be tabled on Monday, but I shall certainly inquire and make sure that it will be tabled as soon as possible, because it is of paramount importance that hon. members should be made aware of its contents and findings before they deal with Bill C-25. Today and tomorrow are two allotted days. On Monday, we shall resume consideration of Bill C-25, and should the debate on the bill concerning the northern pipeline come to an end some time next week, we should resume consideration of Bill C-17, and then of Bill C-16, to amend the Bank Act.

[*English*]

Mr. Baker (Grenville-Carleton): Mr. Speaker, there have been discussions with my hon. friend, his senior the government House leader, with respect to next Friday and the possibility of adjourning the House for the Liberal convention. Does the government intend to bring a motion forward? Perhaps we could see the terms of the motion fairly soon.

● (1512)

[*Translation*]

Mr. Pinard: I wish to thank the Leader of the Official Opposition for his offer of co-operation in this area. During the next few days, we will indeed contact the House leaders of the opposition parties and try to reach an agreement not to sit next Friday while the Liberal Party of Canada is holding its national convention in Ottawa.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 115, 691, 734, 830, 927, 1,131 and 1,139.

[*Text*]

RETIRED DEPUTY MINISTERS

Question No. 115—**Mr. Herbert:**

1. In the past five years, how many deputy ministers retired and continued to work for the government in another position?

2. What are their names and what positions did they hold after leaving the position of deputy minister?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Post Office Department, the Departments of Industry, Trade and Commerce and Energy, Mines and Resources as follows: 1. Three.

2. Mr. Bernard Wilson, retired deputy minister of Labour, provided consulting services in the area of labour relations in 1975 to the former Postmaster General, Hon. Bryce Mackasey. Mr. J. F. Grandy, retired deputy minister of Industry, Trade and Commerce, was reappointed as deputy minister by order in council effective January 2, 1975 to March 31, 1975, to accommodate management's need to retain his services until Mr. O. G. Stoner's appointment in April 1975. Mr. G. B. Williams, retired deputy minister of public works, is on a personal services contract in the office of energy conservation in the Department of Energy, Mines and Resources. All other departments and agencies submitted "Nil" replies to this question.

DREE—JOB CREATION IN ATLANTIC REGION

Question No. 691—**Mr. Howie:**

From November 1, 1976 to November 1, 1977, how many jobs were created in the Atlantic region as a result of DREE assistance and what were their nature?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): The reply for the Department of Regional Economic Expansion is as follows: The majority of programs administered by DREE do not lend themselves to job creation figures. However, under the department's Regional Development Incentives program, which accounted for 17.4 per cent of the total DREE expenditures for 1976-77, incentive offers can be related to the anticipated number of jobs to be created. A total of 2,704 jobs are expected to be created in the Atlantic region as a result of accepted incentive offers made under the Regional Development Incentives Act from November 1, 1976, to November 1, 1977. The department does not compile statistics on the nature of these jobs. In addition, it can be assumed that a significant number of jobs will be created as a result of expenditures made for development-oriented projects under General Development Agreements and other agreements.

REGIONAL DEVELOPMENT INCENTIVES RELATED TO FURNITURE INDUSTRY

Question No. 734—**Mr. La Salle:**

With reference to the Report on Regional Development Incentives for the period July 1, 1969 to December 31, 1976, what is the breakdown of Items 261-268 listed under S.I.C. Code in Table II, regarding the 68 projects related to the Canadian furniture industry?

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): With reference to the Report on Regional Development Incentives for the period July 1, 1969, to December 31, 1976, the breakdown of the 68 projects related to the Canadian furniture industry listed in table II, under SIC codes 261-268, is shown below.

Cumulative Statistics Since the Program's Inception for Projects (Net Accepted Offers) Which Had Been Completed as of December 31, 1976

Canadian Furniture Industry

SIC Code*	No. of Projects	Amount of Incentive ($000,000) Estimated at Time of Offer	Amount of Incentive ($000,000) Approved at Time of Project Completion	Eligible Costs ($000,000) Expected at Time of Offer	Eligible Costs ($000,000) Approved at Time of Project Completion	Direct Jobs (to nearest ten) Expected at Time of Offer	Direct Jobs (to nearest ten) Actual at Time of Project Completion
261	57	3.029	2.850	12.724	12.725	1,750	1,700
266	11	0.699	0.700	2.086	2.312	300	180
Total	68	3.728	3.550	14.810	15.037	2,050	1,880

* Major Group 9, Furniture and Fixture Industries, includes SIC codes 261, 264, 266 and 268. No projects fell within codes 264 and 268.

EXCISE TAX ON PETROLEUM PRODUCTS

Question No. 830—**Mr. Mazankowski:**

1. Is the government giving any consideration to replacing the ten cent per gallon excise tax on gasoline used for private purposes with a three cent per gallon excise tax on all petroleum products as recommended by the Canadian Automobile Association and (a) if so, on what date will the change be made (b) if not, for what reason?

2. Has the government undertaken any studies to determine the effectiveness of the excise tax on gasoline in promoting energy conservation and (a) if so, what were the results (b) if not, for what reason?

3. Is the government giving any consideration to requiring motor vehicle manufacturers and their agents to indicate on any bill of sale all federal and provincial taxes and thereby inform consumers where their money is going?

4. (a) Has the government undertaken any studies to evaluate the effectiveness of the weight and air conditioner tax, imposed on automobiles as an energy conservation measure and (i) if so, what were the results (ii) if not, for what reason (b) if this tax is found ineffective, will the government consider removing it and if it is found effective, will the government require it to be clearly stated as additional taxes on any bill of sale?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Finance and Energy, Mines and Resources as follows: 1. The government is continuously reviewing and evaluating proposed legislative changes. With regard to the proposal for replacing the ten cent per gallon excise tax on gasoline for personal use with a three cent per gallon tax on all petroleum products, it is considered that such a change is not a viable alternative at this time. The increase in the price of crude oil is affecting the prices of all petroleum products. The existing excise tax on motor gasoline for personal use provides a further incentive to conservation in an area of petroleum use where it appears easier for consumers to make additional adjustments in consumption patterns. Imposition of a tax on all users would unduly raise the cost of home heating and have adverse effects on Canada's competitive position by raising producers' costs.

2. No. (a) Not applicable. (b) The excise tax was not designed primarily as an energy conservation measure. The ten cent per gallon excise tax on gasoline for personal use is one of a number of influences on the demand for gasoline. These include the increase in the price of crude oil, the mileage requirements for automobiles set by EMR, the excise tax on heavy cars and other excise taxes on energy consuming products. It is difficult to disentangle the effects of all relevant influences on sales of motor gasoline so as to determine the precise importance of the excise tax in terms of energy conservation. It should be noted, however, that there is broad agreement among researchers that consumer demand for motor gasoline is responsive to changes in the price of the product.

3. No mechanism exists whereby retailers can be forced to display federal taxes on their bills of sale to consumers. Federal commodity taxes are imposed at the manufacturer's level and as such become an element in the retailer's cost. This is not unlike other taxes or costs incurred by the retailer, such as realty taxes, tax on corporate profit, the employee's share of Canada pension, unemployment insurance, workmen's compensation, hospitalization etc., which are passed on to the consumer but are not identified on the bill of sale. With regard to provincial taxes, this matter is the responsibility of the individual provinces concerned and as such is outside the area of federal jurisdiction.

4. (a) The weight tax on heavy automobiles is just one of a number of government measures and market circumstances that bear on consumer and producer choices as to the relative desirability of buying and producing various types of automobiles. For example, the mileage requirements set by EMR and the increase in the price of motor gasoline resulting from both higher crude oil prices and the ten cent per gallon excise tax, make heavier, less fuel-efficient automobiles less desirable. While it is difficult to isolate the precise effects of each individual measure, it is clear that the tendency is toward the use of smaller, lighter, more fuel-efficient vehicles. The $100 excise tax on air conditioners represents a significant deterrent to their purchase. Comparisons of revenue collected and sales of vehicles over recent months with data for the 1975 calendar year (the latest for which actual data on air conditioners sales exist), indicate a significant increase in the percentages of new cars not equipped with air conditioners. While this could be in response to several influences which are difficult to isolate, it is thought that the tax is a significant factor. (b) The question of the identification of federal taxes as a separate item on the retailer's bill of sale was addressed in question 3.

HEALTH PROTECTION

Question No. 927—**Mr. Herbert:**

Has the Department of National Health and Welfare monitored the effect on domestic production of the enforcement of health protection branch manufacturing regulations?

Order Paper Questions

Hon. Monique Bégin (Minister of National Health and Welfare): Monitoring the impact of the enforcement of the Food and Drug Regulations on domestic production of those commodities covered by the regulations is done on a continual basis. When specific regulations are being developed, the impacts of the proposals are reviewed from two positions—effects on the health and well-being of consumers, and the economic impact of the proposed regulations on consumers and the affected industry.

EXPENDITURES IN CONSTITUENCY OF NICKEL BELT

Question No. 1,131—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of National Revenue and those agencies that report to it?

Hon. Joseph-Philippe Guay (Minister of National Revenue): In so far as the Department of National Revenue is concerned: 1969-70, $1,245,108; 1970-71, $1,404,788; 1971-72, $1,662,137; 1972-73, $1,898,517; 1973-74, $2,181,375; 1974-75, $2,660,423; 1975-76, $2,853,854; 1976-77, $3,272,602; 1977-78, $2,753,571; (to date).

INCREASE IN MONEY SUPPLY AND PRODUCTIVE CAPACITY

Question No. 1,139—**Mr. Herbert:**

For each of the past five years, what was the percentage increase in (a) the money supply (b) productive capacity?

Mr. Ed. Lumley (Parliamentary Secretary to Minister of Finance): (a) Increase in money supply. Money supply is defined as demand deposits at chartered banks plus currency held outside banks (M1): 1973, 14.4 per cent; 1974, 9.7 per cent; 1975, 13.8 per cent; 1976, 7.9 per cent; 1977, 8.1 per cent. (b) Increase in productive capacity. The data below are annual increases in productive capacity of the manufacturing sector as derived from Statistics Canada published data. Statistics Canada does not publish a corresponding series for the total economy. 1973, 4.1 per cent; 1974, 4.8 per cent; 1975, 4.1 per cent; 1976, 3.6 per cent; 1977, 3.3 per cent.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 476 could be made an order for return, that return would be tabled immediately.

Mr. Speaker: The questions listed by the parliamentary secretary have been answered. Is it the pleasure of the House that question No. 476 be deemed to have been made an order for return?

Some hon. Members: Agreed.

[*Text*]

SOCIAL ACTION PROGRAM GRANTS

Question No. 476—**Mr. Elzinga:**

1. Under the Social Action Programme of the Department of the Secretary of State, what was the total amount of funds granted, by province and territory in (a) 1969 (b) 1970 (c) 1971 (d) 1972?

2. By province and territory, what (a) were the names and addresses of the organizations who received such grants and what was the amount in each case (b) was the specific reason for each such grant in (i) 1969 (ii) 1970 (iii) 1971 (iv) 1972?

Return tabled.

[*English*]

Mr. Jones: Mr. Speaker, I rise on a point of order. On several occasions I have drawn the attention of the Parliamentary Secretary to the President of Privy Council (Mr. Pinard) to the possibility of obtaining an early, complete, and detailed answer to question No. 145. I would appreciate it if he could expedite that.

[*Translation*]

Mr. Pinard: Mr. Speaker, I refer the hon. member to the last answer I gave him on the matter. May he rest assured of my good faith in my efforts to reply to his question as soon as possible.

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

Some hon. Members: Agreed.

[*English*]

THE CANADIAN ECONOMY

LACK OF PROPOSALS TO INCREASE EMPLOYMENT—MOTION TO ADJOURN UNDER S.O. 26

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask leave, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the failure of the federal government to place before the first ministers' conference any concrete proposals either to produce jobs for the immediate future or to establish the specific means for creating long-term economic growth, as a result of which 1.6 million unemployed Canadians are left without grounds for optimism for their future and the Canadian economy will continue to falter.

Mr. Speaker: Pursuant to the relevant provision of Standing Order 26, the hon. member for Oshawa-Whitby (Mr. Broadbent) gave the Chair notice of his intention to move this motion at this time. This has given me the opportunity to

examine the terms of the motion in order to examine first, as I am required to do, whether it is a proper subject to be discussed, which essentially provides the machinery for the establishment of debates on matters of an emergent nature.

I refer particularly to sub-paragraph 16(a) of Standing Order 26 which reads as follows:

16. The right to move the adjournment of the House for the above purposes is subject to the following conditions: (a) The matter proposed for discussion must relate to a genuine emergency, calling for immediate and urgent consideration;

I think hon. members will understand that I am not about to endeavour to define in a specific and comprehensive way what type of matter will qualify pursuant to this paragraph, but I am able to address myself to the subject matter of this particular motion and say that a motion of criticism of the government's performance at a federal provincial conference does not, in my opinion, qualify under that paragraph, and therefore I cannot grant the application.

* * *

POINT OF ORDER

MR. McKENZIE—DELAY IN ANSWERING QUESTIONS ON ORDER PAPER

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a point of order. On December 7 I placed a question on the order paper asking whether the hon. member for Assiniboia (Mr. Goodale) was being charged for using the DOT Telex network to send out political messages. This is a straightforward question and there has been time to answer it since December.

On December 13 I placed a starred question on the order paper asking whether Air Canada was going to have a flight from Winnipeg to Chicago. In light of the fact that Air Canada has issued a press release to the effect that it will not be flying this route, I submit it is ridiculous that the parliamentary secretary cannot provide an answer to the House of Commons.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, so far we have answered over one third of the questions put on the order paper, which is an excellent average. However, I can assure the hon. member that we will check his questions and try to answer them as soon as possible.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—REGIONAL DEVELOPMENT STRATEGIES FOR EASTERN QUEBEC AND ATLANTIC PROVINCES

Hon. Robert L. Stanfield (Halifax) moved:

That, in the opinion of this House, the government must now renew its commitment to reduce regional disparities by developing and implementing without further delay comprehensive development strategies for eastern Quebec and the Atlantic provinces including such areas as transportation, energy, primary resources, industrial and service sector expansion.

Mr. Speaker: Pursuant to Standing Order 58(11) proceedings on this motion will expire at the ordinary hour of adjournment this evening.

Mr. Stanfield: Mr. Speaker, before presenting my case for the resolution, I should like to clear away a little piece of debris which also helps to point up one of the things that has been wrong with the general approach in the fight against regional disparities in the area being considered by the House today.

Yesterday in reply to a question, the Minister of Transport (Mr. Lang) gave the impression that somehow a royal commission appointed by the government led by the right hon. member for Prince Albert (Mr. Diefenbaker) imposed upon the minority Pearson government the necessity to pass legislation governing freight rates which the Minister of Transport does not approve of today. The minister correctly pointed out that this legislation provided inadequate regulation of freight rates in areas where competition was limited. The minister tried to give the impression that this was somehow or other imposed upon a minority government. He said, for example, that the reason freight rates are what they are is that after the MacPherson commission set up by the right hon. member for Prince Albert, the minority parliament enacted legislation which gave, essentially, freedom to the railways to set rates on the principle of what the market would bear, on the theory that competition would control the situation.

In my opinion this has worked to the detriment of the Atlantic area. I happened to be premier of Nova Scotia at the time this legislation was being drafted and considered by the government and put through the House. All Atlantic governments opposed it on the grounds the minister mentioned yesterday. The Maritime Transportation Commission opposed it, yet the government insisted on passing the legislation in the form it was adopted.

For the minister to suggest that the Liberal government of the day was somehow pressed into adopting the legislation by a royal commission is to suggest that the Hon. Jack Pickersgill, who was Minister of Transport at the time, was a patsy—which he was not, whatever else he was—and that he completely falsified history.

It is the kind of distortion and political falsification which we do not need, particularly in the case of regional disparity and its causes. This is the kind of distortion and falsification

that increased my own personal doubts about how much one can believe of many of the statements being made by ministers these days.

I deliberately made that statement at the beginning, Mr. Speaker, because it is not my intention to generate any partisan heat in the course of this debate.

● (1522)

I wish to focus attention on a serious and deepening national problem and the urgency in facing it. As I indicated, the way in which freight rate legislation and the control of freight rates have worked against regional economic development in the Atlantic area is an example of what I have in mind.

First of all, there is much about regional economic disparity we can agree on; it exists as far as the Atlantic provinces are concerned. It is serious, and it is clear the approaches in dealing with it are inadequate. Ten years ago the Prime Minister (Mr. Trudeau) made a commitment at a time when he had not given it much thought. The problem was how to attack regional economic disparity. He promised the establishment of a department, which became DREE. At that time I expressed some reservations concerning the ability of such a department to co-ordinate adequately the operation of the federal government. I expressed some reservations about the whole approach and I think they were justified. In any event, whether they were justified or not, surely the time has come for a thorough review of the policy and approaches that have been followed during the last decade. I want to do this without threshing over too much old straw and I do not propose to spend much time on statistics.

There is clearly serious unemployment in eastern Quebec and the Atlantic provinces. There is a serious gap in the per capita income in that area as compared with the rest of the country. This gap exists despite very substantial transfer payments. Indeed, in a very real sense the economic weakness of that region is more serious than the income disparity would indicate because transfer payments have, in fact, shored up, and continue to shore up the income figures.

The economy of that region is relatively weaker vis-à-vis the rest of Canada than it was ten years ago. And I say that very deliberately, Mr. Speaker. I do not say this to spread gloom or doom, or anything like that. It is not that there are no opportunities in that region, there are opportunities. There are opportunities in industries such as fisheries, by way of tidal power development and power development generally, and many things that no doubt DREE has under consideration.

It is not a matter of being gloomy, it is a matter of recognizing that far from making progress the economy has slipped in terms of strength relative to the rest of the country. This to some extent has been disguised by the increase in transfer payments from the Government of Canada to those areas. It is time for a thorough review of policies.

I do not think DREE has ever been in the position to develop and implement a coherent strategy to attack economic policies in that area. There have been attacks launched against particular problems. There have been agreements entered into concerning problems in sections of the Atlantic provinces. There have been useful steps taken to help develop the infrastructure in various parts of the Atlantic provinces. I, for one, have never been able to see what seems to me to be essential, a plan or a strategy involving the co-ordinated efforts of all the federal departments and agencies. This should be a plan not imposed on the Atlantic provinces, but worked out with their governments, and followed by their governments, a coherent, co-ordinated and co-operative effort. Whatever else is essential to attack problems of regional disparity in that area, those requirements are essential and we have not met them, Mr. Speaker.

Some are questioning not only the lack of coherency, the lack of co-operation and the lack of co-ordination, but also whether what has been done is moving things in the right direction at all.

In a recent lecture, which was described as deliberately provocative, Professor Thomas H. Courchene of the University of London, has argued that the effect of transfer and other policies in recent years has been to worsen the economies of the poorer provinces. In the introduction to his lecture he says that the current system of transfers, between governments and from governments to persons, is not at all conducive to eliminating regional economic differentials in this country.

Indeed I should argue the current pattern of transfers is serving to rigidify, perhaps even exacerbate provincial and regional disparities. I do not think one has to accept all of that to recognize that there may be some questions to be asked, or to agree fairly substantially with what Professor Courchene declares on page 17 of these lectures, when he says that "The thrust of the above analysis suggests that the economies of the have-not provinces are likely to have deteriorated relatively over time" which is my own view—"deteriorated in a sense they are put in a position where to an increasing extent they rely on federal transfers for their well being."

Put more bluntly, the result of the combined policies with respect to Canada's various regions is such that to a substantial degree Canada has turned several provincial economies into what financial analyst Don McGillivray has referred to as government dependencies. As a native Nova Scotian I do not read that with any great pleasure. It seems to me there is some element of truth and that we have and are creating governmental dependencies. I do not suggest the federal government is solely to blame for this. I believe that George Post, at the time acting chairman of the Economic Council of Canada, hit the nail pretty well on the head when he said to the *Chronicle-Herald* on September 20, 1977:

> It's never quite the right time for governments to engage in bold new initiatives, ... Some day, governments are going to have to face the disparity issue, ... The problem shows not the slightest indication of going away on its own.

I think, Mr. Speaker, the time has come to take a clear, hard look at what has been going on. Some bold new initiatives and approaches should be conceived and implemented. It is not simply a matter of me expressing opinions or academics like Professor Courchene. A senior Newfoundland minister recent-

ly declared that the effort to achieve economic development, as contrasted to what has been done to improve infrastructure, had been a failure.

Surely in view of these statements, and in view of what we can all see, it is necessary to take a hard look at what that minister described as a failure, and try to do something better. As I say, and I cannot repeat it too often, a basic condition for doing better is a thorough co-ordination of federal effort and the thorough co-operation of the concerned provinces with the federal government in attacking the problems of the region.

It may be that the problems and opportunities in Newfoundland, Labrador, and eastern Quebec are sufficiently different from those of the maritime provinces to require, in part at least, a distinctive approach from what would be appropriate for the maritime provinces. However, the federal and provincial governments, and I deliberately say federal and provincial, must have enough political courage to take a regional approach. This would not please every provincial or federal constituency in the region. Any coherent and effective plan to attack the causes of regional disparity may seem unfair for the time being to some sections in that region. The governments must have the intestinal fortitude to face that complaint. They must not be frightened by complaints that another province or another section in their own province is doing better and, as a result, the regional effort is disrupted. No approach will be absolutely fair to all at the same time. Lord knows there is plenty of intraregional disparity now, plenty of economic disparity within the region. It may indeed be as great as the disparity between the region and the rest of the country.

● (1532)

In terms of getting agreement, understanding, approval of an approach within the area, and of getting the people in various walks of life and different sectors of the economy behind a program, the people should be more involved in developing it. I am not suggesting that the ministers of this government should be following absolutely a program such as the one we had in Nova Scotia, called Voluntary Economic Planning. It involved representatives of business, labour, farmers and other people in developing a planned approach. It was not simply a matter of people accepting something produced by the bureaucrats and the politicians, but rather of developing an approach together.

If this is a practical way to proceed in the maritime provinces, it could diminish enormously the distrust between different provinces, the distrust between different sections of the provinces, and could increase enormously the support that any strategy or approach would receive from the total area. It is worth thinking about some variation of that kind of approach, plan, or method of policy. I believe it is worth considering the application of this to the maritimes as a whole.

When I talk about maritime co-operation I want to make it very clear that I am not proposing, at this time at least, maritime governmental union. I want that made clear. It has been recommended by a commission, but it has not yet been adopted and I see no sign of it being adopted. I do not wish to drag any red herrings around at this time.

There has been a degree of co-operation developed among the maritime provinces. However, one sometimes gets the impression that competition is being stressed more than co-operation. When the going gets tough, competition between the provinces takes over. It may not be a big matter, but there has been feuding over the location of the veterinary college. Anybody who has been following the situation can mention other instances where one province is seen to have difficulty going along with the others.

Co-operation between or among the provinces cannot be just a matter of convenience. It must be a governing factor at all times. Newfoundland-Labrador and eastern Quebec may be sufficiently distinct, but surely it makes sense from a national point of view to treat the maritimes as a unit of economic development. That does not mean the federal government should impose on those three provinces a plan of development. It does mean that the federal government should insist on a common plan of development and a common strategy to be developed by the people of the three provinces and the federal government. Once that plan or strategy has been agreed upon by everyone concerned, the federal government, its departments and agencies and the provinces, that strategy or plan could only be changed by agreement.

The federal government must show leadership here. That is not to say the total responsibility rests with the Government of Canada. I do not believe that. However, it must take the leadership. The governments and the people of the region must have their responsibility as well. Let us have an end to ad hoc federal initiatives and an end to ad hoc demands for federal action on particular problems. They have never amounted to an adequate approach and they certainly do not now. In fact, they are creating a complex of dependence.

I do not suggest that all decisions on projects be postponed until there is agreement on a strategy or plan. Far from it. There are measures in particular sectors that should go forward promptly, ones that would clearly be right and appropriate under any plan. Some of these will be suggested today by colleagues who will follow me in speaking, in the areas of fisheries, development and transportation. These specific measures will be full of merit. Many meritorious suggestions have come forth from the maritime provinces. These specific measures in particular sectors will not be enough in themselves to constitute a coherent and adequate plan to lift the economy of the maritimes and the Atlantic provinces as we want to see done.

The governments must do some pretty fundamental thinking about the total strategy. I am not suggesting one should accept all the doubts created by Professor Courchene and other academics, thoughtful men no doubt. Nevertheless, after ten years of government under the present Prime Minister, eight years of DREE, and after what any fair minded person must qualify at best a very limited success, it is surely time to take a very searching look at what has been going on, what has worked, what has not worked, and what is the trouble.

Because of my strong belief about the need for review, I am happy to see the academics looking at this. I was pleased to see the Economic Council of Canada study regional disparity. It published the findings of its study in a report called "Living Together".

This is not the first time the Economic Council of Canada has taken a very comprehensive and helpful look at this problem. When Mr. Deutsch was chairman of the council in the sixties, the council published a very comprehensive study of the problems of regional disparity in Canada. It is my hope that the new chairman of the Economic Council will keep this great national problem very high on her list of priorities for the council to study.

There seems to be, as I will indicate in a few moments, a substantial difference of opinion between the Economic Council and the Department of Finance, to mention one department. For all I know, there may be a substantial difference of opinion between the council and the Department of Regional Economic Expansion. It is essential that they all get together to do their thinking and try to come together in their assessment of what needs to be done.

At the time of this report last year, the acting chairman described governmental response to it as "underwhelming". That is the word he used to describe the reaction in government circles. The Economic Council highlighted one factor in its report. It noted that unemployment increases more rapidly in the Atlantic provinces than in other provinces during a national economic recession. Simply put, the report suggested that this means that effective demand falls more in the Atlantic provinces than elsewhere as a result of a national recession. The report made some recommendations. It recommended a joint federal-provincial effort to offset this factor through a fiscal stabilization plan, part of which might involve temporary tax cuts, directed to the Atlantic provinces and not to the rest of Canada.

● (1542)

This is not the only point made by the council in this report, but I was interested to find the council pushing hard the view that during a recession the economy of the Atlantic provinces falls further behind than is the case with respect to the economies in other parts of the country. Whatever one thinks about the solution the Economic Council proposed, its analysis of the problem is very impressive.

We in the maritimes have always felt in our gut that economic depressions or recessions slowed down our growth more than was the case in the rest of Canada; that we were usually the first to be hit and the last to recover, and that any momentum we got going during the upward movement of the economy was destroyed during the recession and became very difficult to restore. If this gut feeling is right, if the analysis made by the Economic Council is right, this explains a good deal of the chronic weakness in the economies of the areas to which I have referred. If national recessions—and they come every few years—have a much greater impact upon the Atlantic region than upon the rest of the country, then the effect becomes cumulative.

After reading this report, I wrote to the minister of finance of that day, now the hon. member for Rosedale (Mr. Macdonald), asking what the Department of Finance thought about this point made by the Economic Council and about its proposals to correct the situation. The minister was most responsive and I want to thank him publicly now for his courtesy in replying at length. He wrote me a long letter setting forth the department's reaction.

The department did not accept the council's contention that, because unemployment rises faster in the Atlantic provinces during a national recession, the economies of those provinces are necessarily set back further than they are in the other provinces. It stated that unemployment swings down further during recovery than it does in other provinces—not to a lower point, of course—and that consequently the entire cycle does not hurt the Atlantic economy. The department argued that during national recovery the drop in the rate of unemployment was greater in the Atlantic provinces than in the country at large. The former minister argued, also, that although unemployment rises to a higher point in the eastern provinces during a recession, output does not.

I must say I do not find the department's response to the analysis of the Economic Council very convincing. This may not indicate that the department is wrong, but I find myself still siding with the Economic Council. To my mind it does not explain away the effect of recession on the Atlantic economy. As to the council's proposals to stimulate effective demand and employment by a policy of fiscal stabilization, the department pretty well dismisses it out of hand, on the whole, I thought, with arguments which are reasonably convincing. I am not prepared to make a case for the remedial measures the council proposed.

Toward the conclusion of his letter the former minister wrote:

> It is far from clear that the new approaches proposed by the council offer any net advantage over the approaches already being used in the effort to lessen regional disparities. It may be noted that a number of approaches already in use, including DREE grants and the regionally differentiated investment tax creadit of the last budget involve specific incentives to locate economic activity in the target areas. In general, this seems to us likely to be more effective than less direct approaches.

As I have indicated, I accept his criticism of the solutions proposed by the Economic Council but I have to say that while the hon. member for Rosedale was persuaded that the methods being employed were probably more effective than those proposed by the Economic Council, those methods have not yet shown anything which could be considered hopeful by way of results. I believe the Economic Council drew attention to a very serious problem and that its analysis was significant.

The Acting Speaker (Mr. Turner): Order. I regret to interrupt the hon. member but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Stanfield: I apologize to the House, Mr. Speaker. I will wind up very shortly. To sum up, we have to examine what has been going on in other departments. We have to insist upon co-operation and co-ordination. We have to pay strict attention to the analysis of the problem put out by the Economic Council. And we must pay attention to something else which was said by the hon. member for Rosedale while he was minister of finance.

> The very fact that such a substantial government effort had to be made in order to achieve results would seem to indicate that there are limits to what the government can accomplish when it moves to counter the economic forces producing regional disparities. I am not saying we could not perhaps do more in this regard, but that we should not expect government policies to completely eliminate regional disparities. For this to occur, the proper conditions must exist in the private sector of the economy.

What does that mean? I thought this was what we were trying to create. I thought we were trying to create proper conditions in the private sector in eastern Quebec and the Atlantic provinces. Was the minister suggesting there is something wrong with attitudes or with the organization of industry in that region of Canada? Was he suggesting there are marketing difficulties? What, in the view of the Department of Finance or of the government generally, are the proper conditions? What are the weaknesses which exist today? I think it is time for frankness. I do not expect the government to commit hara-kiri by saying things which are offensive to the people of that region, but if there is something wrong with existing conditions such as to prevent enterprise from developing in the region, I think it should be discussed.

Of course the classic grievance in the eastern provinces arises from the very shape of the Canadian market which at the present time offers such striking advantages to industry in central Canada. I think we ought to be considering ways of overcoming this situation which has been a significant cause of regional disparity. Unless we can do something to change the shape of the market, the areas we are talking about today will increasingly become colonial economic dependencies of central Canada.

What are the weaknesses in the private sector? Granted, the government cannot do everything itself. My colleagues will be putting forward specific proposals.

● (1552)

In summary, my case is very simple. We have not been successful. By "we" I mean the Government of Canada; the Parliament of Canada; the government, the legislatures, and the people of the areas concerned. We have had very limited success, to the degree we have had any success at all, in confronting these problems over the last decade.

In order to have success we must have a coherent, co-operative, co-ordinated policy. Personally I am not happy. Huge sums are being spent, and the economy is not strengthening. I am not happy when I see the governments in the area I come from becoming increasingly dependent on the federal government, nor the increasing discouragement which I sense there. Not just the federal government, the provincial governments, and the people of the region, but everyone should accept their responsibilities and face reality. The beginning of this process is a review of what is going on. Certainly it includes the whole-hearted co-operation of provincial governments. It requires leadership from the Government of Canada, and that is what I ask for today.

Some hon. Members: Hear, hear!

Mr. Jamieson: Mr. Speaker, in rising to compliment the hon. member, and not wishing to participate in the debate, I use the devise of a point of order, and perhaps it may be a question of privilege. I compliment him on a very well-balanced and thoughtful presentation. He was alluding to me when he made reference to my having indicated my feeling that DREE had failed. In confirming his views on this matter, I want to say that I was speaking in that context in terms of new industry in the area. It was not a blanket denunciation. I am sure the hon. member did not mean it to be in that sense.

Mr. Stanfield: Mr. Speaker, certainly I meant to make it clear that the minister thought DREE had done well in terms of infrastructure, for example, but it had not been a success—and perhaps he used the word failure—in terms of economic development. I do not want to be unfair to the hon. minister.

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, my first words are of course directed to the hon. member for Halifax (Mr. Stanfield) whose sense of moderation and responsibility in debating such serious issues I always admire. He almost always shows that attitude anyway, I think, and I believe he considers the economic problems prevailing in the Atlantic provinces and in Quebec as a very serious issue.

I wish to congratulate and thank him for having given us the opportunity to discuss regional disparities, the particular economic situation of eastern Quebec the Atlantic provinces, as well as the efforts that have been made, the successes achieved and, above all, the important challenge facing us. I thank him for the opportunity he has given us, Mr. Speaker, and I want the House to know that during the time allotted to me I will try to talk the way he has, that is in a general way at the beginning, but also in a rather selective way as regards what we have done in the past, what we are doing now and what we hope to be able to achieve with the co-operation of the provinces in the coming months and years.

[*English*]

I welcome the opportunity to speak to this motion, particularly in light of the discussion related to regional policies and regional development which took place at the conference of first ministers. As hon. members know, I participated in a number of the sectoral conferences leading up to the conference of first ministers and was represented by senior officials on the federal delegation to others. The DREE input to these conferences was significant and the DREE presence was widely appreciated, indicating as it did the emphasis which the federal government has been giving, increasingly in recent years, to the regional dimension of policies affecting economic

development. This dimension received a good deal of attention at the meeting of finance ministers and at the conference of first ministers itself, where it was represented by a separate item on the agenda. The lead speaker for that item was Premier Hatfield of New Brunswick. I should like to refer to some of the comments he made concerning that particular topic. Page 5 of his statement reads as follows:

Looking beyond the cyclical condition, I think that very significant progress has been made in broadening the economic base in many of the poorer regions. It is this longer term improvement which should permit us to make significant gains once the economy returns to more normal levels.

Let me try to illustrate this for the Atlantic provinces.

One key indicator of the basis for growth in the Atlantic region is the amount of fixed capital stock. There has been an impressive growth in the real level of capital stock. For instance, between 1961 and 1974, total fixed capital in the Atlantic provinces increased at an average annual rate of 9 per cent—almost two percentage points higher than the rate of growth in Ontario.

Before the cyclical downturn, when capacity utilization declined across the country, this investment was reflected in impressive growth in output and employment. For example, from 1966 to 1974, the value of Atlantic manufacturing output grew at an average annual rate of 24 per cent—a full nine points above the national average. Over the same period, Atlantic manufacturing employment increased at an average rate of nearly 2 per cent—almost twice the Canadian average.

With respect to the need for modification to the approach of DREE, he said:

Both the investment tax credit and the recently announced employment tax credit have been designed to provide additional assistance in the DREE designated areas.

He referred to other tools, other means, and other departments becoming involved in fighting disparities. He said:

Programs of the federal government must continue to be increasingly designed with regional development needs in mind. The most important method in achieving a co-ordinated approach to regional development at the present time, however, is that of the Department of Regional Economic Expansion.

Also he said:

We should give DREE a good deal of credit for what it has achieved and we cannot blame regional development policies for the setbacks resulting from cyclical difficulties.

[*Translation*]

Mr. Speaker, those were the comments of premier Hatfield which, were taken up again by several other Canadian premiers with slight differences of course. I would like to take this opportunity to deal with part of the motion now under consideration in which the hon. member for Halifax is asking the government to renew its commitment to reduce regional disparities. I would like once again to quote from the press release at the end of the conference which is rather explicit on regional disparities, and I quote:

● (1602)

[*English*]

First ministers strongly affirmed the importance of reducing regional disparities and the continuing need for review and expansion of programs for regional development, based on the longer-run economic development potential and transportation requirements of each province and region.

It was also agreed that we should continue to be the major federal agency for these purposes. So definitely we have a commitment here by both levels of government to carry on our joint efforts in reducing regional disparities.

[Mr. Lessard.]

[*Translation*]

Mr. Speaker, I am going to spend a few moments dealing with the Atlantic region which presents enough reasons to concern my department. There are enough on going projects to say a few words about them. When this department was established, we have worked in terms of designated and specially designated areas. It was an approach which at the time was in the line of thoughts of the hon. member for Halifax who recognized the potential and the existence of some centers and poles of growth. Both levels of governments identified some poles of growth and established a program of expansion to create in those places a situation which would stimulate the expansion of businesses. We have witnessed the establishment of such centres in each one of the maritime provinces as well as in Quebec, in the prairie provinces, in Ontario and even in British Columbia.

As the hon. member has pointed out, after a few years this approach has proved to be valuable but it also had weaknesses, as a result of which the efforts of the federal and provincial governments were concentrated in very specific areas within the provinces. The hon. member—and I commend him for his position—has recognized that it was always hard to be selective in that kind of action, that while we recognized the growth potential of some regions, we denied such recognition to other areas of those same provinces.

After spending tens of millions of dollars in these expansion centers over a period of three or four years, we finally realized that by doing so—something the Economic Council of Canada has recognized for that matter—we had in fact contributed to widening the income gap between expansion center residents and people in other areas of these provinces. This had become evident, for instance, in New Brunswick, Nova Scotia and indeed in Newfoundland: in St. John's where our expansion center was located, the incomes of the local residents increased much more rapidly than elsewhere in the province, therefore we would constantly receive a great many representations for the implementation of similar programs within these regions and sub-regions. While continuing to provide assistance to the expansion centers which we had identified, we had the opportunity, through the General Development Agreements and subagreements we had with the provinces, to open new areas for development in these subregions.

When the hon. member suggests that we should take a more comprehensive approach and have a master plan for all the Maritimes excluding Newfoundland to which he recognizes a somewhat different status, I fully agree with him in principle. One wonders how it would be done while respecting, of course, the provinces' will and authority as well as the potential and the projects that may be carried out. We thought it could be done by stages. The GDA entered into with each one of the provinces is one step which brings us closer, of course to a consensus among the Atlantic authorities on the need for shared costs programs.

The Council of Maritimes Premiers is helped financially by the Department of Regional Economic Expansion. The department also supports many projects which are jointly decided

upon by the three Atlantic premiers. I believe it is a good start in the right direction. The hon. member has pointed out some difficulties. There has been agreement on some projects we have carried out together, but then there was some disagreement. It is not easy, and the hon. member quite agreed.

Now, to come back to that new framework, known as the general development agreement and subagreements, I feel that we have there a new approach for planning, analysing, identifying and coordinating our work which is by far superior to what we had before. It may not be perfect, as I am the first to admit but it will provide us with an opportunity for better co-ordination between both federal levels of government and later on, various departments.

When I took this portfolio over two years ago, we had just a few subagreements in operation. The House may be interested to know that since the model agreement for development has been signed, we have negotiated and signed, with the provinces of Canada, 78 agreements which were amended in 80 instances. Thus, we have been practically negotiating new agreements all the time or amending existing ones. That process may seem cumbersome and slow, but it is one of joint assessment studies.

It is a planning process, one through which the efforts of several federal departments are co-ordinated with a view to maximizing the impact of federal interventions in various regions through the subagreements I have mentioned. As recently as last week, I signed an agreement with the province of Alberta; we travelled up north in that province, to Fort Vermilion, close to the 60th parallel, and met with officials of that community which, for practical purposes is in a sense the capital of the area where the agreement will be implemented. Two of my colleagues joined me in signing that agreement. And together with the government of Alberta we will be able to deal with problems in the northern part of that province, problems affecting small groups of people, whether they are natives of the area, Indians, Metis or white people. This is a co-ordinated effort. But in three Atlantic provinces as a whole—because Prince Edward Island must always be excluded as it has a very special agreement—we now have 38 agreements that have been signed and already amended 55 times for very substantial amounts touching practically every sector of the economy.

● (1612)

In his last remarks the hon. member asked why, when there is an economic recession, the Atlantic provinces and eastern Quebec—a good part of Quebec—are always more rapidly and severely affected, and when an upturn occurs only after central Canada has regained strength do the Atlantic regions and Quebec start feeling the beneficial effects. This is a matter that other levels of government neglected and with which we are concerned.

What conditions could be achieved in those provinces so that when we have a recession it would affect the Atlantic region less or at least no more than the other parts of this country? I do not think that any of them are being treated more favourably than the others. But what we would like to try and do is find out how we could develop the economic industrial structure in the Atlantic provinces, as the hon. member pointed out, so that when there are hard times in the international context the same area will not always be the one to be affected.

It is difficult to give an answer to that. We think that by improving various forms of infrastructures—and when my colleague the Secretary of State for External Affairs (Mr. Jamieson) referred earlier to the statement he made, of course the first years were not a success from an industrial standpoint. A few gains were recorded. In the case of his province, Newfoundland, our greatest efforts were designed to develop the infrastructure and help the province to manage more efficiently its resources: forestry, the mining sector, energy and particularly hydroelectricity, through existing agreements, and there is quite an impressive list of 13 agreements that have been amended 34 times in the case of Newfoundland, as we want that flexibility to adapt our programs to the opportunities identified by the province itself. We want the province of Newfoundland to develop its potential, and this is also true of every province.

It was recognized that if the economy of Newfoundland was to be strengthened so as to be able to weather bad times, its base should be reinforced. In fact, it had a poor highway system and in many places an inadequate school system, and in some municipalities there was no infrastructure at all.

I think we had many reasons to take some action designed to reinforce the position of those provinces. The economic deterioration of the Atlantic provinces is a trend that developed over a period of at least 50 years or even 100 years. It is obvious that we shall have to develop a long-term strategy to remedy the situation. It will require a sustained and significant effort. And then, of course, we may not agree on the level of funding and financial commitment by the federal government to help Atlantic provinces develop their economies and over come their economic short comings.

I will not deal in depth with the case of Prince Edward Island as my colleague, the hon. Minister of Veterans Affairs (Mr. MacDonald) will have an opportunity to raise that issue and I assume that as a representative of Prince Edward Island, he will be willing to speak about his own province. I will therefore limit my remarks to the three other provinces.

A study of the programs now in place in those three other provinces, namely Newfoundland, Nova Scotia, New Brunswick, shows that we are now working to develop their forest resources. We have set up procedures to carry out inventories, analyses and careful identification of these resources, and to build access roads and carry out a reforestation program.

Finally, we have helped establish what has been commonly referred to as forest resources management in those three provinces. It did not exist previously or at least if it did, it was very fragmentary. This is an extremely important resource for those provinces and I think we had to tackle these problems and try to develop their potentials.

In other provinces, more particularly in New Brunswick and Newfoundland, we noted that the road ways were run down. In Nova Scotia we conducted three or four major studies on that issue. We found that the situation in Newfoundland is particularly serious. Over the past five years in particular, we kept pouring money in to improve the road infrastructures in that province and provide means for the development and transportation of those resources. This required large amounts of money.

Mr. Speaker, I could mention several other areas. Tourism is a resource that we are now developing after identifying several sectors. In the province of New Brunswick, for instance, 15 existing agreements have been amended 28 times. This shows the flexibility of our approach. We want to be able to plan with the province. Our aim, perhaps on the rather long term, is to achieve a comprehensive planning and recognize the specific nature and advantages of each province.

It is very important to capitalize on the real advantages that exist in these provinces since it may be dangerous to establish industries there which have no affinity with the area. We have tried this approach and it has failed. We have had certain failures, but we have also had some success. There is, for instance, the case of the Michelin company in Nova Scotia. This is an obvious example of a major intervention on the part of the government which has been and still is completely successful. However, there have been other interventions which were not as successful, and we recognize this.

We have the honesty to admit making mistakes occasionally, we recognize that situations have changed. We are not the only ones to have made mistakes, the province too and the private interests which suggested these projects, invested in them and also suffered major losses. It is therefore through the joint efforts of both levels of government, the private sector and the people in the area that we shall be able to gradually correct the real weaknesses of the economic structure of the Atlantic provinces. At first, we must depend on the resources, we must of course depend on the people and we must also consider future possibilities. In view of the 200-mile limit, fisheries have a fantastic potential, but we must not go too fast because we have things to do and we must do them by stages.

Because of its geographical position, Newfoundland is the province which has direct access to this resource. We are also aware of this potential, and my colleague, the Minister of Fisheries (Mr. LeBlanc) is also well aware of this potential, of certain difficulties, of certain prerequisites for an effective management of this resource, both in the short and in the long term, because it requires substantial investments on the part of the governments and the private sector.

● (1622)

Mr. Speaker, we could dwell a long time on what the department has done. I shall not mention any amount of money because that would be the easy way out. The statistics are available to everyone, and I shall not refer to them because I think there is something much more fundamental in the concern we should have today, namely how to co-ordinate our efforts to be able to develop the economy of the Atlantic provinces.

I see the hon. member from Cape Breton. He will take the floor later. Of course, he will refer to the problems of the province of Nova Scotia, and to those of Cape Breton in particular. He knows my concerns very well. He is very well aware of the objectives we are trying to pursue and to fulfill at the present time. He knows very well that in the last few months we made certain decisions. We helped SYSCO to modernize. We see results. We hope that some of the things indicated to us will be confirmed and we can reasonably have some hope in that respect.

As to the energy potential which coal offers to the province of Nova Scotia, which depended so much on oil for its energy, this is obviously a fantastic asset, but we have to act according to our possibilities. Studies are being carried out and we hope they will confirm the possibility of developing a new mine sooner or later. We have been told that the reserves were substantial but a number of aspects regarding the ore contents and characteristics are still to be determined. This will be done soon but we can already assume that in the next years important investments will be made in the energy field of the Atlantic provinces because they have potential resources which will bring along, not only on a short term basis but also on a long term basis, a prosperity which has been absent for too long, although it was there unexploited in our soil, but absent in the way that it did not bring any additional wealth to maritime residents and communities.

Furthermore, the conference indicated that very soon we intended to tackle two or three projects. Several plans have already been publicized and the government has been blamed for not presenting concrete plans or proposals to the conference. We wanted all premiers attending the conference to co-operate, to have a say in the decision taking process and to identify with us the potentialities of each province. We have reached our objectives and I refer to the press release, although it gives just a part of our future decisions which will be considered by both levels of government during the next months on a number of items now under study as regards our responsibilities, on the federal side, and also the joint responsibilities of both levels of government.

I see that time is flying by, Mr. Speaker, and that you will probably ask me shortly to resume my seat. However, I would like to assure hon. members of one thing, namely that I am still pursuing the research with my officials and that I am consulting outside experts. The hon. member for Halifax referred to the Economic Council of Canada and to its report Living Together which I have read, believe me. I have discussed it. I agree with parts of it, I am not quite convinced about others but I do not necessarily reject them. I agree with some criticisms which were made, or with some positive suggestions to the effect that we should develop new tools or new means of intervention besides those which are available to DREE. Obviously we have not used up all the means of intervention, and I hope that during the next months or weeks we will have the opportunity to see new methods added to the

arsenal of tools we now have to fight disparities. We have seen a regionalization of unemployment insurance benefits, as well as a regionalization of investment credits.

The unemployment tax credit has been regionalized. This did not come by accident, it resulted from analyses and recommendations from my department as well as discussions with my colleagues so that gradually we draft our legislation on line with the plans of the Department of Finance. I believe we succeeded in breaching the wall. The principle is that fiscal policies must pay special attention to the regions. I agree completely with the hon. member for Halifax when he said we have yet to use the fiscal instrument to its full extent. I considered many suggestions which had been put forward. I have a few ideas which I have discussed and which I continue to advocate. I hope they will be accepted, maybe not completely but in part, but they all convey recognition of a need for intervention through a national policy on a regional basis.

That is why the Prime Minister wanted DREE to participate in all those sectorial conferences in order to take into account that regional aspect in all sectorial policies. I was quite happy because my role in the federal government must be to ensure that all my colleagues in all departments are aware of the regional impact of their policy. Maybe we made some mistakes in the past and we are probably still making some. Maybe some decisions do not recognize enough that regional need but may I say that in our department, there are clear—

[*English*]

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. minister but his allotted time has expired. He may continue with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Lessard: Thank you, Mr. Speaker, I will not abuse the House's courtesy. Since I have taken all this time to speak of the Atlantic provinces, I would now like to say a few words about Quebec where serious problems are also known to exist. There are also a number of agreements in force in Quebec, nine which have been amended 17 times. They are significant and their content is more substantial than their number indicates. Sometimes I hear criticisms, as I did this week from Quebec authorities, that not enough money is being spent in Quebec on a per capita basis, and it is a fact our spending per capita is not very high in Quebec, despite what is said in certain quarters. In actual dollars, however, more money is being spent in Quebec than in other provinces. But it must be realized that in Quebec the population is very large, relatively speaking. Nevertheless the essential factor to look at is the kind of projects we are involved in.

In that province as elsewhere, we are involved in resources. Mr. Bérubé, the Minister of Forests who is responsible for resources, forests in particular, was complaining Wednesday morning of a lack of support. I do not believe he is absolutely right because two agreements were signed, dealing precisely with forests. Substantial amounts have been appropriated, more than $80 million to help develop Quebec's forests. There are other substantial amounts. More than $100 million have also been appropriated for highway upgrading. We have funds earmarked for the promotion of large industries. Recently we signed an agreement for the development of industrial infrastructures for which we will be paying $46 million over and above the $36 million already invested.

We have stepped in in a rather vigorous way to help Quebec's economy, and I cannot let go unchallenged suggestions that DREE does not contribute its full share. Maybe more can be done. We will try to allocate more funds for specific projects, and I hope that during the coming weeks, the coming months, I hope to be able to get involved in specific problems and still do more in Quebec, because I recognize that an 11 per cent rate unemployment is quite intolerable. But we are prepared to do all we can provided we get the co-operation of the province of Quebec which is extremely important. I would like to point out that if Quebec would co-operate to the same extent as the other provinces, things would go much more smoothly. Ultimatums are not always the right approach.

[*English*]

The Acting Speaker (Mr. Turner): Order, please, the hon. member for Champlain (Mr. Matte) rises on a point of order.

[*Translation*]

Mr. Boulanger: The separatist is rising.

Mr. Matte: Mr. Speaker, would the minister answer a question? He says that there is a lack of co-operation between the Quebec government and the federal government as regards the funds available in his department. I remember very well that on November 15, 1976, the minister stated that he would be cautious when the time came to negotiate the investment of his department's money in Quebec. Consequently, is the minister himself not responsible for creating the climate he mentioned this afternoon?

Mr. Boulanger: You are undermining the créditiste party. Join the PQ.

[*English*]

The Acting Speaker (Mr. Turner): Order please. I asked the unanimous consent of the House for extended time for the minister. Therefore, if the minister is ready to answer the question, I will accept it.

[*Translation*]

Mr. Lessard: On this particular point, I could very well answer. If the hon. member examines the agreements I have signed since November 16, 1976, he will see that the moneys appropriated for Quebec projects are substantially higher than those allocated to the previous government, which prompted the Quebec minister in charge of the negotiations to brag that he had squeezed more money out of the federal government, out of DREE, than the previous government. It is just the opposite of what the hon. member has just stated.

Mr. Matte: The minister just said that it didn't work; it proves that it works!

Mr. Lessard: With regard to some actual proposals that are now under study and about which there have been complaints of delays, as I have said before, the Quebec government lays down conditions that are unacceptable to my department; what I do not accept from other provinces, I cannot accept from Quebec. These conditions are unacceptable for a very important reason, because the legislation does not allow me to accept them. This creates a major problem, as the hon. member can realize.

In any case, Mr. Speaker, I want to conclude by saying that as far as Quebec is concerned, we have come forward with infrastructures as part of our ongoing auxiliary agreements which, for the federal government, now represent commitments amounting to well over $1,200 million. Some of these commitments will be spread out over the next few years. I will now make reference to industrial assistance, and I insist on dealing with that point because I know that for some of our colleagues, that aspect is more actual, more visible, especially since, as far as Quebec is concerned, that amount is proportionately larger compared to other provinces.

Every year, Quebec companies request assistance under the act providing for assistance to industries. Since Quebec has a greater number of industries, more applications inevitably are received from that province, and because of that we have to provide positive answers to a larger number of applications and, consequently, we spend more money there. It is thus normal that it be so, but if we look at the total commitments of the DREE in Quebec, I do not feel that hon. members from other parts of Canada should have any reason to say that the DREE is investing all of its money in Quebec. It is not true. We strive to balance things out. I think that we are trying to give a positive answer to all sensible applications we receive from all parts of Canada.

I should also like to conclude by saying that, last June, we designated Montreal as a special zone, effective on July 1. There again, people suggested that this system was an exercise in futility, that it did not yield the expected results. I just want to give you the figures, for I think they are significant. Since that program was implemented on February 9, we received 266 applications from private enterprises requesting assistance to expand, update or simply go into business. Of the total number of applications, decisions were made in 103 cases. Sixty-eight offers have already been forwarded to different firms. About 40 of them filed a positive answer, and the fact that the others have 90 days to reply to our proposal may account for certain delays. But everything is doing fine now, and if all those projects were to be carried out, 65 of those proposals, for instance, would require total investments of up to $50 million which would create 1,800 jobs, an end result achieved with the assistance of our total commitments of $9,500,000.

Many projects are now under consideration. In our files in Montreal, there are projects which would cost approximately

$700 million if they were all implemented. Of course, companies submit proposals which are studied, some are accepted, others are not, and in some cases they are withdrawn by the companies themselves. The complexity of this situation must be realized. I feel optimistic about the future. We will keep on promoting Quebec's economic development, we will keep on responding positively in most cases to the Quebec government's proposals as far as possible, and I am sure that in the next months, the next years, if only the Quebec government will co-operate, we will manage to lower the unemployment rate in Quebec, but it is not a federal responsibility only. I think that to create a climate favourable to investment, is also a prime responsibility of the provincial government in office. I believe that on that score the Quebec government has not always done its best in the last few months, it has not always made the appropriate statements, and judging by some statements made by the premier himself, it is certainly not the way to attract industrial investments. But we still hope there will be some, there will certainly be some investments, and we will keep on promoting the economic development of the province of Quebec, as well as the Atlantic provinces, the western provinces, the prairie provinces and British Columbia.

● (1632)

[*English*]

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, first of all I want to congratulate the hon. member for Halifax (Mr. Stanfield) for introducing this motion today. Both the hon. member for Halifax and the minister in charge of DREE made reference to efforts in the past.

We had the hon. member for Halifax making the statement that, in his opinion, the economy of the Atlantic region is relatively weaker in real terms than it was ten years ago. The minister, in an apparent attempt to meet this criticism, quoted from a statement made by the Conservative premier of New Brunswick, and he used statistics which I do not think proved his case at all. He started from a base of 1961 to 1974 and used percentage figures. That proves nothing except that he started from a lower base with his criteria, especially the criteria of fixed investment in the Atlantic region.

Then the minister made the remarkable statement that Mr. Hatfield said that if it was not for the general down-turn in the business cycle the Atlantic region would be better off. Any high school can tell him that. But this has been a traditional policy and part and parcel of the private capital market system under which we all operate. Even though it is a mixed one today because of government intervention, which was made necessary because of the decline of that system at the time of the depression in the 1930s, we have a situation in which this imbalance is built into the scheme of things. In a federal state it gives protection to the private sector in the centre of the country. When aggregate demands and the total economy keeps going down until we have a national recession, the overflow in terms of the outer region, and especially the Atlantic region, makes us that much worse off.

In that debate I would have to side strongly with the hon. member for Halifax on theoretical, empirical, and historical

grounds. The problem is that there is a recession in Canada lasting for four years. Conditions are unquestionably, in my opinion, much worse in the Atlantic procinces, than they were ten years ago, as the member for Halifax states. We know, as the minister pointed out, that the main emphasis of DREE in the Atlantic region was to support what was called a growth centre theory of development.

There are acceptable theories of development ranging from what is called an export base or an economic based theory by which exports from your area should exceed imports. By looking at a nation as a region, then we as a nation have followed this in our line of development. Most of our development has been in staple products to the neglect of a manufacturing sector that could be viable and competitive.

At one time we put too much stress on the staple primary products and at the same time over-protected the secondary manufacturing sector. The secondary manufacturing sector now cannot stand the gaff of international competition. Everyone is surprised that there is low productivity. They try to blame it on wage rates and so on. The biggest cause of the lack of productivity in this country is the built-in protection that is constantly there as a hidden subsidy to central Canada manufacturers. It's called a tariff. Therefore, it is not surprising that the Atlantic region is badly off.

● (1642)

To be fair to DREE, they did move into the growth areas which are the centres of government, namely Halifax in Nova Scotia, St. John's in Newfoundland, Charlottetown in Prince Edward Island and Fredericton in New Brunswick, with an overflow into Saint John which is coupled with the growth of the port in that metropolitan area. The result is very serious for outlying areas.

Recently DREE issued a document on one-industry towns and similar types of areas. It gives due recognition to these areas, but it is only a first step.

I wish to underline the disparity noted by the hon. member for Halifax, and agreed to by the minister, between growth areas in the Atlantic region and the outlying areas. For example, in 1971, the disparity between the Halifax-Dartmouth area and the Canadian average for Canada in terms of per capita income for that area of Nova Scotia was 75 per cent of the national average. That gap has been rapidly closing and it is now closer to 85 or 90 per cent. In Cape Breton, where Sydney is the largest city, the rate was 56 per cent. In Glace Bay it was 48 per cent, and in New Waterford 46 per cent. That is according to 1971 census statistics, the only ones available. This type of information was not gathered during the 1976 census. The trend is there.

If we are going to close the gap, the allocation of human and financial resources will have to be diverted to these areas. They will have to be diverted to northern New Brunswick, the outlying areas of Newfoundland and the outlying areas of Nova Scotia. As the minister noted, Prince Edward Island is a special case because of the small geographic area and the compactness of the product markets, and the labour markets.

I do not want to criticize DREE unduly. However, it is long past time that they zeroed in on these tough areas rather than tackling the relatively easy areas in which development would occur naturally under the growth of government at the provincial level. Now is the time, I repeat, to use the financial and human resources to develop these outlying areas. Opportunities within those regions must be identified so that solid development can take place. There must be government encouragement in the way of incentives, grants and so on. It can be done.

We can look to the example of Scotland, and of parts of England and Wales. As the minister noted, this would be very difficult as well as expensive. Over a long period of time they developed areas that had been considered hopeless from the point of view of being developed. The Labour government started this regional development policy. It has not been a total success, but it has been a major effort toward closing the gaps in employment and income in that nation.

A long term look must be taken at the primary resources in the Atlantic region. As the minister stated, there is a 200-mile fishing zone. Most of us hope that consideration will soon be given to a 50-mile zone for inshore fishing. This should be done after the stocks have been built up.

We must not make the mistakes that have been made in the past. This is a prime case of a region being neglected. There has been a lack of policy by the federal and provincial governments with regard to a resource that was once looked down upon as something that was only good enough for the Newfies, the humble cod. We now know this fishery has immense potential.

Oceanographic possibilities in the Atlantic region have to some extent been recognized by the establishment of the Bedford Institute of Technology in Halifax. It is part and parcel of the whole picture. However, we have to develop more species of fish. Once the stocks are again running true to nature, we cannot just sit back without proper management and care of that resource. That would be neglecting an important part of the national economy, the Atlantic region. It has been neglected in the past as a result of failures of governments.

I can understand the Minister of Transport (Mr. Lang) finding it difficult to understand exactly what the maritime premiers want. Although the experts are not agreed on this, there seems to be general agreement that we are entering into an era of oil shortages, if not in the physical sense then in the sense that it will be extremely costly. Therefore we should not allocate too much of our natural resources to building huge airports and airplanes.

● (1652)

When one considers the extent to which the operating costs of Air Canada have increased in the past few years due to increases in the price of fuel alone, one wonders how much planning has really gone into the future of transportation—I have in mind the movement of goods and people from 1990 on, well into the next century. We ought to be putting a far

greater proportion of our resources into the development of railroads. We ought to be improving the rail beds and bringing up to date the equipment used in railway maintenance and improvement. This will all be necessary from a very practical point of view.

Alberta coal will be desperately needed in Central Canada ten or more years from now. Coal both from the east and the west will be urgently required by the Ontario steel plants and utilities. At the moment they feel secure because they have captive mines in the United States. But that coal will sooner or later run out and our own supplies are at the extremities of the country, on the west coast and on the east coast. The steel industry and the utilities, I repeat, will need that coal, so the rail lines through central Canada will need to be rebuilt. They must be rebuilt from Cape Breton Island through to Montreal and Toronto. This would do a lot, in the process, to help the hard-pressed steel industry in Nova Scotia.

The minister mentioned the recent help given to SYSCO. I was bitterly disappointed at the government's failure to take over that Sydney steel plant when it set up the Cape Breton Development Corporation after the private profit corporation, Hawker Siddeley, walked out on us. Enough studies have now been completed to justify the formation of a special body which would ask the question seriously: is there any hope of building a billion dollar industry down there which would have such a spin-off as to effect not only Cape Breton Island but Nova Scotia and New Brunswick, well into the next century? Nobody is studying such a proposition seriously. The government is content to provide dribs of assistance here and there, guaranteed loans, such as the $70 million to the Sydney steel plant and so on, is an effort to patch things up while the provincial government lumbers along running the plant inefficiently and going into the hole.

That isn't the way to use the taxpayers' money or the resources of this nation. It is not a question of ideology. The fact is, private enterprise has gone in there, communities were built up, and an infrastructure provided. Workers, along with their families, moved to these communities in large numbers. What will be our answer to the threat to this social pattern? When will we be prepared to ask ourselves the question: is it or is it not economically possible under government auspices, with proper management, to build an international, competitive steel plant in the Atlantic region? When will we let the people know, once and for all, what is in store? We cannot act simply as politicians all the time thinking of the short run. That is the lesson of the first ministers' conference. The purposes of this country continue beyond four years. Many of the problems which face us today are those from decisions made by other groups of politicians in the past and taken with only short term advantage in mind.

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

Some hon. Members: Agreed.

[Mr. Hogan.]

The Acting Speaker (Mr. Ethier): Perhaps I might take this opportunity to announce the proceedings on the adjournment motion tonight.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Moose Jaw (Mr. Neil)—Grain—Possibility elevator at Moose Jaw able to service Churchill—Request for study; the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall)—Social Security—Denial of pensions to widows under age 65—Government action; the hon. member for Winnipeg North Centre (Mr. Knowles)—Social Security—Suggested provision of pensions for persons in need between ages 60 and 65.

* * *

MESSAGE FROM THE SENATE

The Acting Speaker (Mr. Ethier): I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed the following bills to which the concurrence of this House is desired:

Bill No. S-5—an act to provide an exception from the public general law relating to marriage in the case of James Richard Borden and Judy Ann Borden.

Bill No. S-6—an act to provide an exception from the public general law relating to marriage in the case of Eugène Waddell and Marguerite Benoit.

I also have the honour to inform the House that a message has been received from the Senate informing this House that the Senate has passed Bill S-4, an act to implement the International Convention for Safe Containers, to which the concurrence of this House is desired.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—REGIONAL DEVELOPMENT STRATEGIES FOR EASTERN QUEBEC AND ATLANTIC PROVINCES

The House resumed consideration of the motion of Mr. Stanfield:

That, in the opinion of this House, the government must now renew its commitment to reduce regional disparities by developing and implementing without further delay comprehensive development strategies for eastern Quebec and the Atlantic provinces including such areas as transportation, energy, primary resources, industrial and service sector expansion.

Mr. Hogan: I thank hon. members for allowing me an extra few minutes. A great deal has already been said on the subject of energy, and I am sure much more will be said by hon. members like the hon. member for Egmont (Mr. MacDonald) with regard to energy development in the Atlantic region based on Fundy tides and the increasing use of our coal reserves both in the east and in Alberta.

The minister did mention coal. The potential for this form of energy in Nova Scotia was written off in the short run some years ago. But that was before the Arabs came out of their tents and formed the OPEC monopoly. The situation now is that a great deal of money will have to be spent on the development of our coal resources since there are literally billions of tons of coal in this country which can either be burned or put to other commercial uses. The primary need, in the east, is for $16 million to be spent in Glace Bay refurbishing a coal mine, No. 26, which produces coal of the highest grade with only a very low sulphur content. Indeed, conditions are right at the present time for the reopening of two further collieries. Even though we still need DREE, I would make the following suggestions, bearing in mind the constraints we face in the need to get elected or re-elected every few years and the fact that governments cannot hope to achieve much success by short term solutions which are often not solutions at all.

● (1702)

In the long run, a new institution is needed to probe deeply into the actual and potential resource base of the Atlantic region. I am referring to the physical, primary resource base, excluding the manufacturing and service sectors. As I have mentioned before, some of this is ongoing at the present time in specialized agencies such as the Oceanographic Institute at Bedford in Halifax.

It would be worth while to consider having a body composed of permanent members of the Science Council of Canada, representatives of the Secretariat of Maritime Premiers, a representative of the Canadian Manufacturers' Association and the Maritimes Chambers of Commerce. These members could be appointed on a biannual or triannual basis. Also there should be representatives from labour federations of Atlantic Canada, as well as one or two members from the Atlantic Provinces Economic Council. Also there should be one or two members from the Atlantic universities as such. It would be strictly a non-political body. Both the federal and provincial governments would provide funds. Its major function would be to examine in depth long term technical and economic feasibilities for maritimes primary resource development. Its secondary function would be to attempt to improve the co-ordination of present existing long range federal and provincial policies for development of the Atlantic region. I propose that such an institution be called "The Atlantic Provinces Research and Study Institute for Long Term Development of Atlantic Canada's Primary Resources".

I make that suggestion because it is in that direction that our future prosperity lies in the Atlantic region, despite the fact the other sectors have a relatively important part to play in our future.

Some hon. Members: Hear, hear!

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to congratulate the hon. member for Halifax (Mr. Stanfield) for the very interesting motion which he has moved. It deals with actual present-day problems. I am very much concerned about the problems in the Atlantic provinces, as they are similar to the ones we have on the south shore. This is the reason why I want to congratulate the hon. member for the thrust of his motion in dealing with these specific problems.

The population of the constituency of Bellechasse, which I have the honour to represent in this House, represents 1.37 per cent of the overall population of Quebec. And yet, the manufacturing sector accounts for only .75 per cent of the whole of Quebec.

Mr. Speaker, this question of regional disparities has to do with the inadequacy of industrial development which does not allow people to find jobs or earn a normal living in their own province. On the other hand, while 1.8 per cent of Quebec's factories are located in the constituency of Bellechasse, only 0.8 per cent of the factory workers are employed there.

The fact that most industries, in this area, are not big plants but small and medium-sized companies accounts for this disparity. Industries prefer being located closer to our larger cities and to the large North American markets. They could hardly be blamed because in the present state of things, those industries seek primarily to minimize their costs and we know that freight rates would only add to the manufacturing cost of their products and make them less competitive.

A logical solution to this problem would be to grant a special transport subsidy to companies which would be ready to move to outlying areas, far from our major centres. That would be one way of eliminating one of the factors contributing to the concentration of industries in already well-developed areas.

Earlier I heard the Minister of Regional Economic Expansion (Mr. Lessard) mention the many benefits that have already been made available. I agree that this led to improvements but the evidence shows that it was not enough. I thank him for what has already been done but I ask him to do even more. If we have intensive development we will be able to maintain in our areas at least the level of population we now have and this will make it easier to lighten the burden of public expenditures for those who must live in those areas. The more people we have, the fairer the distribution.

In a given region it is important and logical to look for industries which have historically been related to it but which have experienced difficult times over the years. An example

that comes to mind is the Davie Ship Building yards in Lauzon which have been a large employer in my area for a long time; even if it is in Lauzon many workers from the ridings of Bellechasse and Montmagny earn their living there.

In think an expansion of the yard in Lauzon would provide many jobs so the people in that area would be able to get organized, be more economically active and have less need to fall back on governments to remain afloat. Last week I heard the motion of the hon. member for Lévis (Mr. Guay) urging the government to give very special attention to the possibility of establishing a Canadian merchant marine. It is not the first time this matter is being raised in the House.

I too had an opportunity to introduce a motion along those lines. I think the last time I introduced such a motion was last Monday when I urged the House to set up a special committee to consider the advantages of using the millions of dollars we are now paying in the form of subsidies for building ships, very often to foreign businesses. This has an advantage. The government has done its best with this policy to protect the level of employment, and in 1976-77, the government paid $65 million in grants to 45 companies. $65 million is quite a lot of money. If we tried to use part of this sum to develop a merchant marine, we would also create employment, but at the same time we would be giving Canada a very important economic tool.

● (1712)

I remember reading a few years ago that at a certain time Canada was the third largest owner of merchant ships in the world. I wonder why we did not continue to support our merchant marine which made us dependent upon foreign companies for our coastal trade. This is certainly a profitable industry since I have never known one of those foreign companies to go bankrupt. They buy ships, they rebuild them, make them seaworthy and then they have a profitable transportation trade.

With regard to the mode of transportation to which I alluded earlier, I have already suggested in the House that a study be made on the transportation of goods by truck or rail between the most easterly point of the country and Montreal to find out what are the actual difficulties and why companies are not able to continue their operations let alone to expand. Under Bill C-11 tax benefits of 7½ per cent are provided for companies in the maritimes and the Gaspé area, but the South Shore area, which also needs this assistance was forgotten. The 7½ per cent benefit was increased to 10 per cent, but still, all the South Shore companies were forgotten even though they greatly need this assistance. I once again bring this matter to the attention of the Minister of Regional Economic Expansion (Mr. Lessard) so that he may make representations to his colleague, the Minister of Finance (Mr. Chrétien), who could perhaps amend Bill C-11 to allow these companies to take advantage of these tax benefits.

Mr. Speaker, a while ago I heard the minister quote the agreements made with the provinces, including the province of Quebec, and the benefits involved. I am very happy about this and I would like these means of communication between the various levels of governments to continue and to improve. However, Mr. Speaker, since we have a very high level of unemployment in our area, I believe that the time has come to extend these agreements or to draw up a special agreement for the South Shore area. Yesterday, I asked the Minister of Transport (Mr. Lang) what progress had been made in the negotiations concerning the transfer of certain communication wharves between Ottawa and Quebec. He was somewhat reluctant to give me an answer. Today, the situation has improved and I have been assured that exchanges are going on and that results will soon be achieved. There again, if there was an agreement to help speed up the building of communication wharves and upgrade them, jobs could be created, while capital projects were being carried out and a problem solved. In Montmagny, in the cove, and I am sure the Minister of Regional Economic Expansion knows what I am talking about, there is an tremendous location to build a marina. People have wanted a marina there for years, and nature has provided us with all those opportunities.

Therefore I hope that with Bill C-2 introduced by the Minister of Fisheries and the Environment (Mr. LeBlanc), it would be possible to achieve that objective. But as the Minister of Regional Economic Expansion put it so well a moment ago, it often takes the co-operation of two, three or four departments to succeed in achieving an objective. So, while building that marina, it would also be necessary to provide for new highway programs in order to allow easier access to it and to develop the tourist industry, which would be of great benefit not only to the city of Montmagny but also to the whole area.

There is another suggestion I would like to make. Bellechasse is a very beautiful riding. When you travel south to the U.S. border, you see beautiful mountains there and it would be possible to set up a flourishing tourist industry in that area. Farming cannot be further developed and I do not believe we should leave that immense territory unused. Today I received a letter once again from a local resident who asked me if there was a program of federal assistance to help entrepreneurs put up businesses and breed fish by building small dams across the rivers. This would not only create employment directly and allow local people to get involved but it would mean producing goods and selling them. That is the way to create industries and jobs. Of course I had to answer that such a program did not exist at the moment but there is nothing stopping us from implementing one in the future.

So, I think it would be possible to develop that kind of program in that area which would benefit economically, financially and socially. I also wish to draw the minister's attention to the crucial problem of the textile industry. There are textile plants in our area. Again this week I received a brief from three textile companies asking me to press for more specific protection measures. This brief mentioned not the Kennedy Round but the Tokyo Round. I was also sent a newspaper article entitled: "Investments in the United States, Joblessness in Canada." This report is supported by figures showing that this is absolutely true. We should negotiate better trading

terms and conditions to protect those industries which are no more inefficient than the others. They have all the facilities to produce. They have good equipment, modern looms and the quality of their product is excellent. However, they have difficulty to make ends meet. But they manage to survive. Salaries are not high but adequate. Of course, it might be cheaper to live on the other side of the border, I do not know, I have never lived there but subsidized transportation and tax cuts would help them tremendously. This is why I ask that this area be included among those who will receive tax rebates; it would help enormously.

• (1722)

Mr. Speaker, before concluding, I would also like to quote from an article published in the February 9 issue of *Le Devoir*. It says: "Provinces invited to increase deficit". This was at the very centre of the federal-provincial conference that was held earlier this week: each government wants to do great things, each one is extremely willing, but none has enough revenues to meet its responsibilities. That is why the Prime Minister is reported to have said: "The provinces should increase their deficit". But our national deficit will reach the $9 billion mark this year, and this is an increase of $5 billion over last year's deficit which was of $4 billion. All these governments, both at the federal and provincial levels, are caught in a vicious cycle, to say the least. What does the future hold in store for us? We are not accumulating these enormous debts because of any war nor because of any natural catastrophe. How is it that competent and intelligent Canadian management ends up advocating such methods or solutions for Canadian financing in 1978?

Mr. Speaker, we must call a spade a spade: a $9 billion deficit is tantamount to an indebtedness imposed upon our future generations. But if we have a $9 billion deficit, we must borrow money somewhere to write it off. That is why I feel this is our big chance. We must take advantage of our economic and financial difficulties and carry out a reform of our methods of financing the public sector. Never will I relent on this issue, for I am convinced that this reform is a necessity, and as long as we do not get it done, we shall get deeper and deeper into debt. We shall be dragging down with us the provinces, the municipalities, the school boards, and also, indirectly, the Canadian taxpayers who will have to pay higher rates and higher taxes in order to pay up the interests on these debts which are increasing at a frightening pace.

As a matter of fact, the purpose of Bill C-390 which is now before the House is to increase the powers of the Bank of Canada. Which way? Precisely to prevent us from getting deeper into debt next year by another $9 billion, but how? Nobody knows. I, for one, recommend that the Bank of Canada Act be amended to make it possible for the Bank of Canada to grant long-term loans to the federal government. We would undertake to refund these loans to the Bank of Canada in the same way as we refund other loans to our other creditors, but at least, we would be owing that money to ourselves, because the Bank of Canada is ours. In this way, we would be borrowing from our own institution moneys which we would then have to reimburse, but not at the high interest rates that we are required to pay now.

Mr. Roch La Salle (Joliette): Mr. Speaker, I am quite happy to take part in this opposition day debate since the subject is most interesting for all Canadians and especially for those living in our own areas of the country with which we are particularly concerned. Mr. Speaker, I would like to congratulate the mover of the motion, the hon. member for Halifax (Mr. Stanfield). I am quite happy to participate in this debate because it gives me a chance to speak in this House on a subject which concerns me very much and which is of vital interest to Quebec, that is, regional disparities.

Furthermore, I am honored to echo the well thought-out statement made earlier by the former leader of my party, the hon. member for Halifax, a man who has been denouncing and fighting regional disparities throughout his career, both on the provincial and federal scene. If we had listened more to him at that time, perhaps our country would not be today in so much trouble and difficulty, because the hon. member for Halifax has been talking about discussion, cooperation and consultation for a long time.

I also wish to add a few remarks to the speech made by the Minister of Regional Economic Expansion (Mr. Lessard). He acknowledge, much to my pleasure, the objectivity of the statements and proposals made by the hon. member for Halifax. He also acknowledged some valid recommendations, ad I know that the Minister of Regional Economic Expansion is able to do this with enough objectivity. He also mentioned the federal provincial conference where a great many good intentions were shown. He spoke of the co-operation that is essential with the provinces and with Quebec, and demonstrated, of course, his good will with regard to the efforts his government is willing to make, in view of the problems we know.

I should also like to point out that his department is in fact directly involved in the interests of several ridings, of which mine that benefited from a subsidiary agreement granting it special privileges related to certain investments taking into account the type of industries that may be entitled to those subsidies. I understand, of course, that it would probably have been impossible for all types of industries to benefit from them. Recently I was very happy to learn that a $1 million agreement was signed with the province of Quebec, through which my riding will benefit from an infrastructure for an industrial park that is already quite well installed, but still needs money to attract more industry.

So, Mr. Speaker, I really do not question the good faith or good will of the minister. Before him, when the department was set up, there were times, to my mind, when it was not as well intentioned as the minister seemed to explain to us today. I am sure that because of the situation, the federal government feels compelled to do more consulting and be more understanding of the provinces.

Now, I should like to say a few words about the federal-provincial conference. The minister responsible stressed the

importance of speaking the truth, and I feel, it must be spoken in the House. I say this in a positive vein. I should therefore like to invite him, particularly, and knowing that he is capable of doing so, to show more interest than ever before in the province in which I live, as many others do, and especially, not to allow himself to be influenced by some of his colleagues who, whether we like it or not, Mr. Speaker, at times have some difficulty in accepting the recommendations of the Quebec government.

The minister pointed out the dramatic situation in which the province of Quebec finds itself. He recognized, I believe, the importance of giving it a hand. I think it is the duty of the government, of his department, and like him, I have surely no hesitation in promoting a sincere co-operation and consultation and also in urging that province to keep within the limits and criteria set in the legislation. We should seriously consider the possibility of showing to the people in Quebec that the economic climate can and should be restored with the co-operation of the federal government. I am quite pleased to see that the minister has stressed that co-operation so much and I feel that he has truly shown its good faith.

● (1732)

Once again I invite him to exert his influence on some of his colleagues who may not show the same objectivity as he does or may not be able as he is to overcome sectarian opinions to take a real interest in the welfare and legitimate aspirations of the province of Quebec. I am confident that the minister will be able to fulfil the commitments he has taken today and, as a Quebecker, I hope he will do so and I am going to do my best to invite the government and the people of Quebec to show the same goodwill in order to promote the industrial development which has been so badly missed by the people of Quebec until now.

In another vein, Mr. Speaker, in the opening speech the Prime Minister delivered at the conference on Monday, he said at the very beginning that Canadians felt concerned about our present situation and, in the same breath, he added that the unemployment and inflation rates will soon be brought to an acceptable level and that the economic recovery was already well under way, that the conference was the beginning of a continuing consultation between the federal government and the provinces and that, all in all, everything was going well in the best of worlds.

Mr. Speaker, I have never seen the government so open to this type of consultation and good will. We must nevertheless ask ourselves: how is it that in the last ten years we have not felt this deep desire for co-operation and consultation with the provinces such as we have seen in the last few days. They chose to let the provinces choke, and then call up on them to make recommendations, suggestions. However, I have followed closely the federal-provincial conference where the government, echoing some well-known publicity slogans, simply asked the provinces: Now, what can we do for you? Ottawa is on your side and it's good for you. We hardly accept newspaper reports suggesting that for some premiers such a campaign had a pre-election flavour to it. We cannot accept that this idea may have come through their minds!

Mr. Speaker, I am not saying that this conference should not have taken place, as there are rumours about forthcoming elections. Yet I think, like many others, that it should have been held a year ago. Either the government did not hold it last year because it was not aware of the dangers threatening us and of the urgent need for such a conference, which seems to indicate irresponsibility or incompetence, or the government realized that on the eve of general elections it had better get the provinces together and present them with problems that he was already aware of, and know would grow worse, because in this way, the federal government knew it could expect a more favourable response to the well intentioned proposals it had been making over these past three days.

I nevertheless hope that the present co-operative spirit shown by the provinces will be matched by a serious effort of coordination on the part of the federal government.

Mr. Speaker, to be truthful, we must admit that it is some sort of a farce when the prime minister feels all he has to do is state that the economic recovery is already under way, which I am not so sure about. I am inclined to think that there has been a wanton abuse of words and media coverage for electoral purposes. The truth is that Canadians are concerned and have every reason to be, even though those concerns were played down at the conference. What is not true is as the present government would have us believe that the people's concern is due to the wickedness of the government's opponents and propagated by the negative remarks of the media in search of striking headlines.

The fact, Mr. Speaker, is that there are over a million unemployed in Canada and it is not the Leader of the Opposition (Mr. Clark) who is saying that, or even some premier, but Statistics Canada. It is even so much of a fact that according to impartial observers, unemployment went beyond the size of a problem to become some kind of a national disgrace. The fact is, Mr. Speaker, inflation has reached the 9 per cent level which is much higher than in the United States and one of the highest among developed countries, although controls were established in 1975. The Prime Minister (Mr. Trudeau) had laughed them off when our party advocated them during the 1974 campaign, but he later implemented them, too late however and without adequate consultation, without an overall plan arrived at with the provinces and interested sectors. Those same inadequate controls that let inflation reach its current level, are to be lifted on April 14, and we may wonder what will happen then. The fact also is that according to the Economic Council of Canada our economy, although capable of sustaining a 5 per cent annual growth, only attained half that goal last year. Forecasts by economists outside the government are to the effect that we will not do much better in 1978. The fact is, that today some 18 per cent of our producing capacity is unused; however the government is sufficiently wrapped up in its bureaucratic red tape to suggest that we should avoid too hasty a recovery for fear that it might revive inflation. The fact is also, Mr. Speaker, that last year we paid

out in unemployment insurance benefits alone more than $4 billion while during that same period we lost at least $7 billion in potential production Canadians could have put out had they had jobs. Another fact is that our Canadian dollar is faltering, our exports are declining, our balance of payments is increasing at an alarming rate, our budget deficits are getting bigger and bigger, our national debt on a per capita basis continues to increase and reliable sources throughout the world are beginning to cast doubts about the Canadian government's economic capability. In the meantime investors at home have lost confidence for at least four years, they are investing more and more abroad, consumers themselves have become diffident and purchases are on a constant decline. Such are the facts, Mr. Speaker. What concerns the Canadian people at this time is this government's economic performance. Mind you, we might as well be prepared because it is against this background that lies the shape of things to come.

Some businessmen might be impressed by such a management of the economy but I presume that those businessmen are not that impressed. As for me, I hope for something far better to serve my country and I do not want to be told that another government could not do any better. The only way to find out would be to try it, Mr. Speaker. Faced with that failure of the present administration, the Prime Minister in his opening statement before the provincial conference once again resorted to his old trick of comparing the performance of the Canadian economy with those of other countries. That prompted a few people to say that the Prime Minister wanted us to believe that everything was fine in the worst of worlds. But speaking of confidence, Mr. Speaker, it is certainly not with the performance of the present government that one can regain the confidence of Canadian voters or of members on this side of the House who have once too often heard completely erroneous forecasts and projections. And to what extent have we been misled, to what extent have they proved to be incompetent and irresponsible in making forecasts?

But for ten years, Mr. Speaker, millions of dollars have been swallowed up in all sorts of more or less worth-while plans and structures which rarely become reality, millions of dollars which could have been invested in employment producing projects.

The hon. member for Halifax said earlier that five or six years ago, if I remember well, in a tour he made across this country he warned this government of the dangers which were facing us. He said about regional disparities that we had to deal with the problem in a rational way and not with temporary solutions as this government has done. I do not question what the Minister of Regional Economic Expansion said today—what he said in the House today is entirely new and encouraging for that matter, I must admit—but I would like very much his predecessors and his government to think like him, that before they set up regional economic policy they establish in close co-operation with the provinces a national economic policy and then see how provincial and regional needs can be fitted into that policy. It is in that contact that we advocated during the 1972 campaign the calling as soon as possible of a conference on tomorrow's priorities.

What I am recalling for the benefit of the House today, Mr. Speaker, is exactly what the hon. member for Halifax who was then the leader of the Progressive Conserative party advocated years ago, and it is exactly what this government refused to hear, with the results that we now know. At present, the government is moving on regional economic expansion, as in other areas, without co-ordination and planning. So he referred to it earlier—this is new. That gave the results we know when we saw plants receive federal subsidies to promote regional economies and those very plants closed their doors a few months later.

The problem of regional disparities is not an easy one to solve. We admit that but I suggest that this party could do a lot better and would have already brought about solutions. When we get to form the government, and the time will come, we will carry out a complete review of all those regional development and economic expansion programs, in consultation of course with provincial governments and the people in underprivileged area. We are also going to launch a massive attack on all fronts where the problems lie, the effects of which will inevitably be felt in the area of regional disparities. This coherent offensive will simultaneously deal with problems of unemployment, cost of living, economic growth, taxation and housing. Allow me to point out some of those measures and if we had been called to govern the country, we would also have created the proposed investment funds to stimulate small businesses and new jobs would already be available here and there.

We realize the incompetence and clumsiness of the federal government, because for too long it has refused to coordinate its policies; it has invested huge amounts in the economics of areas where transport is primitive and shipping costs are almost prohibitive. I think that transport is also a very important question. I would like to say that with a government which is allegedly respectful of regional economic growth, we should have a national transport policy to cope with deficiencies and disparities. In spite of all the projects and plans devised by bureaucrats in their ivory towers, up to recent times, regional disparities have remained one of the main problems in Canada. They are a major problem more specifically because they threaten the success of our confederation and at the same time, they are in a certain way a negation of the concept on which it is based. It is not necessary to be an economic expert to understand that slow growth areas are the first to feel the effects of an economic recession and the last to recover. The hon. member for Halifax has pointed out that danger quite well. As I would like to give my colleagues the opportunity to make a few comments, I wish, before concluding, that the statements made today by the Minister of Regional Economic Expansion will give way to some genuine short-term action.

This afternoon, my party leader asked the right hon. Prime Minister not exactly but approximately how many new jobs would be created under the projects or objectives which the

federal and provincial governments agreed upon yesterday. The right hon. Prime Minister refused to give him any answer. Yet, during this federal-provincial conference, he asked the Canadian public to trust the federal government, a government which has failed in practically all areas and in connection with all the objectives he has been advocating since 1968, from the just society to the control of wages and prices, the fight against inflation and unemployment. How can he ask the Canadian public to trust a government with such an extensive and diverse record of failures. We still hope nevertheless and we shall continue to demand that the consultations which the minister in charge hoped for today become a reality, and he shall then be assured of co-operation.

The Acting Speaker (Mr. Ethier): Order, please. The hon. Parliamentary Secretary to the President of Privy Council rises on a point of order.

● (1742)

[*English*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, after consultation, and agreement having been reached, I ask unanimous consent of the House to move two motions.

The Acting Speaker (Mr. Ethier): Order, please. The House has heard the request of the hon. Parliamentary Secretary to President of Privy Council (Mr. Pinard). Is it agreed?

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

HOUSE OF COMMONS

ADJOURNMENT OF HOUSE FOR LIBERAL PARTY CONVENTION

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I move, seconded by the hon. member for Saint-Jacques (Mr. Guilbault):

That when the House adjourns on Thursday, February 23, 1978, it shall stand adjourned until Monday, February 27, 1978.

I understand that there is unanimous consent for this motion.

The Acting Speaker (Mr. Ethier): Order, please. Hon. members have heard the motion. Is it agreed?

Some hon. Members: Agreed.

Motion agreed to.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

[Mr. La Salle.]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF SPECIAL COMMITTEE

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I have a second motion which requires unanimous consent.

The Acting Speaker (Mr. Ethier): Order, please. The House has heard the request of the hon. Parliamentary Secretary to President of Privy Council (Mr. Pinard). Is it agreed?

Some hon. Members: Agreed.

Mr. Pinard: I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the members to serve on the Special Committee on a Northern Gas Pipeline be Messrs. Allard, Breau, Dawson, Douglas (Nanaimo-Cowichan-The Islands), Foster, Goodale, Lawrence, Lee, Loiselle (Chambly), Munro (Esquimalt-Saanich), Neil, Nielsen, Penner and Railton.

The Acting Speaker (Mr. Ethier): Order, please. Again hon. members have heard the motion. Is it agreed?

Some hon. Members: Agreed.

Motion agreed to.

The Acting Speaker (Mr. Ethier): Agreed and so ordered.

GOVERNMENT ORDERS

[*English*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—REGIONAL DEVELOPMENT STRATEGIES FOR EASTERN QUEBEC AND ATLANTIC PROVINCES

The House resumed consideration of the motion of Mr. Stanfield:

That, in the opinion of this House, the government must now renew its commitment to reduce regional disparities by developing and implementing without further delay comprehensive development strategies for eastern Quebec transportation, energy, primary resources, industrial and service sector expansion.

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Mr. Speaker, I am very happy to participate in this motion which has been moved by the hon. member for Halifax (Mr. Stanfield). He has had great experience both in this House and as leader of a party for many years.

I had the opportunity to attend the first ministers' conference, and it was interesting to note the support the first ministers lent to DREE, and how necessary they find that it continues. I would like to compliment my colleague the minister responsible for DREE for the effort he is putting forth. It is a worthy instrument, especially for the part of Canada where I come from. We have many needs in the Atlantic provinces. It is difficult sometimes to determine what the picture would have been like if we had not had DREE. I will spend a few moments later on discussing how the comprehensive develop-

ment plan functions in Prince Edward Island. As hon. members know, this has been a necessary plan for Prince Edward Island.

During discussions at the first ministers' conference there was some constructive criticism, which we found beneficial. There were some suggestions for changes in emphasis which might be explored. There was also overwhelming support for the basic approach and the principal program instruments of the department. The mechanism, in particular, received favourable comment as the kind of mechanism needed to ensure a co-ordinated federal-provincial approach to economic development.

This support was reflected in the official communiqué issued by the first ministers at the end of the conference. The two related conclusions set forth were firstly, that the first ministers strongly affirmed the importance of reducing regional disparities and the continuing need for review and expansion of programs for regional development based on the longer run economic potential and transportation requirements of each province and region. Secondly, it was agreed DREE should continue to be a major federal agency for those purposes.

In light of developments at the first ministers' conference, it is obvious that the federal and provincial governments have renewed their commitment to regional economic development. We can be assured, therefore, that part of this motion has already been dealt with in a rather impressive way.

● (1752)

The motion also refers to comprehensive strategies for economic development. I certainly have no objection to this reference as long as we have in mind a workable concept. The statements of strategy already imbedded in the general development agreement are based on a workable concept. They carry the support of both senior levels of government and they are subject to regular review in light of changing circumstances. Indeed, one of the important elements of the GDA system is the provision made for annual meetings of the responsible federal and provincial ministers, meetings at which it is possible to review strategic questions, monitor progress being achieved by way of specific subsidiary agreements and make concrete plans for the period ahead.

The motion also refers to eastern Canada, suggesting a need for priority attention to the developmental requirements of eastern Quebec and the Atlantic provinces. That part of Canada is, of course, already receiving priority under the DREE program and under various other policy instruments of the federal government. The Atlantic provinces are subject to a higher maximum than other designated regions under the Regional Development Incentives Act. The Gaspé region of Quebec and the Atlantic provinces are also subject to the newly-announced employment tax credit. In many other ways, under the programs of various federal departments and agencies, everything possible is being done to maximize the economic impact of government activity in these same regions.

I would like to say a few words about Prince Edward Island.

Mr. Marshall: Where is that?

Regional Disparities

Mr. MacDonald (Cardigan): It is on this side of Newfoundland. When flying to Newfoundland, you come to Prince Edward Island first. Most members of this House realize there is a comprehensive development plan in Prince Edward Island. It is for a 15-year period and began in 1969. It is the only province in Canada that has a comprehensive plan that deals with practically every aspect of development. To my knowledge, this is not so in other provinces. The minister can correct me if I am wrong.

Its purpose is to further the economic and social development of Prince Edward Island. Approximately $225 million was spent in the plan's first phase, 1969 to 1975, to establish a sound foundation for agriculture, fishing and tourism. In addition, the education system was reorganized and schools were consolidated, major improvements were made to the highway system, housing standards were improved, and marketing facilities were strengthened. During this period the economy showed a marked improvement as employment advanced, population increased, and per capita income growth exceeded expectations.

In 1975 the second phase of the plan was introduced, placing greater emphasis on the economic sectors of the province as programs were designed to make use of the improved capacity of the province to respond to development opportunities.

In March 1977 the Minister of Regional Economic Expansion (Mr. Lessard) and Premier Alex Campbell signed an agreement on the financial arrangements for the remaining three years of the second phase of the comprehensive development plan. This agreement provides for a contribution by DREE of $89 million over the next three years and a continuation of the phase II strategy. Programs implemented under this agreement are cost-shared on a 90-10 federal-provincial ratio, except for school construction, which is 50-50. Emphasis will continue to be placed on the productive sectors: agriculture, fisheries, and industrial development.

I wish to mention a few other items. One is of recent construction. I refer to the submarine cable link between Prince Edward Island and New Brunswick. A 13.5 miles, $36 million electric cable stretching across Northumberland Strait between New Brunswick and Prince Edward Island was officially opened in Charlottetown on October 28, 1977. This project began in 1969 to ease Prince Edward Island's energy problems by linking the province to a maritime electrical grid. With a grant of $18 million from the Department of Regional Economic Expansion, a $9 million loan from the Department of Energy, Mines and Resources and $9 million from the Prince Edward Island government, a pair of cables manufactured in Sweden were laid into pre-dug trenches at the bottom of the Strait between Murray Corner, New Brunswick and Richmond Cove, Prince Edward Island.

The link will not lower the cost of electricity to Prince Edward Islanders but it will slow down the accelerating rate of increase. Although the Island will not draw all its power from the cable, its energy future is no longer tied to fossil fuels and to costs beyond its ability to control. The cable will be oper-

ated by Maritime Electric Co., Ltd. under lease by the Prince Edward Island government.

There are a few matters on which I would like to elaborate. I wish to make reference to how DREE is operating in Prince Edward Island and to what I feel it has accomplished.

With regard to electrical power, I know there are some in this House who will argue that we do not have the highest electrical bills in Canada. Some of my hon. friends from Newfoundland claim that. However, we are very dependent on oil. This cable is one of the great benefits we have received. It has not decreased our electricity cost, but it is a measure of security. As years pass and there is further development with water power and so on, this will be a very good thing for us.

I wish to make reference to school construction in Prince Edward Island under the development plan. We have a school system like other rural provinces which is rather spread out. Our pupils were attending one-room schools. With the help of DREE, we were able to proceed much more rapidly with consolidating schools, both secondary and high schools. This is a great benefit to us. This is one of the first programs of a comprehensive nature that was developed between the federal government and the provincial government of P.E.I. I think the minister will agree that it was used as a model at that time. However, a lot of things have come and gone since 1969.

Something else that has been very fruitful and beneficial to our province and copied in other provinces is the family farm program. I have a few more comments I would like to make, Mr. Speaker; therefore I will call it six o'clock.

The Acting Speaker (Mr. Ethier): Order, please. It being six o'clock, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. MacDonald (Cardigan): Mr. Speaker, before the House rose at six o'clock I was concluding my remarks about DREE as applied to Prince Edward Island. I might say something now about the family farm program and the benefits derived from it.

As hon. members realize, Prince Edward Island being an agricultural province, the agricultural sector is a very important one. If it were not for DREE, those who live in the farm community in Prince Edward Island and who are able to enjoy some benefit from that program would be in a much worse position than they are at the present time. I am not trying to leave the impression that everything is cream and peaches, but I was closely associated with this scheme at its inception and I worked with it for a number of years, and I will do everything in my power to see that it is carried on and that worthwhile projects are forthcoming.

I might add that the arrangement for reviewing these programs is an excellent one. There is provision for an annual review by a joint advisory board consisting of representatives of both the provincial and federal governments.

Another area in which the government help very much is that of transportation, chiefly through road surfacing and construction. In P.E.I. we probably have more miles of road per capita than any other province. A great deal is demanded of roads today, truck traffic from one province to another being so heavy, so here again I think we would be in a bad position had it not been for federal assistance in highway construction, particularly in the maintenance of the trans-Canada highway.

The fishery is another important sector in our province. Our most lucrative fish is the lobster which brings in many dollars. It is a delicacy sold in many parts of Canada and it is likely that many people come to Prince Edward Island just to eat lobster. My other Atlantic colleagues appreciate this fish also. The government assists in the processing and in the maintenance of freezing units around harbours. Consideration is being given to using DREE money for the construction of boats also.

Something relatively new is taking place in our province. It is known as industrial malls. Industrial malls started in Charlottetown about two years ago through the efforts of the provincial government. What they really do is assist people interested in business. The province itself has a structure in this regard that is assisted through DREE in training and in implementation. When an individual gets to know his business he has an opportunity to expand and often moves on to something else. Someone then starting up in the business will take up the gap in that area.

● (2012)

This has proved to be very successful in this part of the country. There are over 20 in the town of Charlottetown. These employ quite a number of people and it looks like a very good thing to do for the future. The island population is small and there is no sense trying to take on big projects. Actually I think probably this is a return to our yesteryear when the people in our province, and other provinces as well, depended more or less on self-help, doing a great many things for themselves. This is something that looks very encouraging. It is expanding now to another town in Prince Edward Island, the town of Summerside, and we are looking forward to achievements in that area. As the saying goes, nothing is perfect at the onset. We are learning by our mistakes and other parts of Canada will perhaps also learn from some of the mistakes we make.

This is far, far from being all a mistake because there is enough good coming from it that it is bringing our population back. There has been a population change in the last number of years in our province. People used to say in the past that we were more or less an incubator for other parts of Canada. That is very true, but if all our people had stayed with their large families of yesteryear there would not be standing room now and they would have to leave anyway.

A lot has also been done in respect to market development. This is also assisted through DREE in conjunction with the provincial governments. Much is done in advertising and in processing, and this has been quite a help to us. Until we can get into the position in this great country of ours of having more control of production and marketing there will be some problems.

As you know, Mr. Speaker, the agricultural sector depends on many things, chiefly the elements. It depends on how much rainfall we have, how much frost there is on some occasions, and how long the growing season is. These are uncontrollable factors, but you do what you can in other areas, such as in promotion, salesmanship and what have you, and this has proved very successful. What we are producing for export are goods in very highly competitive fields. Our products must be very competitive in outside markets, not just in Canada but throughout the world.

Food processing is certainly coming into its own and is highly productive in Prince Edward Island. We have a great potato crop. In the last couple of years we have processed as much as 20 per cent of our potato crop, and that is a lot of potatoes when you consider they are produced on approximately 50,000 acres. This also helps our cash receipts. As the House knows, cash receipts from potatoes have been very, very good. They are not too good this year but last year we enjoyed possibly one of the best in many, many years. This was because in times of drought, as in Europe last year, our production was more saleable.

There are aspects of DREE that assist us in many ways. Going back to the agricultural sector again, one thing that has been very fruitful and beneficial is the potato packaging scheme. We get assistance in that regard through job creation, and assistance for structures. These are all things that help keep people abreast of things and we find this very beneficial.

At one time not too many years in the past, as everyone knows, in our small province we had one of the best forestry stands in the country. It has deteriorated now a long way from that state. One of the chief reasons for this deterioration results from the actions of some human beings. When you cut the perimeter around a very small area like this and expose it to the wind, the rains, the salt spray, and what have you, it has a very bad effect on the forest. Through help from DREE and the provincial government we now have a replanting process, and the day will come when we may have our forests back to the stands that once existed. This is not something that will happen very rapidly because it takes 30 years to grow a tree for pulp and 60 years to make good lumber, so to get a good stand of lumber right across the whole island will take practically a century.

I see, Mr. Speaker, you getting ready to stand so I think I should conclude on that point. There are many more things I could speak about regarding DREE and its benefits in Prince Edward Island and in the Atlantic provinces generally. I want to endorse DREE in every way. Being a landlubber in the past I know what the situation was and can see the good that DREE has done for our province. I want to compliment the minister for his patience and for the very intricate deals he has worked out for the Atlantic provinces. I wish him as well as our province great luck.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I apologize to the hon. member of the NDP, but I am pleased to have the opportunity to speak on this motion. I commend the hon. member for Halifax (Mr. Stanfield) for introducing it, and also the hon. member for Dartmouth-Halifax East (Mr. Forrestall) for his contribution in producing this motion, which is significantly timely and in line with the economic conference we witnessed with great national interest over the past few days.

I watched a good deal of the economic conference and what struck me was the fact that everything I heard and read in the papers that were produced appeared to be repetition of things we have heard in the House of Commons over past years. They were the same suggestions and the same solutions to problems. I can only reflect and deduce that the provincial premiers have been reading *Hansard* over the past years in order to produce these papers.

Another thing struck me as I observed the conference. I wondered what our job was as federal members of parliament representing 264 districts in this place and where is the liaison between ourselves and the provinces. What has happened to the thrust we are trying to make here in the House of Commons as representatives of all Canada? What has happened to the liaison that would permit us to make those representations that should be made to the government? I can only come to the conclusion that some people are not listening to us. I wonder what we are doing here.

Certainly there must be some positive aspects about the discussions that take place between representatives of the provinces and whoever it may be that is interested in this country. I hope we will see some positive results from this conference. As I watched I heard the same clichés we have all heard for years, such as that we have to provide a climate of opportunity; we have to direct more attention to the private and, in some cases, the public sectors; we have to provide direction in the area of restraint on spending. The one that struck me the most was the suggestion that we had to instil a renewal of confidence on the part of our people and the business sector in the government.

It is a well-known fact that our citizens have lost faith in the government, but you cannot instil confidence in the people we are representing by sitting around a table repeating political clichés. You instil confidence in the people and in business by performance, by action, by leadership and by deed. We keep hearing the same problems and the same suggestions year in and year out, yet we have the same distressing situation regarding the economy of Canada, this country which we all know is so prosperous.

Our motion today relates in a few words just what the government must do immediately. It states:

—the government must now renew its commitment to reduce regional disparities by developing and implementing . . . comprehensive development strategies for

eastern Quebec and the Atlantic provinces including such areas as transportation, energy, primary resources, industrial and service sector expansion.

I want to attempt to address my remarks to these areas as they concern my province of Newfoundland.

● (2022)

As a result of my basic military training, I have learned some fundamental lessons. One such lesson was that any advancing army, organization, element or province can move no faster than the slowest or weakest troops. Nothing is more true when that principle is applied to our nation's economic and social direction. Canada will never reach its potential unless the weakest provinces are strengthened to keep pace with the richer ones.

Another fundamental lesson was: in order to maintain progress and win a victory, one must reinforce his success. One must take advantage of his potential strengths and reinforce them for the benefit of all. Newfoundland's strength is in its richness of renewable resources: forests, potential energy, fish, offshore oil, potential mineral resources, tourism, and most important, human resource. In spite of this richness, and in spite of joining confederation in 1949 in order to take advantage of federal leadership, Newfoundland is still embarrassingly categorized as one of the poorest provinces. Hundreds of millions of dollars have been put into Newfoundland by the government for the purpose of development. Yet it still has the highest unemployment rate and cost of living. This is partly because our leaders never developed a long term strategy in order to take advantage of the province's potential, other than on a hit and miss basis. No infrastructure base was provided, which was the first unforgiveable mistake. An adequate transportation system is a fundamental necessity to reach the rich resources of Newfoundland and Labrador.

In spite of that known fact, it probably has the most inadequate rail lines and deteriorated highways in all of Canada. The Canadian National Railways has the responsibility of maintaining its rail lines. It has allowed those lines to deteriorate to the point where they are no longer in use. The CN has turned more and more to trailer trucks in an attempt to compete in the market. That contributes greatly to the deterioration of the province's highways. The cheapest form of transportation, from an energy point of view, is the rail lines, but that is not recognized. The transportation link requires upgrading and strengthening, yet the Minister of Transport (Mr. Lang) refuses to offer any more than 50 per cent of the cost. Certainly the Newfoundland government cannot afford it.

I commend the Minister of Regional Economic Expansion (Mr. Lessard) who is providing 90 per cent of the construction cost for a highway to the Great Northern Peninsula. That highway is being constructed to take advantage of the resources which are in northern Newfoundland and Labrador. How can one minister offer only 50 per cent of the cost while another minister is providing 90 per cent of the cost of the Great Northern Peninsula highway? The Minister of Regional Economic Expansion recognizes the value of Newfoundland's resources. Originally the federal government assisted in the construction of the Trans-Canada Highway on a 90-10 basis. In order to take advantage of the resources which can be found in the Great Northern Peninsula, northern Newfoundland and Labrador, work must be done on the Trans-Canada Highway from Port aux Basques to the jump-off point in the triangle of Deer Lake, Corner Brook and St. Stephen.

I should like to refer to some statistics which were prepared by the trucking associations of the Atlantic provinces. Between 1970 and 1976, rail transportation increased by 3 per cent. It was an increase from 385,000 tons to 397,000 tons. Truck and trailer traffic increased by 424 per cent. Thus, it must be fundamentally obvious that the highway has to be built up, strengthened and reconstructed through the trans-Newfoundland corridor, which is vital to economic development.

Because of Newfoundland's isolation, the cost of living has increased rapidly. Newfoundland suffers more than any part of Canada because of isolation and the high cost of transportation. Hon. members might be surprised if I mention that Newfoundland has an agricultural base. It can produce almost everything required agriculturally and thus avoid transportation costs. I do not understand the policies of the Minister of Agriculture (Mr. Whelan) with respect to the creation of storage facilities in order to lower the cost of transportation and storage of grain.

In regard to the subsidies which are provided by the Department of Agriculture for vegetable storage facilities, in Newfoundland last year there were two applications. Newfoundland can produce almost anything it requires, such as vegetables, beef, poultry, eggs, milk and other food commodities which are imported at greater cost to the consumer. We must have the support of subsidies and the provision of storage facilities. I hope the minister realizes that potential will help Newfoundland.

The Newfoundland Federation of Agriculture produced figures on laying mash to indicate the price spread among the various provinces. The cost per ton in Quebec was $165, in Nova Scotia it was $172 and in Newfoundland it was $187. That is a difference of approximately 15 per cent. Is it any wonder Newfoundland has the highest cost of living? Because of the additional cost of feed, it is necessary to add one cent to the price of a dozen of eggs.

Newfoundland is the customer of every province west of it. In 1974 the total manufactured shipments from Newfoundland to Canadian destinations were $270 million, while imports totalled approximately $740 million. Newfoundland is shipping too much of its products in their raw state, such as iron ore, unprocessed codfish and pulpwood. There is a trade surplus in the paper industry. The deficits in trade for 1977 in Nova Scotia were $68 million; in New Brunswick, $30 million; and in Quebec, $124 million. Newfoundland requires a comprehensive program to develop its resources for the benefit of its people and Canada.

● (2032)

Speaking about the pulp and paper industry, it is in a desperate situation in Newfoundland. Although this is a successful operation, it is threatened by the budworm blight. Unfortunately, because of our distance from markets, the great pulp and paper mills in Newfoundland have difficulties competing. Our exports to the United States which amounted to 80 per cent of our production have decreased to 60 per cent. This is problem which again reflects our need for assistance in transportation.

With respect to the spruce budworm infestation, I had the opportunity, together with some of my colleagues, to meet experts from the Department of the Environment through the auspices of the minister, and we learned from them that the provinces of Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island have reduced the blight through defoliation measures and that only in Newfoundland the infested area has increased last year from three million acres to 3.3 million acres. I know the Minister of State (Environment) (Mr. Marchand) is trying, with the help of the U.S. government, to increase research in that area to find means of fighting the budworm and at the same time recognize the environmental effects which might result. I hope that we will see the results soon, but this work must be given priority because if we lose our pulp and paper industry in Newfoundland, an industry which is threatened now, I do not know what our future will be.

However, there is still much potential in Newfoundland, and I must commend the minister for providing millions of dollars to various sectors of our economy. We talk about our visions in the north. In Labrador and in northern Newfoundland we have a great potential and we must direct our efforts toward developing it. Experts say that in Labrador there are substantial uranium reserves, but the most realistic potential we have is the hydro potential on Gull Island on the Churchill River in Labrador, a source of renewable energy of which we must take advantage, and the quicker the better. I hope that the minister, together with his colleagues, will recognize the fact that with that energy resource we will be able to provide energy to the people of Newfoundland at a realistic price, and at the same time help the Atlantic provinces as well as develop other industries in northern Newfoundland and Labrador.

As I indicated previously, one of our military lessons was to support the weakest troops. If the government wants ideas about producing jobs, let me point to a housing program which, as I have mentioned many times, is so necessary in Newfoundland, a program called residential rehabilitation assistance. It is recognized that in Newfoundland there are 31,000 homes needing insulation, yet CHIP is directed at the wrong people. It does not assist those who need it most, namely, Newfoundlanders who own their own homes, people with less than $6,000 income and people who cannot afford insulation. There is a program right now which would produce one job in every home which needs repairs. Again I say to the minister that the program should be redirected to assist those people who need it most.

What amazes me is that whenever I ask for money to be allocated to the Residential Rehabilitation Assistance Program, the minister tells me there is not enough money; yet the government can turn around and provide $1.4 million for the home insulation program, and the people who need it most cannot take advantage of it. I suggest to the minister that we can produce jobs in the way I indicated and that this is a realistic way of providing employment and helping people to insulate their homes at the same time. Again I say there are 31,000 homes in Newfoundland needing insulation, and for every such home there is a job. This would produce at least 31,000 jobs.

Another problem in my province which distresses me is our inability to take advantage of another good housing program, namely, the Neighbourhood Improvement Program. There is a community in my district called Stephenville which lost a linerboard mill with 2,100 jobs. They were designated as a NIP area, which program provided them with money to build a base for the town. Unfortunately they could not afford it because they could not afford the loan factor. They were given a grant of $400,000, but there was a loan factor of $400,000 attached to it so they had to give it up. This has denied them the opportunity not only to develop their town and to give it an infrastructure base but also to provide the necessary—

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired. Nevertheless, he may continue with unanimous consent.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I am happy that the hon. member for Halifax (Mr. Stanfield) introduced this motion today because it gives us a chance to take a look at programs provided under DREE and also at the ways in which the provinces have put them to use. I will confine my remarks principally to DREE programs in New Brunswick and to the way the government of New Brunswick has put to use money under these programs.

It seems to me that the motion before us is worded in somewhat general terms. It seems to ignore the fact that it would be extremely difficult for the government to do what the motion suggests without the concurrence and active participation of the provinces. Perhaps that consultative and participatory process has already begun earlier this week at the conference of first ministers. I must say I am a little amazed at the virulent attacks which the opposition has launched at that conference and at the participants at that conference, particularly in view of the fact that five of the premiers attending the conference are adherents of the Tory doctrine and one is an adherent of the NDP doctrine, although one would never think that members of the NDP here in the House belong to the same party as the premier of Saskatchewan.

I suggest that in order to develop effective strategies for eastern Quebec and the Atlantic provinces in such areas as transportation, energy, primary resources and industrial and service sector expansion, the province involved must participate actively, and indeed play a greater role than the federal

government, in the planning and implementation stages of such a strategy. Nearly all these areas fall within the jurisdiction of the provinces under our constitution.

Mr. McKenzie: Tell us how you are helping the economy in Florida.

Mr. Dionne (Northumberland-Miramichi): I suggest the hon. gentleman pipe down and listen to what I am about to say, and perhaps he will be more satisfied. Never having been to Florida, I am afraid I would not know very much about the economy there.

Mr. Forrestall: You do not know a hell of a lot about the economy of New Brunswick either.

Mr. Dionne (Northumberland-Miramichi): If you listened you would find that perhaps I know more about it than you would like to hear. I do not know why it is that whenever I speak here in the evenings there are a few hon. members opposite who seem to have great difficulty in accepting the truth of what I say. It seems that they always want to interrupt and create a disturbance in the House. It is a strange phenomenon, but I do not really mind because every time they open their mouths I am given an opportunity to refute another of their contradictions.

● (2042)

Some hon. Members: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): At least I am not reading a speech made by one of my colleagues several months ago. If the hon. member for Winnipeg South Centre (Mr. McKenzie) has an original speech to make, I would be happy to sit down, let him make it and then continue mine after he is through.

Mr. McKenzie: Mr. Speaker, I rise on a point of order. I would appreciate it if the hon. member would give us some statistics on how the government is helping the economy of Florida. We have much detailed information on how the government is driving investment money outside Canada and into Florida. Let the hon. member tell us how the government is helping the Florida economy.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I am having difficulty following the hon. member's point. I do not see anything in the motion about Florida. I am afraid the hon. member is lost, and if he does not stop interrupting, I may get lost as well.

The question of priorities and the definition of those priorities must rest with the provinces. I do not think any province, be it Quebec or one of the four Atlantic provinces, would want the federal government to tell it what its strategy for development must be, but it seems to me that that is what the motion is suggesting. I know that the province of New Brunswick would not want that, and I do not think it should. The provincial governments are obviously closer to the residents of the provinces than the federal government can be. It is important to note that in the New Brunswick legislature there are 58 representatives of the people, whereas in the federal parliament there are only ten, so each member of the federal parliament from that province represents a much large area and a much larger population.

What has been happening in the province of New Brunswick is worthy of note. While I applaud the remarks of the premier of New Brunswick which he made at the first ministers' conference concerning the value of DREE, I wish he would tell the ministers of his government to keep their grubby little paws off federal money and stop using it for patronage and for helping out their political friends.

Some hon. Members: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): I hear the hon. member for Carleton-Charlotte (Mr. McCain) piping up. If he has any doubt about what I say, I suggest he look at the monstrosity the Conservative government of New Brunswick has built on the Houlton road in New Brunswick. That tourist reception area cost the taxpayers of Canada and New Brunswick almost $3 million. If anyone can justify that, bearing in mind that we need jobs in New Brunswick, I would be glad to listen.

During the sixties real attempts were made by that great New Brunswick premier, the Hon. Louis Robichaud, to bring to the province equality of opportunity for all people of all sectors. Unfortunately, that thrust has been lost. Some areas of the province are now being developed, but little or no attention is being given to other areas.

Two areas of my province are not covered by subsidiary agreements between the federal government and the province. I want to speak about the northwest part of New Brunswick, which is made up principally of Madawaska and Victoria counties, and the area which I represent, commonly known as the Miramichi.

On the Miramichi there is a very high rate of unemployment. We have had great difficulty with our economy for a long time. That has been particularly pronounced in recent years because of weak markets for the primary resources upon which most of us rely for our livelihoods. Very little is being done to enhance the economy of that region or of the northwest region. I understand that DREE is quite prepared to enter into a joint agreement for the development of those regions of the province which are not covered by existing DREE grants, but we cannot get any movement from the provincial government.

I think it is fair to ask why. If DREE is prepared to put money into those areas of the province, what is holding the province back, and how can the federal government work out a comprehensive development strategy for the province of New Brunswick as suggested by this motion? I submit that the federal government cannot act on its own, although it has shown a continuing willingness to do so.

During the period between April, 1966, and the end of March, 1977, total DREE expenditures in New Brunswick

amounted to $426.5 million. There are many agreements covered by that amount. Under special area agreements and highways agreements substantial investments have been made in roads, water and sewer and industrial land infrastructure in the Moncton and Saint John special areas. Other efforts have been made to improve the highway network in New Brunswick, but again it is interesting to note that a great deal of money has gone into areas which are already fairly well developed. The Saint John and Moncton areas were undoubtedly in need of a strengthening of their infrastructures to provide broader industrial bases for their citizens, and no one, including me, wishes to take anything away from any other part of the province. What I wonder is why other areas of the province cannot share in the largesse of the Department of Regional Economic Expansion through properly negotiated agreements to give those areas the strengthening they require in order to bring about their own industrial development.

There was the growth centre concept, for instance, and I think it is fair to say that for the entire province the growth centre concept was a failure. There is no doubt that the growth centre concept created some jobs, but the bad side effects outweighed the good effects the concept created. It weakened areas outside the growth centre. Their opportunity to attract industry diminished. Their ability to maintain the industry they had diminished. The growth centre concept caused the reduction of population in some areas. I do not believe that is good policy, so I am glad that it is not being taken very seriously any more.

The FRED agreement resulted in the pumping of millions of dollars into the northeast part of the province of New Brunswick. There have been some spectacular results there as well. The improvement in housing and support facilities for housing development is quite phenomenal. None of this would have been possible or brought to fruition without the assistance of DREE. In the southeast part of New Brunswick we have what is commonly referred to as the southeast agreement which, while not massive in its funding, has been a very worthwhile effort in strengthening the basic infrastructure required for the development of communities and for attracting industry. Unfortunately, those programs have not covered the area between the northeast and southeast known as the Miramichi except for two little sections on either side.

● (2052)

Mr. McCain: Patronage goes everywhere else. Why does it not go there?

Mr. Dionne (Northumberland-Miramichi): The hon. member wants to talk about patronage, Mr. Speaker. The government of which he was once a member made a science of patronage in New Brunswick. No government in this country has practised patronage the way the Hatfield government in New Brunswick has. Hon. members opposite complain because of appointments made by this government—because from time to time someone who might have been a Liberal is appointed to the bench, perhaps. The hon. member sitting over there had a situation created for him by his colleagues in New Brunswick. He was called the potato co-ordinator for New Brunswick, whatever that may be. How does one co-ordinate potatoes?

Let me tell you something else about patronage, Mr. Speaker. There is the matter of route 11 in Northumberland county. When DREE forced the Hatfield government to spend some money on road development in Northumberland county last summer, despite the clause in the agreement which said that hiring must be done through manpower, it had to be done through a candidate defeated in the 1974 election. If the hon. member wants to talk about patronage I will give it to him. It is rife in the forestry agreement and worse in the tourism agreement. I could go on and on about patronage but that would take up all the time until the adjournment.

Mr. Clark: Move them all to Shediac.

Mr. Dionne (Northumberland-Miramichi): They had better quit while they think they are ahead. There is a tourism agreement in New Brunswick and I suppose it has done some good. One would have to do a fairly careful search to find out how it is going to help the development of tourism in New Brunswick, though. There have been some rather grandiose schemes like the building of these magnificent reception centres which very few people visit. There is the scandal of Jardin de la République and the scandal of Sugarloaf Park.

I do not want to belittle these projects because they will have some value in the long run, but I cannot accept that we should develop very elaborate structures when we do not have the kind of highway systems we need to bring the tourists in. It seems to me that the highway system should come first. The Minister of Transport (Mr. Lang) has offered the province a $100 million program for highway strengthening over three years on a 50-50 cost shared basis—

Mr. McCain: Come back to the motion and be positive about the maritimes.

Mr. Dionne (Northumberland-Miramichi): Do you want to mix it up again? I am game. I would be positive if the government of New Brunswick gave us anything about which to be positive. It has been a negative government which has not shown any interest in half of the province. It is their philosophy that there are two capitals in New Brunswick—Fredericton for the southern, industrial part of the province and Ottawa for the rest. They have ministers saying to the ministers of the federal government, "Why don't you get on and sign these agreements so that we can get on and spend our money in the rest of the province?" Is that an attitude of responsibility?

Mr. McCain: Oh, oh!

Mr. Dionne (Northumberland-Miramichi): If you had kept your trap closed, all of this would not have started. If you want to mix it up politically I can do it and I am prepared to do it.

The Acting Speaker (Mr. Ethier): Order, please. Perhaps hon. members should be reminded that they should address the

Chair at all times and not one person in particular. I would remind the hon. member that he has one minute left.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, I regret that I neglected to address the Chair. I apologize for that. I will give the remainder of my time to the opposition and maybe if they take a minute or two to reflect they will be able to come up with some positive ideas.

Mr. McCain: A point of order. Let me set the record straight on one thing—

The Acting Speaker (Mr. Ethier): Order please. Order, please.

Mr. McCain: Mr. Speaker, on a point of order—

The Acting Speaker (Mr. Ethier): The hon. member is seeking the floor on a point of order and he will be recognized, but I do not see why he should establish a point of order before being recognized.

Mr. McCain: For the record, I think it should be on the books correctly that the $100 million—

The Acting Speaker (Mr. Ethier): Order, please. I think I said clearly that I would recognize the hon. member to establish a point of order but not something for the record. That is argument and a point of debate, not a point of order.

Mr. David MacDonald (Egmont): Mr. Speaker, as I listened to the hon. member for Northumberland-Miramichi (Mr. Dionne) it reminded me of my former profession and I thought that he was perhaps preaching for a call. Certainly with such fervour and emotion he might be welcome in the seriously depleted ranks of the Liberal party in New Brunswick at the present time.

I want to recognize at the outset not only the contribution made by the hon. member for Halifax (Mr. Stanfield) when he led off in this important debate but the contribution he has made throughout his career in trying to reverse a very serious trend that has affected the eastern provinces of this country almost since the moment of confederation.

I think the hon. member for Halifax, a former premier of Nova Scotia and former national leader of this party, is one individual who has gained respect on all sides of this House and throughout the country for attempting to tackle very directly the problems confronting a significant proportion of the population of this country.

The motion before us today refers to the need for a comprenhensive development strategy for the five eastern provinces. I think that is the crux of what we are faced with in this debate. Hon. members may have wondered whether the motion was just a series of words without particular meaning or whether it held some special implications for us as federal legislators.

It is important to recognize that the project of trying to deal with regional disparities is relatively new in this country. It is true that since the 1920s there have been attempts to deal in sporadic or specific ways with economic and social disparity. I think it is fair to say that it was not until the time of the government of the right hon. member for Prince Albert (Mr. Diefenbaker) that there was any conscious attempt to deal with economic disparities.

I would like to give two or three examples to point that up very clearly. There was the development of the ARDA program, the Atlantic adjustment grants, and the Atlantic Development Board. Those three instruments recognized that it was not enough just to have a piecemeal response or an occasional subsidy to deal with one element of disparity or economic difficulty. They recognized that a more comprehensive and consistent approach was required to get at the underlying causes of these economic difficulties.

As I said at the outset, Mr. Speaker, since confederation economic development in Atlantic Canada has lagged behind the Canadian norm by almost any indicator of economic progress. Recent development efforts since the early 1960s have succeeded to some degree in narrowing the income gap. I might say that this has been built chiefly by very large amounts of economic transfers.

● (2102)

In 1976 the following are the transfers made to the Atlantic region: $550 million for unemployment insurance benefits; $208 million in family allowance benefits; $461 million in old age security benefits and $89 million for the Canada pension plan, the largest amount in terms of equalization grants of well over $800 million. These figures together total something in excess of $2.1 billion.

In that same period when we were transferring, by one means or another, a very substantial portion of basic income to the two million residents of Atlantic Canada, we were spending in direct incentives under the Regional Development Incentives Act something like $23 million. We have heard it expressed during recent days by some of the premiers of the eastern provinces speaking at the federal-provincial conference, that Atlantic Canadians and Québécois are becoming increasingly worried that we are being classed only as consumers and not as producers. That is not a situation this country should accept.

I believe that our region is increasingly in danger of being trapped in its dependency on the federal government for public services, income transfers and even jobs. I am glad that the Minister of Employment and Immigration (Mr. Cullen) is here this evening. He is the minister responsible for the very large scale program of Canada Works. I am disturbed at the number of representations I have received from people in my constituency. As the minister well knows, it is one of the areas in the country which has very high unemployment. By varying statistics it is between 15 per cent and 30 per cent.

I am concerned that we have fallen into this continuing round of making funds available for short-term job creation which provides no permanent economic benefit to the region. It provides no opportunity to strengthen and expand the employment possibilities in the basic industries or sectors of

the economy, not agriculture, fisheries, tourism or any of the services that support the over-all structure of the economy.

It is more disturbing when you realize that the minister has received representations. I know he has had representations directly from the chairman of my ministerial advisory group saying that if we are to receive these millions of dollars for job creation, then let us make sure the funds that are being expended are not going to create some kind of short-term enthusiasm or interest or opportunity, or long-term frustration and dependency.

I am sorry to say that this government and the minister, while having inaugurated this program some years ago now, are no closer to recognizing that reality as well as the growing economic and social dependency, and the cost included in it, across the country but particularly in the area of eastern Canada which has the highest continuing unemployment. It is too much to expect that the minister would say anything this evening, but I would hope that he would recognize that it is unacceptable to deal with people only in terms of making sure that they have some form of income to continue as consumers, dependent if you like, on the federal handout. It is to reverse that situation that we have this motion before us today.

There must be a development strategy that takes into account both the problems and the potential in the area of transportation, energy, primary resources and the industrial and service sector. Just to look for a moment at the energy question, I was interested in the remarks of the Minister for Veterans Affairs (Mr. MacDonald) who correctly said that energy costs in Prince Edward Island are among the highest in the country. If I look at the report which was produced some months ago comparing the average annual energy expense in Canada in a number of cities—these figures were for about a year ago and they would have escalated somewhat in the meantime—I find the figure of $305 for heating in Toronto, $80 for hot water, oil or gas, and $140 for electricity. Compare those costs to costs in Charlottetown, which are $410 for heating, $90 for hot water and $480 for electricity, making the over-all figure for a Prince Edward Island urban resident $980 as compared with a Toronto figure of $525. Lower figures would have been reported for cities in western Canada and slightly higher figures would be reported for other cities in eastern Canada.

This is one indication of disparity alone, Mr. Speaker, where consumers in my province must pay energy rates in some instances almost twice that of their counterparts who live in other urban centres in central and western Canada. It is not enough to make sure that we have some level of unemployment insurance as maintenance income, or family allowance, or Canada Pension Plan benefits, or even employment under Canada Works. If we are not prepared to deal with some of the underlying causes of this growing disparity throughout the years as a result of the energy crisis, we are not going to eliminate regional disparity.

Quite frankly, I think the government has not been willing to recognize that it cannot solve these problems on its own with ad hoc programs. They cannot simply toss in RDIA here, or Canada Works there, or an announcement by the previous minister of finance with respect to some special tax rate, unless all of these are included in some kind of comprehensive approach.

Those of us who come from Prince Edward Island, such as the Minister of Veterans Affairs of the hon. member for Malpeque (Mr. Wood), can say something about comprehensive planning. We have seen one aspect of it since 1969 with the Prince Edward Island comprehensive development plan. Unfortunately, Mr. Speaker, if one was to gauge one's reaction to comprehensive planning only from that experience, one would have to opt in some instances for anarchy rather than for order and planning.

While the Minister of Veterans Affairs waxes eloquently about the great things that have happened under DREE, with the consolidation of the school system, the rapid change in the educational system in Prince Edward Island, I know the hon. member for Malpeque and myself as well as many others would want to add words of caution as to the enormous difficulties that have been created in rural communities and in the educational system itself in trying very quickly to adopt unilaterally an educational system and model which made very little sense for the present or future social and educational needs for the people of Prince Edward Island.

Of course, the comprehensive development plan was a classic example of unilateral intervention by the government. One of the great things about the modern era is that if anyone wishes to check out what really happened with respect to the P.E.I. comprehensive development plan they can see it all on film. The National Film Board has provided an actual record of the process of negotiations that led to the signing of the P.E.I. plan. It underscored the way in which provincial priorities and imperatives were constantly battled and set aside by a federal bureaucracy that had almost no imagination and less sensitivity to the needs of the people living in Prince Edward Island. Talking about the Prince Edward Island development plan is like talking about history, and despite the remarks by the Minister of Veterans Affairs about a second phase, finding that second phase is like finding the Peking man. We know that it existed once but somehow was lost in the course of a voyage, never to be heard from again. There really is no plan as such today. What does exist, however, are bits and pieces of programs that are the holdovers from the years of the P.E.I. development plan.

What was the reason the plan, which at the outset seemed like a marvellous idea in its basic terms, in terms of development to achieve social and economic goals, seemed to fall so short of success? When it comes right down to the basic reason, it is that the federal government to a large degree, and the provincial government to a lesser degree, did not have faith in the people themselves in terms of their own judgment and participation.

● (2112)

It is now a point of considerable analysis for sociologists and others. However, one aspect of the plan that could have made

it work, both in its formative stages and in terms of its implementation, was the opportunity for real public participation. Unfortunately, as anyone from Prince Edward Island knows, there was no participation in the formation of the plan. In fact, we played a game of "blind man's buff" during 1968 and 1969 trying to decide what was actually going to be done.

During the months preceding the unveiling of the first phase of the plan, there were leaked portions of the plan that would more or less titillate public opinion on the island to let them in on what would actually happen when the great government decided what their plan would be all about. When it was unveiled, it said a great deal. Unfortunately, however, it was not a plan which the people themselves had an opportunity to formulate and feel they were part of.

Between the years 1969 and 1972 or 1973 there was participation, chiefly through the agency of the rural development council. Even that agency, which basically had been a voluntary association, felt it was a kind of divided house. On the one hand, they felt they had some role to play in terms of community development because that was their basic mandate. On the other hand, they were receiving considerable funds provincially and federally and therefore felt almost in a public relations job for the development plan. That made life extremely difficult for the staff and officers of the rural development council. Of course, even the RDC was able in some way to effectuate public participation, so much so that when the second phase was on the eve of being signed, the provincial government acted quickly to cut off any further funding.

Now, of course, such a thing as public participation being an integral part of the second phase of the plan is simply a non-existent factor. This means if people are not consulted at every stage of the planning and are not involved in preparing for, and participating in, their own future, that which is imposed upon them will obviously be of very superficial duration and effect.

We have profound problems in the Atlantic region. I noticed an article in the local paper the other day regarding a meeting with the Maritime Farmers Council. Dr. Gordon MacEachern, president of the Canadian Agricultural Economics Research Council, a very distinguished former Prince Edward Islander, uttered very sad words of warning. Quoting from a Canadian Development Association prediction he said, and I quote:

—the Atlantic region will lose 50 per cent of its farmers over the next six to seven years and 80 per cent within about 20 years.

He said there were about 10,000 farmers in Nova Scotia in 1966 but there now are only 5,400. By year 2000 the number would shrink to 1,600.

Nowhere had there been more land taken out of agricultural production in the last 20 years than in the maritimes,—

That is an incredible statement when you think how important agriculture is to the economy and the society of the maritime region. He went on to say:

In New Brunswick, farmland was down 52 per cent in the 20-year period, in Nova Scotia 42 per cent and in Prince Edward Island 22 per cent.

That kind of statistical analysis tells us, especially with growing food needs in our country and in the world, that we must reverse the trend. We must not simply subsidize and basically create efficient units in agriculture. We must turn the agricultural industry into a dynamic, important development component of the Atlantic region. It can and must be done. However, given the direction and the trend of this government's performance, one cannot be greatly encouraged.

In the area of transportation, the hon. member for Dartmouth-Halifax East (Mr. Forrestall) has repeatedly reminded the Minister of Transport and members of this House that we cannot have any kind of overall development strategy unless transportation plays a constructive and useful role.

I know the minister who is here this evening would echo those words very strongly. He knows that his principal problem in some ways is not the effective administration of his own department but trying to get a useful measure of co-operation and co-ordination from other key departments, whether it be transport, finance, energy, or any other departmental policies which have an impact upon the five eastern provinces.

The sad fact is that when this department was established under the minister's predecessor in 1969, hundreds and thousands of words were echoed in this place and in committee about the importance of this new ministry which would, in effect, be a kind of super ministry. It was going to ensure there was a co-ordinated, effective, over-all development strategy. What has happened? All we have now is the minister trying to achieve some kind of bilateral agreement with each of the provinces in turn, trying to shore up an RDIA program that seems increasingly irrelevant to the process of the development of the Atlantic region, Quebec and elsewhere.

What we need is a refreshed mandate that will be committed to a comprehensive program of development. If this debate achieves nothing else, I hope it will remind this minister and the government that they have a major role to play, at least as major as it is possible to play given their performance to date, or until they can be succeeded by a government that will surely do it!

[*Translation*]

Mr. Albert Béchard (Bonaventure-Îles-de-la-Madeleine): Mr. Speaker, I must admit that I was surprised by that sudden interest and astonishing fondness shown by the Progressive Conservative party for Quebec, especially for eastern Quebec. However, I am not so surprised when I consider and realize that the sponsor of the motion is not the Progressive Conservative party, but the hon. member for Halifax (Mr. Stanfield). Indeed, Mr. Speaker, the hon. member for Halifax is, in my opinion, the only former leader of the Progressive Conservative party who has tried to learn and understand Quebec and its inhabitants.

If I could be allowed to make a suggestion—which evidently will not be followed—to the present Leader of the Official Opposition (Mr. Clark) and his supporters, it would be to listen carefully, as he did during his speech, to the hon. member for Halifax and act upon his advice on Quebec, because I think he is the best adviser the Progressive Conservative party and

more especially the Leader of the Opposition could have at the present time.

● (2122)

Mr. Speaker, after this short departure from the subject, I want to say that I am glad of the opportunity given to me by the hon. member for Halifax to talk about regional economic expansion, the expansion of regions where economic progress is slower than elsewhere in the country, my region among others.

None of the legislation put forward by the various governments, be they federal or provincial, none of the measures they have taken has given perfect results; perfection, as we all know, is not of this world. But, Mr. Speaker, no one can deny that the act of 1969 creating the Department of Regional Economic Expansion has resulted in benefits and important advantages for the communities it was meant to help. So it was to be expected that this legislaon would come up against certain obstacles which would prevent it from reaching its objective—improving the economy of those regions where economic growth was long overdue and did not allow the people to find the proper means to pull themselves up to the same level as other parts of the country.

Besides being isolated from large centres, one of the obstacles which preclude economic growth in some parts of our country is that industry itself, well set up in large centres with all their opportunities as a marketplace and so on, was not naturally attracted by our designated areas. Yet, in spite of this, regions such as Montreal and Quebec city were designated later in an attempt to decentralize towards peripheral areas.

Mr. Speaker, we have no doubt whatsoever about the beneficial effects generated in our regions with the creation of the Department of Regional Economic Expansion. When I first came to the House in 1962, at the same time as Your Honour, I was concerned over the lower economic conditions of the area which I have always represented and maybe because of the negligence of preceding governments, our region was in an underdeveloped state and did not benefit from programs available to the rest of Canada.

That is why we had insisted during the campaign on the fact that under a Liberal administration, financial assistance would contribute to the economic development of areas such as ours—and I know there are a great many other such regions in Canada and especially in the Atlantic provinces—and provide our people with decent living conditions.

So it is that following our assuming power in 1963, we adopted for instance the industry incentive policy, which encouraged corporations to establish their operations in areas such as ours. As early as 1963 or 1964, a corporation came to my riding to develop very significantly the forest industry. Without the incentives provided by the then Department of Industry, Trade and Commerce, this industry would never have started its operation in the Gaspé area. That was only the beginning, and later, in 1969, we witnessed the creation of the Department of Regional Economic Expansion, and the first incumbent of this portfolio unless I am mistaken, the Hon. Jean Marchand, now a senator, then a very distinguished hon. member from the province of Newfoundland, and now benefits from the efficiency of the hon. member for Lac-Saint-Jean (Mr. Lessard), the present minister of the Department of Regional Economic Expansion whom, leaving aside all political considerations, I want to congratulate for his interest in regional development and all he had done to date under difficult circumstances to help the development and economic progress of my province.

Not so long ago I was very unhappy to hear that the abolition of DREE was being considered, just as I do not like to hear the opposition say it has served no good purpose, that regional disparities still exist and that the department has done nothing. Well, it is easy to say nothing has been done, but taking the province of Quebec, I have given a few examples in my riding of subsidies to industry. Taking them by area, the Gaspé Peninsula, the St. Lawrence River and the lower St. Lawrence—of course, one always starts with an area close to one's heart—well, where subsidies to industry are concerned the Department of Regional Economic Expansion, therefore the federal government—which is being blamed lately of doing nothing, and again not long ago, a few days ago as a matter of fact here in Ottawa, through the premier of Quebec—has made quite a few grants. As of December 31, 1977, the Gaspé Peninsula and the lower St. Lawrence received grants from the federal Department of Regional Economic Expansion in the amount of $10,849,717; the Saguenay and Lac-Saint-Jean area, $14,000,942; the Quebec city area, $44,116,150; the Trois-Rivières region, $65,381,078; the eastern Townships, $16,604,976; Montreal, $87,707,848; the Ottawa Valley region, $2,713,989; northwestern Quebec, $30,446,784; the north shore, $20,593,354, for a total of $292,414,838; which would make on an acceptable investment of $1,501,446,952 for a total job production of $72,507.

The FODER agreement, which deals mainly with the problems of the Gaspé Peninsula and the lower St. Lawrence, had invested, as of October 7, 1977, $148,575,576 in agriculture, forests, fishing, mining, leasure, tourism, business, urban planning, transportation, social development, administration and participation in forest redevelopment, under an ancillary agreement, revised and signed June 22, 1977, an estimated $3,950,000, $2,370,000 being from the federal government, in land treatment, including drainage, $4,750,000, including $3,000,000 from the federal government.

So it cannot be said, Mr. Speaker, that the Department of Regional Economic Expansion has not done anything for regional disparities. As for the lower St. Lawrence and the Gaspé Peninsula, it is only since the creation of the department, since certain incentives are given to companies for settling there that we have known renewed growth in economic activities. In the field of transportation, for example, we have established a roll-on roll-off ferry system, which has developed the tourist industry in the Magdalen Islands, whose only industry was fishing. Today, the islands enjoy a fairly good revenue from tourism, due to this ferry which is part of the regional economic development program.

I would like to come back to the question of air transport about which everyone has been talking for a long time. For my part, I have been talking about it for ten years in relation with the Magdalen Islands. It is the only means of transport available from December until April in the Magdalen Islands. I have been requesting improvements to the airport since 1968; some improvements have been made, but they still do not meet the needs of the population for adequate transportation. At the present time, the Magdalen Islands cannot be assured of regular service because we do not have the necessary equipment, that is instrument flights, since the present runways and the many hills prevent installation of proper instruments. We have been asking for improvements for ten years and nothing has been done. Numerous studies have been made. The Eastern Quebec Planning Bureau has made certain studies and we have of course kept the Magdalen Islands airport in mind, but we have still not received an answer.

Today I had the pleasure—and for this I would like to credit the Minister of Transport (Mr. Lang)—to hear that a private firm, which says that its experts know everything about the socioeconomic conditions of our area, has been commissioned to study the best location for a regional airport in the Gaspé area—some will say that it is just another study, but this one will be made by an independent firm and not the Department of Transport. Some may wonder what this has to do with the Magdalen Islands, but it has a lot to do with the islands since the company now providing service from the province of Quebec to the Magdalen Islands would like to develop the airport at Havre-aux-Maisons in the Magdalen Islands, but this can not be done before a regional airport is built or the Gaspé airport is improved.

This is why we applaud the decison made by the department, following repeated requests on our part, to commission an independent firm to study the most economically and sociologically suited location for this airport within three months. Transport is a major factor of economic development. In this regard, I must thank the Department of Regional Economic Expansion for listening to our complaints and finally accepting to assist in the construction of a road to the Gaspe area. We are satisfied with what has been spent through its financial participation with the province of Quebec to the construction of this road which, we hope, will soon be completed. We are satisfied with this participation but we will be even more satisfied when Gaspé will be able to have an air transportation system meeting its needs for 1978 as well as its future needs, as far as economic development is concerned.

A salt mine has been discovered in the Magdalen Islands. Several of my colleagues in the House have asked me questions after the release of reports in the press and on the radio, people who seem to be against the development of this salt mine. Those who are opposed to it are people from outside who went to the Magdalen Islands to try to convince people that from an environmental and aesthetic point of view the development of a mine in the Magdalen Islands could be detrimental to the tourists who would visit the islands.

Tourism is a part of our economy and lasts two or three months of the year, but Magdalen Islands residents have to earn a living all year long. So the question is: Are the people from the islands opposed to the development of the salt mine? No, they are not. The opposition coming from the Magdalen Islands originates from a group of fishermen who are rightly wondering about the site which will be chosen as the harbour used to get the salt off the islands. It might have harmful effects on the lobster grounds, as I mentioned some time ago when I asked a question to the Minister of Fisheries and the Environment (Mr. LeBlanc) and to which the Prime Minister (Mr. Trudeau) gave me an answer.

I am therefore asking for a serious study to be undertaken, but I want to stress the fact that the people from the Magdalen Islands are not opposed to the development of that mine. On the contrary, it will represent a welcome boost to the economy of the islanders, given the present state of fisheries which is getting somewhat better. Such a development could allow a good many people from the Magdalen Islands to earn a living all year round and expect a sizeable income, not to mention other side effects that it may bring about.

The development of that mine depends on another important project in the continental Bonaventure riding which would create from two to three thousand new jobs in the area of Port Daniel. This is why I am making a request tonight to the Minister of Regional Economic Expansion while paying homage to him for the magnificent job he is doing for the country and for his province. That reminds me of the premier from that province who was complaining this week of the lack of consideration his province is getting, in his opinion—we saw that Premier slam the door, but any other attitude on the part of Mr. Lévesque would have been surprising for when he comes to Ottawa, it is to laugh at people. He comes to laugh at the federal government because he has made up his mind, he has been a separatist since the November 15, 1976, election. He already considers Quebec as a separate state, so why should he not slam the doors? He comes here to make an act of presence and then drowses off, as it has been reported in some newspapers.

My request then to the Minister of Regional Economic Expansion is for him to continue his efforts in favour of the economic development of our province as he has done up to now and I am asking him to answer positively any requests that the government of Quebec might submit to him and particularly with regard to the issue in which I am interested, namely the assistance required for the development of the salt mine and any other industry which will come in addition to the development of that mine in the riding of Bonaventure, at Port Daniel.

● (2132)

[*English*]

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, it is plain to be seen that the hon. gentleman from Bonaventure-Îles-de-la-Madeleine (Mr. Béchard) has learned some of the courtesies of this House, unlike the hon. member for North-

umberland-Miramichi (Mr. Dionne). I compliment the hon. member for Bonaventure-Îles-de-la-Madeleine for his constructive and positive remarks on behalf of his constituency.

Let me say, Mr. Speaker, that the $100 million mentioned by the hon. member for Northumberland-Miramichi came from two sources: Fifty per cent came from the provincial treasuries and 50 per cent from that which was not to be paid out from the federal treasury in the subsidies to be sacrificed by the maritime treasuries, specifically transportation subsidies. Therefore, the $100 million does not cost the federal treasury one farthing in the long run, and that is not much to brag about, sir.

Secondly, that hon. member remembered that there was a premier by the name of Robichaud in the province of New Brunswick, and well he should, and as I do. But what he did not say or would not acknowledge was that when Mr. Hatfield became the premier of New Brunswick, the deal then in existence with the outgoing premier was no longer applicable to the province of New Brunswick and had to be renegotiated on terms imposed by Ottawa different from those which had been conceded to a Liberal premier, namely, Premier Robichaud. That does not make it sound very much like what the hon. member for Northumberland-Miramichi said, and that is why I was perhaps a little rude to you, Mr. Speaker, in trying to correct the record.

I want to be constructive in respect of the Atlantic area. Unlike the hon. member for Northumberland-Miramichi, I am interested in its wellbeing and its promotion. I am not interested in petty politics. I am interested in the things which can make the area great and become self-sustaining, and this can be done.

The area is rich in renewable resources and is primarily dependent upon them; that is, forestry, fishing and agriculture. The fishing industry under the direction of successive ministers in Ottawa has had its assets traded away in international agreements with no known return to any part of Canada in any way, shape or form. This resource was depleted in the reckless dealing which took place. We did not impose the 200-mile limit even as early as Iceland, and by the time we did it was almost a matter of locking the door after the horse was literally and completely stolen. There have been steps taken to try to reconstruct this in an eleventh hour repentance, I might add. There are a few things which I think can still be done.

We are losing a generation of fishermen by virtue of regulations in respect of licensing which have been imposed by the government of Canada. On behalf of the Atlantic area, I plead with this government to do one of two things; either restore the licensing privilege to inshore fishermen so that the sons of the present fishermen may also fish, or assess the impact of the renewal of these licences on the species of stock, and explain why they cannot do so.

● (2142)

Even though the catch of the handliner and other inshore fishermen is minuscule, because of the present price of fish this catch is important as a source of income for tens of hundreds of Atlantic fishermen. It is important to restore the licensing fee, or measure the impact upon the stock and justify the restrictions which are presently in place. Perhaps some will not be liberalized, perhaps others can be. In any case, any relief would be helpful. I have proposed this on several occasions. I have asked for an official estimate of the impact, but I have received no answer.

The employment and income possibilities which the fishing industry presents is well worthy of federal investment. Though this is a time of austerity, it is not the time for austerity in investment. There is a difference. Investment in an industry with the potential of the fishing industry will furnish dividends to all Canadians. I am proposing more expenditure of the investment type. Failure to invest will express economic ignorance of the fishing fact. Boats, wharves and processing plants are becoming outmoded. All of these things require federal assistance for replacement. Neglect over the years has put the fishing industry in a dependent position. It can recover and pay dividends to Canada.

This applies as well to the fields of agriculture. Because of time constraints, I have to be extremely brief. In the field of agriculture, the Atlantic area is not self-sufficient in many of the products it is capable of producing. It is not self-sufficient in meat, butter, poultry products and grains. Perhaps it is a little over self-sufficient in the production of potatoes and apples.

The maritime provinces need research. One of the threats the department has held over agriculture in the Atlantic area is the withdrawal of freight rate subsidies on cereal grains. This subsidy goes on only from budget to budget. It cannot be withdrawn unless the livestock and poultry industries in Atlantic Canada fall dead, or until such time as there are alternative grains to grow on a viable basis. To date those grains have not been discovered.

I have pleaded with agriculture to try varieties from foreign sources, because the native varieties are not viable on the east coast. This is not being done. I have pleaded for research in the agricultural industry with respect to potatoes, grain, etc. This research could determine what the climate of the Atlantic provinces had to offer, and what would be required in engineering, farm buildings, farm storage, animal husbandry in the barns, poultry houses and hog pens. What may be applicable in Idaho, Maine or New York State does not necessarily lend itself to the climate of the Atlantic area. We require research into the storing of potatoes and the proper housing of livestock.

It is to this field that the Department of Agriculture and the government of Canada have not directed any attention. Research can help to make the Atlantic agricultural industry self-supporting. It requires leadership and investment. We cannot continue with the uncertainties of a budget to budget subsidy for feed and cereal grains, and at the same time fail to expand the research structure which is necessary. We must explore the world for varieties to find those which will grow viably in our country.

Forestry is perhaps the most important of all our renewable resources. Historically it has been plagued by fire, parasites

and disease. Added to this in the last few years has been the economic impact of inflation, the high cost of money, high capital costs and increasing labour costs. No single one of the economic forces is totally to blame, but the industry finds itself in a position where it is difficult to compete in the international markets which are necessary for its prosperity.

For some 25 years the spruce and fir forests have been plagued by budworms. Initially the federal government recognized that it was a specific and isolated program which deserved support. It assisted financially for a short period of time, but research for an alternative was not commenced. That is the key: research to determine the specifics of prosperity in renewable resources. The province of New Brunswick was left to take all the environmental criticism aimed at it for spraying the budworm. The government had pictures in its files that it did not bother to show. Those were pictures of test plots which were not sprayed. As a result of that, there is not a live spill on a coniferous tree in those areas. Therefore, if spraying had not occurred, New Brunswick would have been as fiery red as the deadest tree.

The government did not indicate that there was no known way to control budworm other than by insecticide. The only ways it has evern been controlled is when the budworm eats itself out of house and home and starves to death, or is consumed by the fire which follows the devastation. But the government did not bother to inform the public of those facts. That is not fair to the Atlantic region. That area requires the support of the federal government in this regard.

The government has very gently, and not very effectively, advertised some of Canada's natural attractions. The hospitality of people in Atlantic Canada is unexcelled. Atlantic Canada is where the history of Canada was started. Canada was developed from east to west. Settlers arrived on the east coast for various reasons. Some were starved out of Ireland during the potato famine, some arrived as Quakers because they were unable to practise their religion in their native land.

There is an historic Indian campsite and battleground at Fort Meductic. There is adequate material available to establish a small museum there. Can the island where Champlain spent his first winter be found on a map depicting Canadian historic sites of interest? I do not think so. It is not on the map. The government has done a poor promotional job. If the government developed and expanded Canadian historic sites as part of its make work projects, thousands of tourists would be attracted to the Atlantic area. The opportunity is present. Does Canada want to fulfil its responsibility for developing these sites for the tourist industry?

Two things are necessary for income to be derived from renewable resources. First, there must be a fair trade policy. We cannot accept the position of the Tariff Board when it reported that it would reduce tariffs on potatoes and potato processed products imported into Canada to a level roughly equal to the tariff levied on the same products exported to the United States. Atlantic Canada requires a fair trade policy if agriculture, fisheries and forestry are to survive.

• (2152)

Second, we cannot accept the ever increasing rate of freight rates on products going out. This is particularly unacceptable when we find that the forest industry today is trucking its product from mills in New Brunswick across the border of the state of Maine, putting it on American railroads and shipping it at their freight rates at a saving to the industry. We must be competitive in U.S. markets, and when the freight rate is so far out of line that all goods must go across the CNR and the CPR over into Maine to be loaded on American lines, there is something wrong with our transportation policy.

The other day the minister laid the blame on the MacPherson report. MacPherson put in a report years ago, but today the minister is responsible for policy and for freight rates, air traffic rates, ocean rates and ferry rates in Canada. That is his baby. But, like the Minister of Justice (Mr. Basford), the Postmaster General (Mr. Lamontagne) and all other ministers, he accepts no responsibility but rather finds a head on which to lay the blame.

We need positive action, as an investment in Atlantic Canada, in creating competitive and fair freight rates. The Prime Minister (Mr. Trudeau) went into the first ministers' conference without a single positive recommendation on what could be done for any part of Canada. I suggest that we should adjust our freight rates to a fair and competitive rate, have a policy of free trade, make an investment in our Atlantic ports, invest in our shipyards, and adjust our policy in respect of the export of energy, particularly as it relates to petroleum products. Because every refinery in eastern Canada, from Come-By-Chance to Saint John, New Brunswick, is subject to unfavourable regulations in respect of our exports of refined products, which are an important source of the revenue of virtually all refineries. But the Minister of Energy, Mines and Resources (Mr. Gillespie) has created regulations in respect of the export of any petroleum product from eastern Canada, so that from month to month and from year to year the products are exported on an unpromised renewable basis. We are now considered in the United States as another unreliable foreign source of energy.

I ask that we become a friendly and reliable source of energy so that the Atlantic area becomes a refining centre and a centre of employment and income for all of Canada. That does not exist there today. Let us expand our shipyards, let us get a merchant marine subsidized by the government, let us build our naval ships in Canada and expand our shipyards so that we can do that. I only wish time would permit a further expansion of positive ideas for the government because Atlantic people are proud people and we want the proper policies to make us self-supporting.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, being allowed the last five minutes is a dubious honour in this debate, but I would like to participate as a non-maritimer and point out several things which I think should be said. One of them is that many maritime members have spoken today of their individual problems in their individual ridings. Perhaps it

is good to have had a mini-throne speech debate—each of the members being first time members they can make that kind of speech—but it does indicate that one problem we have in Canada is having a large disadvantaged area which all Canadians wish to assist and which cannot be assisted by giving everybody everything they want.

For that reason I was particularly interested in the contributions of hon. members regarding the Department of Regional Economic Expansion. Government members said they appreciated the work which the minister had done, and opposition members said he has not done enough. DREE was set up to assist the disadvantaged regions in our country. Certainly northern Ontario should not have been left out, because although we are part of the richest province in Canada, the wealth has not rubbed off on northern Ontario. We still have many resources, but they have taken our wealth and given us very little in return.

This raises a problem which is quite self-evident. It seems to me the Minister of Regional Economic Expansion (Mr. Lessard) will have to give consideration to making more effective use of his department and his officials. The many experts in his department should not try to make agreements with the provinces and the regions that satisfy solely the political ambitions of these provinces and regions. Rather the department should have enough scope and brain power to decide how best to spend the money provided in the area and how to make the longest term agreement which will produce the most advantage. Undoubtedly we want to help the maritimes. There is some doubt about Quebec, about whether we want to engage in long term projects there. Many of us want to see what will happen there before we do so, but that is not true of the maritimes.

We have had problems with the maritime provinces ever since they became part of confederation. Some of them may be solved and some may not. Many times they have been victims of what the hon. member for Northumberland-Miramichi (Mr. Dionne) and others have referred to as patronage. When the government changes, the minister must immediately negotiate a new DREE agreement with that province. I say nuts to that. We should spend our Canadian money in the most effective way so as to produce the most jobs.

I should like to point out one other problem which exists not only in the maritimes but also in my area. This afternoon I attended one of the committee meetings and listened to a discussion about Syncrude. The Minister of Energy, Mines and Resources said that Syncrude would not have existed had we not put money into it. If we put money into any DREE project, what excuse do we have for not taking equity in the industry we assist? In the provinces of Ontario and Quebec, or, for instance, in the Ottawa Valley a year or so ago, 50 per cent of the projects in which we put money went bankrupt. What did we do with our share of money which we put into equity? We did nothing with it. If we had had brains in the department we could have said that management was not operating properly. Management does not want to lose money and go bankrupt, but we could not assist them where assistance was absolutely necessary.

This is true all across the maritimes with regard to projects in which we become involved, such as the steel plant, the heavy water plant and the coal mines. In many cases we must give them more than money, we must give them the assistance of our federal and provincial experts. We should not be scared of acquiring equity. We are doing this in many other fields today where we know we will have to give additional assistance and advice. We have started many projects in the maritimes which have failed. They have failed because of the squabbling of the provincial government, the squabbling of the federal government and the squabbling between one region and another. The national government is big enough to provide assistance, direction and leadership, but all too often federal leadership is non-existent.

Mr. Deputy Speaker: Order, please.

• (2202)

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

GRAIN—POSSIBILITY ELEVATOR AT MOOSE JAW ABLE TO SERVICE CHURCHILL—REQUEST FOR STUDY

Mr. Doug Neil (Moose Jaw): Mr. Speaker, on January 30, as recorded at page 2394 of *Hansard*, I posed a question to the minister in charge of the Canadian Wheat Board asking him whether he was prepared to carry out a feasibility study to determine whether the Canadian government elevator facilities at Moose Jaw could be used to service the port of Churchill. I followed that question with a supplementary question to the Minister of Agriculture (Mr. Whelan) asking whether he had discussed with the minister in charge of the Canadian Wheat Board the feasibility of using the drying facilities at the Moose Jaw terminal to dry damp grain from the northern part of our province so that there could be sales for that grain.

Neither minister gave a satisfactory answer to my questions. In the Hall commission report it was recommended that a new government elevator be built at Yorkton. That elevator would be capable of cleaning and storing some 25 million to 30 million bushels of grain per year, which could be shipped to Churchill. The minister in charge of the Canadian Wheat Board subsequently appointed one Rod Bryden to do a study on the recommended Yorkton terminal, and although I have not seen the Bryden report, it is my understanding that it recommends against construction of such a terminal.

In view of the fact that the Moose Jaw terminal is only about 150 miles further from Churchill than Yorkton and that

the elevator at Moose Jaw is capable of a throughput of some 30 million bushels of grain per annum—and that is grain cleaned to export standards, I might add—it seems to me that the Moose Jaw elevator could be utilized to service the port of Churchill. Unfortunately, the minister in charge of the Canadian Wheat Board would not undertake to carry out a feasibility study.

The Moose Jaw terminal has a capacity of about 5.5 million bushels. It has up to date cleaning and drying facilities and is capable of loading enough hopper cars in a 24-hour period to make up sufficient unit trains to load a one million bushel grain ship. Yet in the 17-year period from the fiscal year 1959-60 to the fiscal year 1975-76, car shipments from the terminal at Moose Jaw averaged less than 1,000 or, on the average, shipments of about two million bushels per year. Compare that with a possible throughput of 30 million bushels; approximately 7 per cent of the capacity. What a waste!

The annual reports of the Canadian Wheat Board over three crop years, 1973-74 to 1975-76 inclusive, show that demurrage charges in the three-year period totalled some $19,190,808. Admittedly, some of these charges were incurred as a result of rail strikes, derailments of trains or rock slides in the Fraser Valley, but in many instances they were incurred because the proper grade of grain was not available at the coastal terminals. These demurrage charges are a direct charge to the grain producer.

A ship does not suddenly turn up in a harbour looking for a load of grain. A ship is in transit for many days and sometimes for two or three weeks. Its estimated time of arrival at port must be known many days in advance by the Canadian Wheat Board. The estimated time of arrival would be changed only as a result of storms, which are predictable, and news of any delay would be transmitted by radio. If it is known in advance that a boat is coming and what grade of grain is required, and if the grain is not available in terminal position, why would it not be possible to utilize the facilities of a government inland terminal such as Moose Jaw to place the required grain in export position in a matter of a few days?

● (2207)

The Minister of Agriculture, in response to my supplementary question, states as follows:

> We must also keep in mind that there is a private elevator system in the western provinces. This is a government elevator. If the hon. member is suggesting that we put it in direct competition with the private elevator system, he should suggest that and we will bring in an amendment to the bill immediately to allow just that.

While the private grain trade is interested in making its system pay, I am sure that the producer-owned companies are also interested in seeing that their producer members realize as high a price as possible for the grain that they sell. It seems to me that an elevator such as the Moose Jaw terminal, which has a capacity of 5½ million bushels, could be filled to capacity and grain shipped when it appeared that there might be a delay at a coastal terminal because of the lack of the proper grade of grain, and that a ship might have to wait in port with the resultant demurrage charges to the producer.

[Mr. Neil.]

I know the employees of the government elevator in Moose Jaw. The are keen and anxious to work and are frustrated by the lack of utilization of their elevator. It seems a shame to me that the excellent facilities that are available there should be underutilized year by year when there could be a saving to the taxpayer and more money in the hands of the producers if the facilities were properly utilized.

I am sure that if the ministers who responded to my questions would sit down and discuss the use of the Moose Jaw terminal and other inland terminals, as I have suggested, with members of the producer-owned grain companies, some agreement could be arrived at. It is my belief that the officials of these grain companies are sincere and interested in putting as many dollars into the pockets of the western grain producers as is possible.

Mr. Donald Wood (Parliamentary Secretary to Minister of Regional Economic Expansion): Mr. Speaker, unfortunately the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe) had a previous commitment this evening so I am happy to reply to the hon. member for Moose Jaw (Mr. Neil.)

We are continually looking at all the ways in which we can improve the use of the port of Churchill. Before considering the economic feasibility of various proposals for collecting grain on the prairies that is destined for export via Churchill, we must make an assessment of several other matters. We must consider, for example, the relative rail costs of shipping grain to Churchill versus other ports. Maintaining a rail line over permafrost such as the line to Churchill poses difficult problems not experienced elsewhere in our grain handling system.

In our current program of rehabilitating prairie rail lines the federal government has allotted $1,610,000 to the line to Churchill. The work involved includes bank widening and drainage, rail relay and extending the sidings. It is likely that large sums of money will have to be spent on this line just to maintain its current capacity, let alone to increase it.

The government of Canada has also allotted significant sums of money to improving Churchill port facilities. In 1978, $5,575,000 in capital expenditures have been allocated to Churchill. This work includes scale automation and metrication, port lighting, winter berthing facilities, repairs and dredging.

In a period when we have limited amounts of capital to spend on upgrading our handling and transportation system, we must ask where our money will be most profitably spent. When one considers that the port of Vancouver can export as much in one month as Churchill does in a season, it becomes apparent that a careful analysis of the market potential for Churchill must be done before large capital expenditures are committed.

A careful economic assessment of this marketing route will have to be conducted. Although the port is closer to some of our European customers than Thunder Bay, insurance rates are higher while the shipping season is shorter.

It must be observed that the present system of primary elevators collecting grain on the prairies for Churchill has performed adequately. The port has approached its practical maximum capacity in each of the last two years. The elevators have done a good job and can be expected to be even more effective in the future as they continue to modernize their facilities. The government can also be expected to construct the necessary facilities to service the future needs of the port of Churchill.

SOCIAL SECURITY—DENIAL OF PENSIONS TO WIDOWS UNDER AGE 65—GOVERNMENT ACTION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, the question to which I address myself tonight concerns the spouse's allowance for those citizens who are given the opportunity to qualify for the old age pension at the age of 60 if their spouse is 65.

● (2212)

We have discussed regional disparities tonight, and we have discussed the situation regarding the five million poverty stricken Canadians in the country. Thus it is very difficult to understand the direction the government is taking regarding senior citizens who qualify for the pension on reaching the age of 65 years. If a spouse happens to be 60 years of age, he or she also qualifies. God forbid, though, if the spouse who is 65 dies at 66 and the other spouse is 61! Then he or she is completely cut off from the old age pension. Where is the reasoning for this in this supposed prosperous country of ours?

In my province that particular survivor has to revert to welfare. The amount of welfare could vary from $140 to $191 a month, depending on assets owned. However, the average fuel bill for a single family home—and I believe there are around 11,000 single family homes in Newfoundland—is from $60 to $120 a month, depending upon the condition of the home.

Let me read a letter from a senior citizen to give the House an example. This letter is from a lady who is 64 years of age.

> I am writing to you with another problem. I worked as a gas attendant right up until July, 1976 when I reached the age of 64 years. I filed for my unemployment, but did not receive any moneys until the middle of September. I then sent a form in to St. John's for my spouse's allowance and all I got a month (spouse's allowance) was $36 a month—

Now, Mr. Speaker, here is a person 64 years of age working as a gas attendant in order to earn extra income to provide the basic necessities of life. She was turned down, and I have since learned that she was refused. But this is the situation that exists. It is difficult to understand. I am sure that every member in this House, other than the particular minister responsible, will recognize this is a glaring inequity. I am pleased to collaborate with my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), who has the same concerns as I about this matter.

Hopefully the very capable hon. member who is to reply will impress upon his caucus, or through other means which are available to him, this extremely serious plight of our pensioners. Let me quote some words of Benjamin Disraeli which are apropos to this situation. They appeared in the *National Enquirer*.

> Two nations, between whom there is no intercourse and no sympathy; who are as ignorant of each other's habits, thoughts and feelings as if they were dwellers in different zones, or inhabitants of different planets; who are formed by different breeding, are fed by different food, are ordered by different manners, and are not governed by the same laws—the rich and the poor.

I ask the parliamentary secretary who will reply that some consideration be given to those people who, through no fault of their own, cannot manage with the high cost of living. I hope we can impress upon the government in this session the needs of those who depend on us to help them.

● (2217)

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, whereas I am very sympathetic to the problem described by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), I must report that the spouse's allowance was introduced because the government of Canada recognized the plight faced by many older couples trying to manage on only one pension. To help these couples, the government now provides a spouse's allowance to a person 60 to 64 years of age whose spouse is receiving an old age security pension. The amount of this allowance varies according to the other income of the retired couple, and for couples with substantial income, no such allowance is payable.

A spouse's allowance ceases when the pensioner dies. It has been argued that once a spouse qualifies for the spouse's allowance, it should be paid until that spouse qualifies for the old age security pension in his or her own right, to avoid hardship that would arise from terminating the allowance on the death of the pensioner. However, it would be difficult to explain in the case of a pensioner's death why his or her surviving spouse would continue to receive the spouse's allowance, whereas other surviving spouses who never qualified for the allowance are denied it.

The spouse's allowance is also terminated when the spouses separate, is suspended if either or both spouses leave Canada for a period greater than six months, or if either spouse is imprisoned for longer than 90 days. Essentially, the spouse's allowance is paid when the couple are living together on the same income. When these circumstances no longer apply, the allowance is either terminated or suspended.

The spouse's allowance is not available to widowed, single, divorced or separated persons in the 60 or 64 years age range. If the allowance had been made more generally available, this would have, in effect, led to a general reduction of the retirement age in Canada from 65 to 60, and it was not felt that the country could afford such a reduction. Therefore, it was decided that this program should deal with the one specific problem, so that older married couples, with one spouse already on pension, could meet their financial requirements through the old age security program rather than through other programs such as the Canada Assistance Plan.

Adjournment Debate

SOCIAL SECURITY—SUGGESTED PROVISION OF PENSIONS FOR PERSONS IN NEED BETWEEN AGES 60 AND 65

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, if my opening sentence is one of criticism, I should like to make it clear that it is not directed to either of the two parliamentary secretaries who are here tonight. I must point out that in my view the practice is developing, almost to the point of abuse, of ministers not being here to respond to questions on the late show; and too often it is not even the minister's parliamentary secretary but some other parliamentary secretary who is called on to do the job. That is not a criticism of either of the two Liberals who adorn the government benches tonight, but I hope the point will be noted.

My question is in the same area as the one dealt with by my friend, the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall). It was asked on Monday, November 28, and appears at page 1291 of *Hansard* for that date. The gist of the question was in these words:

In view of the growing number of persons between 60 and 65 years of age, most of them spinsters and widows, who express utter disbelief that there is an allowance for spouses but nothing for persons of single status, will the minister take the necessary steps to see that an equivalent allowance is made available to all persons between the ages of 60 and 65 who need it, regardless of their marital status?

The Minister of National Health and Welfare (Miss Bégin) gave me an answer which indicated that she understood the question. However, the best she gave me was an assurance that the whole matter, and even more than that, was being studied.

● (2222)

Like the hon. member for Humber-St. George's-St. Barbe, I am not at all satisfied with the answer the parliamentary secretary gave to my hon. friend's question. But I will say for him that he did repeat the basis upon which the spouse's allowance was introduced, as stated at that time by the government. He said the whole philosophy was that the government had realized that two persons could not live on one pension. So the government said that where one spouse was over 65 and the other one was between 60 and 65, it would provide two pensions.

We agreed then, and we agree now, that two persons cannot live on one pension. But we asked then, and we ask now: If the government agrees that two people cannot live on one pension, how does it think one person can live on no pension at all? It is usually women between 60 and 65 who get no pension, because they are in that age bracket and are single or widowed. Yet if they happened to have a husband who was over 65, they would get it.

We still feel that basing the spouse's allowance on the basis of marital status is unfair. The parliamentary secretary is quite right when he says that some of the things we advocate would seem to open the door to lowering the pensionable age to 60. Mr. Speaker, I have been trying to push that door open for some time and I shall keep on trying to do so. But until we reach that point I stress that the present system is grossly unfair, especially to women.

[Mr. Maine.]

The government talks about this legislation being equal. It is defined as for the spouse. You get it whether you are a female or a male spouse. Nevertheless, in our culture most wives are younger than their husbands, and when we look at the employment picture we find that most of the single persons between 60 and 65 who are getting no allowance are women. Most of those who find their allowance cut off because the older spouse has died are also women. The letter of sympathy which the department sends out is one of those "either/or" documents which apply whether it is sent to a widow or a widower.

I am not pleading tonight for an overall program. I shall do that on another occasion. I want the pensionable age to be brought down to 60, but I am pleading that in the meantime the government should not be so unfair to single women and to widows. People who encounter this legislation for the first time ask me: Is it possible? How could parliament ever have passed a bill which provides for an allowance to the spouse of an older person but not to a woman in the same age bracket who has no spouse?

The parliamentary secretary came up with another argument—and I agree with him—that to continue a payment to the spouse who has been receiving it and who has become a widow raises the question: What about the woman who is a widow over the age of 60 and who never got it? In my view, this underlines the justice of my whole case—that all women in that bracket who need an allowance should get it regardless of their marital status.

The parliamentary secretary is looking at me, saying he knows what I think. He is right. I want to see the pension paid at age 60 to all persons out of the labour market. But at this stage I think those who need it between 60 and 65, women in particular, should get it without regard to marital status.

I hope the parliamentary secretary will take this matter up with the minister, who is a woman herself. Surely there is someone over there with the heart and the compassion to deal with this issue.

Mr. Frank Maine (Parliamentary Secretary to Minister of Public Works and Minister of State for Science and Technology): Mr. Speaker, I am sure there is the heart and the compassion. There is just not the money.

The hon. member has asked about the possibility of providing a benefit on the same basis as the spouse's allowance to those persons between 60 and 65 years of age who do not qualify for the allowance because they are not the spouse of an old age security pensioner. The Minister of National Health and Welfare (Miss Bégin) has earlier expressed her sympathy and concern for this group of people. As she said, the department is in the process of examining the priorities which must be set when determining where the limited funds available for groups of Canadians in vulnerable situations should be allocated.

● (2227)

It may be of interest to the hon. member that current estimates suggest that the cost of providing a benefit equiva-

lent to the income-tested spouse's allowance for all persons in the 60 to 64 age group, as he suggested, would be approximately $635 million in the first year alone. This would be in addition to the cost of the current spouse's allowance benefit, and would be five times the present expenditures on this allowance.

The department advises me that the spouse's allowance was introduced to cover the situation of married couples with little or no other income who were trying to get by on the single pension. It was considered appropriate to use the spouse's allowance for cases like this, because the married couple already had a connection with the old age security program through the one spouse who had reached retirement age.

It is recognized that many other people in the age range 60 to 65 have need for income assistance also. However, it was considered that these needs would be met through another program, the Canada Assistance Plan, under which the government of Canada shares in the cost of income support granted to people in need under the general assistance program of each province.

Mr. Knowles (Winnipeg North Centre): Welfare.

Mr. Maine: Of course, when these people reach age 65, they too normally become eligible for the old age security program.

Possibilities for improving income support programs are under review by the federal and provincial governments. The government of Canada is also studying possibilities for providing some form of income supplementation to Canadians who are working at inadequate levels of income. Program changes along these lines may lead eventually to improvements in the income security system for Canadians in the 60 to 64 age range, as well as for other Canadians in vulnerable circumstances. In the meantime, the existing provisions of the Canada Assistance Plan will continue to operate.

In other words, it is our intent to meet the income needs of people under one program or the other, hopefully as effectively as possible.

Mr. Knowles (Winnipeg North Centre): When does "eventually" come?

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 11 a.m.

Motion agreed to and the House adjourned at 10.28 p.m.

HOUSE OF COMMONS

Friday, February 17, 1978

The House met at 11 a.m.

• (1107)

ROUTINE PROCEEDINGS

[*English*]

CONGRATULATORY MESSAGES

TWO HUNDRED AND TWENTY-FIFTH ANNIVERSARY OF LUNENBURG, N.S.—MOTION UNDER S.O. 43

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I rise under the provisions of Standing Order 43 to raise a matter of urgent and pressing necessity. The town of Lunenburg, Nova Scotia, was settled in 1753 by immigrants from the Palatinate-Wurtemberg and other states in the region, Montbéliard and Switzerland. This year the town and its citizens celebrate their two hundred and twenty-fifth anniversary. Since the initial celebrations of this event begin next week, I move, seconded by the Minister of Veterans Affairs (Mr. MacDonald):

That congratulations and best wishes be extended by this House to the mayor, council and citizens of one of the first real Canadian settlements under British auspices for the significant contribution made by its citizens to the history and economic development of our nation over the past two and one-quarter centuries, as illustrated by the schooner *Bluenose* on the Canadian ten-cent piece.

Mr. Speaker: Such a motion can be presented, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

URBAN AFFAIRS

DISTRIBUTION OF CMHC FUNDS BY MPs—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns that blatant and wholly reprehensible manner of the allocation of public funds by Central Mortgage and Housing Corporation. In view of the fact that the Minister of State for Urban Affairs (Mr. Ouellet), against the wishes of the president of CMHC, has turned the distribution of CMHC funds into a partisan political affair in which taxpayers' money is used to try to grab votes for the Liberal party, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That this House demands that this minister, who on a previous occasion was forced to resign as a result of his lack of judgment, resign permanently.

Mr. Speaker: Order, please. The hon. member for Brant.

* * *

LABOUR RELATIONS

SUGGESTED INADEQUACY OF MINISTER'S POLICIES—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the Canadian Football League has approved the purchase of the Hamilton Tiger-Cats by Mr. Harold Ballard, I move, seconded by the hon. member for Yorkton-Melville (Mr. Nystrom):

That this House notes that the efforts of the Minister of Labour with respect to the Hamilton Tiger-Cats has met with as much success as his efforts in the field of labour relations.

Mr. Speaker: Order, please. The hon. member for Rimouski.

* * *

[*Translation*]

SOCIAL SECURITY

REQUEST FOR INCREASE IN PENSIONS AND GIS—MOTION UNDER S.O. 43

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

Considering that the cost of living has increased substantially over the past months, becoming a source of concern and economic restraint for old age security pensioners;

Considering that costs are rising more quickly than the quarterly increase of old age security and guaranteed income supplement;

Considering that it is the duty of the government to continue to look after the present and future needs of senior citizens tackling inflation and the ever increasing cost of living;

I move, seconded by the hon. member for Champlain (Mr. Matte):

S.O. 43

That the House enjoin the Minister of National Health and Welfare to take all necessary steps to introduce a bill to increase old age security benefits to $225 a month and to raise the guaranteed income supplement accordingly.

Mr. Speaker: Order. Such a motion can be presented for debate, pursuant to Standing Order 43, only with unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1112)

[*English*]

STATUS OF WOMEN

EMPLOYMENT IN PUBLIC SERVICE—MOTION UNDER S.O. 43

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, caused by the glaring discrepancy between the words of the minister responsible for the status of women and the policies that he presides over, concerning the employment of women in the federal public service. I move, seconded by the hon. member for Egmont (Mr. MacDonald):

That the Minister of State for Federal Provincial Relations make a statement on motions to explain to the House his recent statement that 'the whole idea of 'men's jobs' and 'women's jobs' is a culturally defined one based on tradition and not on fact or inherent ability', in light of the damning evidence clearly demonstrated by the total failure of this government to adhere to its rhetoric concerning the merit principle in the federal public service.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

PUBLICATIONS

WITHDRAWAL OF PORNOGRAPHIC LITERATURE—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, in view of the fact that yesterday, at the University of Regina, a publication entitled "Soldier of Fortune," which glorifies life as a mercenary, was removed from the campus bookstore because it is both inflammatory and racist, and in view of the fact that this action was not construed by the CBC in its report this morning as censorship, I move, seconded by the hon. member for Hastings (Mr. Ellis):

That this House commends the manager of the bookstore for his common sense and urges all those who are polluting and poisoning society with pornography to take similar action, in the expectation that they will be praised for protecting contemporary community standards, not criticized for censorship.

[Mr. Allard.]

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

HOUSING

CONDEMNATION OF PATRONAGE PRACTICES—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of pressing necessity.

Given the fact that, against the advice of the president of the Central Mortgage and Housing Corporation, the Minister of State for Urban Affairs has established within that Crown corporation a system of Liberal patronage, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House condemn the attitude of the minister in this matter and demand that he immediately put an end to such partisan practices.

Mr. Speaker: Order, please. Pursuant to Standing Order 43, the presentation of this motion for debate requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

LABOUR CONDITIONS

NORTHERN PIPELINE—REQUEST SYDNEY STEEL CORP. MANUFACTURE PIPE PLATE—MOTION UNDER S.O. 43

Mr. Robert Muir (Cape Breton-The Sydneys): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and important matter. In light of the continuing high unemployment rate as a result of lay-offs at the Sydney Steel Corporation, in view of the fact that the Alcan pipeline will cost an estimated $10 billion and will use millions of tons of steel, and because the Sydney Steel Corporation produces slab steel capable of being rolled into plate for pipe, I move, seconded by the hon. member for South Shore (Mr. Crouse):

That the Sydney Steel Corporation plant be included in the provision of slab steel for the production of pipe to be used in the aforementioned pipeline.

If such a motion is approved it will put a lot of people back to work at the Sydney Steel plant.

Mr. Speaker: Presentation of such a motion for debate can be made, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

CALL FOR GOVERNMENT ACTION TO IMPROVE INDUSTRY CONDITIONS—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgency. In view of serious economic problems within the farming industry, accelerated by inability to acquire reliable help due to Department of Employment and Immigration regulations, and in view of the fact that many farmers' working hours in two days equal those of one week in other industries, with overwork and frustration forcing them to cut back production, ultimately pushing up food prices, I move, seconded by the hon. member for Lethbridge (Mr. Hurlburt):

That the Minister of Employment and Immigration immediately amend government regulations to alleviate this worsening, intolerable situation.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

STATUS OF WOMEN

EMPLOYMENT IN PUBLIC SERVICE

Mr. David MacDonald (Egmont): Mr. Speaker, my question is directed to the minister responsible for the status of women, who was appointed August 8, 1974, and made responsible for implementing and co-ordinating programs of equal opportunity for women in the public service.

● (1117)

In view of a recent report from the Advisory Council on the Status of Women and the report yesterday from a group of concerned public servants about the very real deterioration in the number of positions available with respect to the employment of women in the public service, in view of the rapid increase in the job ghetto, at the clerical level, of some 10 per cent during the time the minister has been in office, and in view of the virtual exclusion of women at senior SX levels, with only 20 appointments of women, compared with 185 appointments of men at that level during the same period, can the minister indicate what action he has taken; or what explanation can he give for the very serious situation that exists in our public service?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I want to thank the hon. member for showing an interest, at long last, in this very important issue, on behalf of his party.

Some hon. Members: Oh, oh!

Mr. Baker (Grenville-Carleton): You ought to be ashamed of yourself.

Mr. Lalonde: This is an issue about which this government has shown concern for several years. The government has announced very many policies and put them into effect. As far as the question of equal opportunities for women in the public service is concerned, the hon. member knows that the appointments system in the public service comes under the Public Service Commission, which is answerable to this parliament and not to the government as such. Parliament has enacted rules concerning the merit system which are very important to the whole system. In addition to this, I remind the hon. member who is interrupting rather rudely that there are women at senior levels in the Public Service Commission, including commissioners, who are outstanding public servants.

I would like to point out to the hon. member that the Public Service Commission itself has an Equal Opportunities for Women section and an anti-discrimination office, which was set up several years ago and deals with the question of promoting opportunities for women and making sure there is no discrimination. It examines every case. We have set up a Human Rights Commission which examines all cases of discrimination on the basis of sex. Two out of three of the permanent commissioners are women—outstanding women at that. I would also indicate to the hon. member that if he would look at the record—

Mr. Speaker: Order, please.

Mr. MacDonald (Egmont): Mr. Speaker, I can understand why the minister is on the defensive over this, because his record is a shocking one. If the Prime Minister wants to answer and be accountable for the whole of the government, I hope he will do so—because this is a crucial issue. He can smile, he can laugh and make jokes about it—

Mr. Speaker: Order, please. Does the hon. member have a supplementary question?

Mr. MacDonald (Egmont): Mr. Speaker, I am just coming to it. I find it simply incredible that he is unable to explain. Why has the minister taken no concrete steps to offset the serious erosion of employment and advancement for women in the public service? In particular, in view of the human rights legislation which the minister indicated will be proclaimed shortly, providing for equal pay for work of equal value, what

steps has the minister taken to deal with the very great inequities which exist in the public service, where men are paid, in some cases, twice as much as women and more than women are paid in traditional female occupations such as dieticians, nurses, librarians? What explanation does the minister have?

Mr. Lalonde: If the Prime Minister—

Some hon. Members: Oh, oh!

Mr. Lalonde: If the hon. member will give me a moment, I will be very happy to answer him, Mr. Speaker. First of all, as far as order in council appointments are concerned—that is, appointments coming under the authority of the cabinet—they have increased by close to 50 per cent in the last two years.

Mr. Gillies: From two to four.

Mr. Lalonde: These are decisions taken by this government. Secondly, in the autumn of 1975, the cabinet decided on the revised equal opportunities for women policy in the government. Under that policy, every department is now required to file with Treasury Board, on a yearly basis, its plan of action for improvement with regard to the status of women.

● (1122)

In addition, every department is now required to put forward a five-year plan, upgraded from year to year, with regard to the question of equal opportunities for women. The first year of the program was concluded a few months ago. Treasury Board is reviewing these proposals with the departments to determine what steps can be taken to improve the situation.

Third, we are in the process of putting forward and developing within the federal government and with the provinces, a national plan of action which will involve both the federal and provincial governments in all areas of equal employment opportunities for women. Once again, I am very happy to see that at long last the opposition is awakening to this very important issue and will support the action of the government.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. MacDonald (Egmont): If that is the best the minister can do, I will direct my supplementary to the Prime Minister, as he seems to express some interest in this question. He has now been briefed by the President of the Treasury Board. In view of these so-called plans of action which have been formulated by Treasury Board for each department, and the very serious request from a group of public servants concerned about this important problem, will he state publicly, on behalf of his government, the actual situation in the public service, rather than the kind of window-dressing and irrelevant remarks that are being made?

I am directing this question to the Prime Minister, not the minister responsible for the status of women. I ask the Prime Minister, as the minister in charge of every department, whether there will be a report to this concerned group of public servants with regard to what is happening to women in the public service.

[Mr. MacDonald (Egmont).]

Mr. Lalonde: Mr. Speaker, the hon. member, quite clearly, has just awakened to this very important issue. Those figures are public; they come out in the Public Service Commission report on a yearly basis. They have been made public every year for a number of years. I have made dozens of speeches about this, pointing out areas where progress needs to be made. If the hon. member is concerned about not getting figures, I will be quite happy to provide him with all the figures that have been released in the past two years.

SUGGESTION WOMEN NOT APPOINTED TO SENIOR EXECUTIVE POSITIONS IN MANY DEPARTMENTS

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, the extent of the minister's rhetoric indicates the weakness of his case.

Some hon. Members: Hear, hear!

Miss MacDonald: I would like to refer to the report made yesterday by this group of concerned public servants, and to the statement that of 43 federal departments and agencies listed in the report, 27 have no females in the senior executive category, including such crucial departments as Employment, Secretary of State—which is responsible for women's programs—Justice and Labour. How does the minister reconcile this with his statement of over a year ago that "within a reasonable period" the government would make sure that men and women were represented in all departments, occupational groups and levels in protection to available numbers of qualified people of both sexes?

Given the fact that there are 27 departments with no women in senior executive categories, how does the minister who is responsible for the status of women reconcile that fact with his statement that women would be appointed within a reasonable period? What is the minister's definition of a "reasonable period"? Does this situation not concern him?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, I suggest to the hon. member that, rather than relying upon an anonymous report, she check her facts and examine what the situation is, department by department. For example, in the Department of Employment and Immigration I know that there are several women occupying very senior positions. Several of them are above SX positions.

Before relying upon an unsigned document which originated from anonymous persons, the hon. member, as a responsible parliamentarian, should check her facts and find out what the situation is. As far as the policy of this government is concerned, it is exactly what I stated. This government stands by the statement I made a year ago in this regard. The steps we have taken concerning plans which every department now has to file with Treasury Board, on a regular basis, concerning the

national plan of action which is being developed, with the co-operation of about 30 different departments and about 100 experts, are clear evidence of the government's commitment to the promotion of women in our society.

● (1127)

Miss MacDonald: It would be more satisfactory if the minister himself would present some facts. He referred to the report and the fact it was presented anonymously by a group. Probably the most disturbing aspect of this report is that it includes the statement, "fearing repercussions and even retaliation, the authors have opted for anonymity."

Some hon. Members: Oh!

Miss MacDonald: I ask the minister why he responded by saying, "If these people have any specific grievances, they should take them to the Human Rights Commission." Does the minister not distinguish between his role, which is to prevent the occurrence of discrimination, and that of the Human Rights Commission, which is to rectify discrimination after the fact? In advising this group to take their grievances to the Human Rights Commission, is the minister simply abandoning his responsibility in this regard?

Mr. Lalonde: The hon. lady has distorted what I said yesterday. I said that if there are clear cases of discrimination which can be supported, they should be drawn to the attention of either the anti-discrimination office of the Civil Service Commission or to the Human Rights Commission, which will investigate them under a law proposed by this government and passed by this parliament, and see that proper action is taken; that sanctions are imposed.

The second option is to work through the administrative system, to reform and adapt that system to ensure that women are provided with full opportunity for upgrading in the public service. The Public Service Commission is aware of the concern felt by the government in this respect. I have, for the third time, indicated specific policies which have been developed, to show the government's commitment to this purpose.

An hon. Member: But no action.

Mr. Lalonde: The hon. member should realize what actually has been done.

APPOINTMENT OF CHAIRMAN OF ANTI-DUMPING TRIBUNAL

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister? On Monday of this week, my leader, the hon. member for Oshawa-Whitby, sought to present a motion under Standing Order 43, which was followed up later by a question from the hon. member for Ottawa-Carleton to the Deputy Prime Minister concerning the government's failure to promote Miss Marguerite Ritchie to the position of chairman of the Anti-Dumping Tribunal.

Since Miss Ritchie's record is widely acclaimed, and since she seems to have all the qualifications necessary for promotion to the top position, would the Prime Minister tell the House why Miss Ritchie was passed over and a man appointed?

Right Hon. P. E. Trudeau (Prime Minister): I am informed that the Deputy Prime Minister has already given an answer to that question in the House.

Mr. Knowles (Winnipeg North Centre): It is precisely because the Deputy Prime Minister did not answer the question that I raise it again today. He gave us some words, but they added up to the fact that a man was appointed instead of a woman. Will the right hon. gentleman, as head of the government, reconsider this matter and even consider rescinding this appointment and putting Miss Ritchie in as head of the Anti-Dumping Tribunal?

Mr. Trudeau: The government did consider the matter. When we make appointments by order in council, we inform ourselves with respect to prospective appointees, and this appointment was made after consideration of the qualifications of Miss Ritchie and of other candidates. The candidate appointed to the job was one who responded to the necessities of the task. He had experience of economic matters, which, in the particular circumstances of today, are of extreme importance to the work of the Anti-Dumping Tribunal. For whatever it is worth, he has seniority in the public service over Miss Ritchie.

* * *

● (1132)

PUBLIC SERVICE

CALL FOR STUDY OF PENSION PLANS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I trust the Prime Minister realizes that he has torpedoed the fine rhetoric of the minister who spoke just a few minutes ago. In view of the fact that not only in the Public Service is there continuing discrimination against women, in terms of employment, but that they also suffer extreme discrimination in matters of pensions, will the Prime Minister direct that the Minister of National Health and Welfare, who is responsible for pensions generally, the President of the Treasury Board, who is responsible for pensions in the public service, and the Minister of Veterans Affairs, who is responsible for pensions in his field, study the entire question of the pensions of survivors—in most cases they are women—with a view to achieving pension equality between men and women both in the public service and in Canada generally?

Hon. Marc Lalonde (Minister of State for Federal-Provincial Relations): Mr. Speaker, the question of pensions generally and pensions for women has been under review. There is work in progress between the Department of Finance and the Department of National Health and Welfare with regard to this issue. Some steps have been taken with regard to the Canada Pension Plan, as the hon. member knows, to ensure

better rights for women in this particular field. We are awaiting the final conclusions of the studies which are taking place.

[*Translation*]

BILINGUAL BONUS FOR SUPERVISORS AND MESSENGERS

Mr. Eudore Allard (Rimouski): Mr. Speaker, my question is directed to the Minister of Finance. In view of the fact that most civil servants holding positions where the knowledge of both French and English is a prerequisite, with the exception of supervisors and messengers, are entitled to receive the bilingual bonus, although the latter may sometimes have more opportunities to speak either French or English, due to the nature of their functions, would the minister consider the possibility of granting supervisors and messengers the bilingual bonus entitlement already granted to most other civil servants?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member should have directed his question to the President of the Treasury Board who seems anxious to answer.

Mr. Allard: Mr. Speaker, I shall repeat my question for the President of the Treasury Board. In view of the fact that most civil servants holding positions where the knowledge of both French and English is a prerequisite, with the exception of supervisors and messengers, are entitled to receive the bilingual bonus, although the latter may sometimes have more opportunities to speak either French or English, due to the nature of their functions, would the minister consider the possibility of granting supervisors and messengers the bilingual bonus entitlement already granted to most other civil servants?

[*English*]

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the provision of bilingual compensation is based upon the designation of the position itself as being required to be bilingual. The process of re-examining the designated positions throughout the public service is under way now. Where a position is designated as requiring bilingual competence, in terms of service to the public and other related matters also, the person occupying that position has to be qualified for it in order to receive the bonus. Whether a messenger would be involved or not would be based on the decision of the various departments of the federal government in their re-examination of whether the position does, in fact, require bilingual competence.

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ADMINISTRATION OF JUSTICE

McDONALD INQUIRY—REPORTED EXPANSION OF TERMS OF REFERENCE

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my question is directed to the Solicitor General. It results from the announcement made earlier this week that the McDonald commission was going to expand both the scope of its inquiry and the staff to conduct that inquiry, which will result in its final report being delayed. In terms of the scope of the inquiry, the McDonald commission is going to parallel the Mackenzie commission of 1969 and inquire into whether the security service should be a separate unit of government. Is the expansion which is taking place in the scope of the inquiry occurring at the direction or with the concurrence of the Solicitor General?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, the commission has not sought from me any formal increase in its mandate. I heard the news report to which the hon. member referred. I am sympathetic to that report and their attempts. I should like to study the matter further.

Mr. Jarvis: Mr. Speaker, now that we find the Solicitor General in a sympathetic mood, I will ask another question. With regard to Bill C-26, which is the legislation to permit the legal interception of mail, perhaps he would assure the House today that the standing committee which will be dealing with that important legislation will have the benefit of the evidence and experience of the McDonald commission to date. Therefore, will he undertake that there shall be a preliminary, or interim report from the McDonald commission relating to operation Cathedral, so that the standing committee will not unnecessarily duplicate matters and will have the advantage of the evidence presented to the McDonald commission?

Mr. Blais: Mr. Speaker, of course, the hon. member is raising a very interesting question with respect to the introduction of Bill C-26 and the ongoing committee. I would not like to confuse the two contexts and the two bodies. I invite the hon. member to address himself to that question when we are dealing with second reading of Bill C-26.

Mr. Jarvis: Mr. Speaker, I am addressing myself exactly to what the Solicitor General requests. In order to make not only the legislation meaningful but the deliberations of the standing committee, and in view of the fact that the legislation deals exactly with the matter which the McDonald commission is investigating, will the Solicitor General not take advantage of my question today to indicate very clearly to the House, either in the form of a report or orally, that the McDonald commission will have a very high input into the deliberations of the standing committee when it is considering Bill C-26? Surely we can ask for nothing less than that.

[*Translation*]

Mr. Blais: Mr. Speaker, I would not want the hon. member to give the impression that the scope of the McDonald commission does not extend beyond the subject of Bill C-26, and on that I would simply like to indicate to him that as far as debates on Bill C-26 are concerned there is no doubt that some of the issues which have been examined by the McDonald commission might be of interest to hon. members when debating that matter. We are concerned only with the substance of the matter, and there is no question of trying to involve the McDonald commission in the legislative process.

[*English*]

AIR TRANSPORT

CRASH OF AIRCRAFT AT CRANBROOK, B.C.—STAGE OF INVESTIGATION INTO CAUSE

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is directed to the Minister of Transport. It concerns the variety of conflicting statements made in connection with the Cranbrook airport crash of the Pacific Western airplane, some of which amount almost to the staking-out of positions in advance of an inquiry. Can the minister advise the House whether the preliminary investigation of the crash has advanced to the point of decision on setting up an independent review board for the accident?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, it has not yet reached that stage. Indeed, the evidence is complicated in this particular case. The analysis is continuing. When I have a report, I will be in a position to make a decision.

Mr. Johnston: Mr. Speaker, there are already so many disquieting questions being raised, as well as the divided jurisdiction among the Department of Transport, the municipality and the airline, that it should not take much longer—particularly in view of the news that the apparently indestructible black box has been destroyed, and the question raised by an hon. member opposite a day or two ago regarding the computer scramble of the passenger list. Does the minister know whether a complete list identifying the 42 fatalities has been issued?

Mr. Lang: No, Mr. Speaker, I am not sure that a complete list has yet been issued. It is unfortunate that so many partial statements are being made, in the nature of things, at this stage. But I hope to have a complete report. Of course, in the meantime I do not want to engage in further speculation regarding the matter.

Mr. Johnston: Mr. Speaker, the crash at Cranbrook airport was not the only air transport accident in British Columbia during that sad weekend. I ask the minister whether his department is reviewing the regulations for helicopter flights, in light of the growing recreational activity of glacial skiing, following the news of an almost simultaneous accident which occurred north of Revelstoke, with the loss of four lives and considerable injury.

● (1142)

Mr. Lang: I am sure we will want to review carefully the nature of the use of helicopters. That will be done in conjunction with, or at the end of the investigation into that matter.

Oral Questions

ANTI-DUMPING TRIBUNAL

APPOINTMENT OF CHAIRMAN—QUALIFICATIONS FOR POSITION

Mrs. Jean E. Pigott (Ottawa-Carleton): Mr. Speaker, my question is for the Minister of Finance. On Monday, when I questioned the Deputy Prime Minister about Dr. Ritchie's appointment to the Anti-Dumping Tribunal, the Deputy Prime Minister said:

> In this particular case, because of the tribunal's requirements in relation to international trading concerns it was felt that the present appointee would be best qualified.

In view of the fact that Dr. Ritchie has been vice-chairman for five years, and would have acquired the fullest possible understanding and knowledge of the tribunal's requirements over that period of time, will the minister assure us that Dr. Ritchie was informed of this new requirement being created, and was she invited to provide the minister with information about her knowledge of such "international trading concerns"; and, most importantly, was Dr. Ritchie's name on the list?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the appointment was made by order in council. Many candidates were considered. Dr. Ritchie was considered. The cabinet concluded, through the order in council, that Mr. Kirkwood should become the commissioner.

Mrs. Pigott: Mr. Speaker, some wag has noted that it should be called the "aunty-dumping tribunal". In view of the fact that the Anti-dumping Tribunal is expressly required by the Anti-dumping Act to concern itself only with finding whether there is material injury to the production of goods in Canada as a result of the dumping of goods, will the Minister of Finance indicate whether the Anti-dumping Tribunal is now supposed to ignore the law and the problems of Canadian industry and be concerned just with the welfare of foreign companies?

Mr. Chrétien: Mr. Speaker, I think this question is entirely irrelevant. We have appointed the chairman, and Dr. Ritchie is still the vice-chairman.

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AGRICULTURE

POTATO ACTION COMMITTEE—PROGRESS REPORT ON STUDY

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, my question is directed to the Minister of Agriculture. Some two years have passed since the multilateral Potato Action Committee was established to develop and implement a Canadian marketing plan in the eastern provinces, including Ontario. Is the minister now in a position to review the progress of that group, particularly in view of the catastrophic situation in which the producers find themselves this year, with barrel-bottom prices? If not, when—if ever—can we expect an interprovincial pact? In fact, is the Potato Action Committee still functioning?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, the Potato Action Committee has made recommendations. But it cannot force the provinces to do anything the provincial producers do not want to do: it is up to them. If they want a healthy marketing system or a proper sales program for their products, it is mainly left to them; and they seem to be satisfied. I understand one of the provinces has seen fit to continue with the sales program it has at the present time, which is giving them approximately $2 to $3 per hundredweight less than they are getting for potatoes in Alberta.

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URBAN AFFAIRS

DISTRIBUTION OF CMHC FUNDS BY MPs

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. It is my understanding that last summer the minister contacted CMHC, asking them to send all municipal incentive grant cheques to his office so Liberal MPs could distribute them. I have before me a copy of a letter from Mr. Hession, of the department, saying:

I am also concerned that it does not lay itself open to criticism of political partisanship—

[*Translation*]

Mr. Speaker, can the minister tell the House whether this practice exists, and, if so, will he stop it immediately?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I do not know what document the hon. member is quoting from but I do know that following the directions I gave the procedure concerning the distribution of these cheques has been changed.

[*English*]

I make no apology for the step I took in making better known the Canadian government's contribution in helping to solve the financial difficulties of municipalities.

Some hon. Members: Hear, hear!

Mr. Ouellet: When a federal civil servant sends a cheque by mail to a municipal civil servant, nobody knows about it; but when an elected representative makes an official presentation to another elected representative, there is publicity about it and then the Canadian public learns that federal money is at work.

Some hon. Members: Hear, hear!

Mr. Nystrom: Mr. Speaker, I would ask the minister whether, in fact, he can tell us who was presenting the cheques in the ridings of opposition members? Was it, indeed, a Liberal candidate? Just what is the process?

Mr. Ouellet: Mr. Speaker, the procedure is that the minister is trying to make as many presentations as possible, but obviously the minister is unable to be everywhere. Indeed, I have been asking some of my colleagues in this House to represent me from time to time. Now that I see the hon. member might be interested in representing me on some occasions, I will see if it is possible for him to do that.

Some hon. Members: Hear, hear!

Mr. Nystrom: Mr. Speaker, I wonder if the Minister of State for Urban Affairs could inform the House whether he has asked any member of the opposition to present these cheques, ever; or does he only approach members on the government side of the House on this matter?

[*Translation*]

Mr. Ouellet: Mr. Speaker, most of the cheques which have been presented so far were in the province of Quebec. Hon. members will understand very well how important it is for the people of Quebec to know that the Government of Canada distributes vast amounts of money in their province. Everybody in Quebec should be clearly aware of the fact that the government of Canada is useful to Quebecers and that the government of Quebec is not the only one to be able to do something for the people of Quebec. Most of the cheques have been presented in ridings represented by hon. members from the government side, and if we have the opportunity to present cheques in constituencies represented by hon. members from the opposition side, I shall see with these hon. members whether they can take part in the ceremonies. I shall be very pleased to see them at these ceremonies.

[*English*]

OPPOSITION NOT INVITED TO ATTEND MUNICIPAL MEETING ON GRANTS IN LIEU OF TAXES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, given the desire to have federal members participate in this way, would the Minister of State for Urban Affairs tell the House why, when he held meetings with officials of the regional municipality of Ottawa-Carleton regarding grants in lieu of taxes, the only members from the Ottawa area who were invited were the hon. member for Ottawa West, the hon. member for Ottawa Centre and the hon. member for Ottawa-Vanier?

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Somehow or other—perhaps the invitations were delivered by mail—the hon. members for Grenville-Carleton, Lanark-Renfrew-Carleton, and Ottawa-Carleton were not invited. Does the minister not think that is just a bit cheap?

Hon. André Ouellet (Minister of State for Urban Affairs): No, not at all, Mr. Speaker. I think the meeting was convened at the request of the local authorities who wanted to meet government representatives and, indeed, we responded quite positively. I was glad to see that members of parliament from the Liberal side who are members of the party which forms the government were able to attend that meeting. It was a very successful meeting indeed. At the end of the meeting we concluded it would be appropriate to hold other meetings from

time to time. I indicated at the time that it was the view of participants that all elected members from this area be represented and that we would invite the others. However, when the first invitation was made, it was to meet government, not opposition, representatives.

● (1152)

Mr. Baker (Grenville-Carleton): Given the fact that the local municipal area covers the townships of Nepean, Goulbourn, Rideau, Osgoode, Gloucester, March, parts of Ottawa-Carleton, and there is not a government representative in those areas, nor is there likely to be one for some period of time—and indeed there is some doubt about some of the other areas beyond—does not the Minister of State for Urban Affairs consider it in the interests of the people in the area, to have representations from all members of parliament in the area? I realize he is cheap, but could he not have forgotten it on this occasion and adopted another tactic?

Mr. Speaker: Order, please.

* * *

NATIONAL DEFENCE

SUFFIELD MILITARY BASE—GOVERNMENT INTENTIONS ON EXTENDING TRAINING PROGRAM

Mr. Bert Hargrave (Medicine Hat): Mr. Speaker, I have a question for the Minister of National Defence, and it relates specifically to the Suffield military base near Medicine Hat. My question relates to the ongoing ten-year contract between the minister's department and the British ministry of defence for the tank troop training program which is now in its sixth or seventh year. I ask the minister whether negotiations for the renewal of that contract are under way. If so, what stage are they at, or have they been concluded?

Hon. Barney Danson (Minister of National Defence): Mr. Speaker, the intention is to conclude them. I cannot say precisely the state at which those negotiations are now, but if they have not been concluded, it is my understanding they shall be. I spoke to the British Minister of Defence, Mr. Mulley, and I understand they want to continue that project, as do we. There is the capital cost to be expended there, and everyone must know where they stand. There is the intention to renew that contract.

Mr. Hargrave: Can the minister say whether the government of Alberta has been involved in the negotiations respecting the contract with the British ministry of defence, not about the energy situation but specifically about the renewal of this program, as I think they should be, quite properly?

Mr. Danson: I believe they are involved in those discussions, Mr. Speaker. I am not certain, but I will check and find out. I know the government of Alberta has expressed agreement with the arrangement we have and seems to support it enthusiastically.

[*Later:*]

ADMINISTRATION OF JUSTICE

KEABLE INQUIRY—SIGNING OF AFFIDAVITS TO WITHHOLD DOCUMENTS

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question for the Solicitor General. It is supplementary to the one asked by my friend, the hon. member for Perth-Wilmot. In a news report yesterday there was a suggestion that the Solicitor General has turned over two documents to the Keable commission of inquiry in Montreal, and the reason given was that they tended to confirm statements made in the House by a member of the government. Can the Solicitor General advise the House if, in giving affidavits under section 41(2) of the Federal Court Act on holding or withholding documents, he equates national security with embarrassment or benefit to the government?

Hon. J.-J. Blais (Solicitor General): No, Mr. Speaker.

* * *

NATIONAL REVENUE

DUMPING OF STEEL BEAMS—GOVERNMENT POSITION

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of National Revenue. As the minister is undoubtedly aware, many representations have been made from this side of the House for the exemption of wide-flange steel beams being dumped in British Columbia. Can the minister tell the House what decision has been made after due consideration of this matter?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, a decision has been made in this regard. It should be announced today by the Minister of Justice.

* * *

[*Translation*]

CRIMINAL CODE

RIGHT OF DEFENDANTS TO HAVE TRIALS CONDUCTED IN OFFICIAL LANGUAGE OF THEIR CHOICE

Mr. Hal Herbert (Vaudreuil): Mr. Speaker, I should like to put a question to the right hon. Prime Minister with regard to Gérard Filion's case and the fact that, in the Speech from the Throne, it was announced that the government would amend the Criminal Code so as to guarantee the right to a trial in the official language of their choice to all persons accused of a crime.

As Mr. Filion has been accused of committing certain acts in Montreal, and as the RCMP made the accusations in Ontario rather than in Quebec, is the Prime Minister willing to assert to the House that it is imperative that this injustice be righted, that the fundamental right be proclaimed and that the necessary steps be taken so that the rights of Mr. Filion, as

well as those of everyone in similar circumstances, may be protected throughout Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am willing to state that unequivocally. The policy of the government is identical to that suggested by the hon. member. We said so at the time when the Speech from the Throne was read, we stated it again in the House on the government side a few weeks ago when we studied a private bill to grant those rights to Canadian citizens. Unfortunately, that bill was not passed because hon. members of the opposition chose to speak rather than to vote on it.

Mr. Speaker, no matter, for the government has completed the announced series of consultations with the provinces and the bill, an amendment to the Criminal Code allowing citizens to have a trial in the official language of their choice, will be introduced, and will apply in all those provinces willing to avail themselves of that right within their own sphere of jurisdiction, that is the administration of justice.

* * *

[*English*]

URBAN AFFAIRS

DISTRIBUTION OF CMHC FUNDS BY MPs

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, my question is for the Minister of State for Urban Affairs. It relates to the question raised by the hon. member for Yorkton-Melville. It is a serious matter, Mr. Speaker. The point which I think the minister avoided answering is this: he has received the strongest representations from the president of Central Mortgage and Housing Corporation decrying the political tone which the minister is giving to CMHC. The president also put forward two alternative proposals so that the publicity which the minister seems so anxious to get will be given to these municipal incentive grants.

I ask the minister now, in a serious vein and in the interest of CMHC, whether he will implement either of the two alternatives given to him by the president, or whether he will demonstrate no interest in supporting the president by carrying on in this political manner?

[*Translation*]

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, I think the hon. member did not quite understand the answers I gave previously. He refers to a document which I do not know of. I do not know what he is talking about. It may be only an internal document, a draft paper coming from the president of the corporation.

However, there is one thing I am sure of, and that is that the president of Central Mortgage and Housing Corporation and I have established a procedure which was confirmed and approved by the president of the corporation, and under which we are giving more publicity to Canadian government financing of Canadian municipalities.

If the hon. member is not satisfied with the fact that the Canadian public be made aware that its government is active and present in the municipalities of this country, that is his business, but that is certainly not the position I will support.

[*English*]

Mr. Hnatyshyn: Mr. Speaker, on the basis of his answer, I take it the minister is saying to the House that he denies having received any suggestion that the present method be changed, or that he received two alternative proposals. In view of his past lack of judgment, leading to his dismissal from the cabinet, I ask whether, if the circumstances are determined to be otherwise, he will resign his position in the cabinet.

Mr. Speaker: Order, please.

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ENVIRONMENTAL AFFAIRS

DEPARTMENTAL POLICY RESPECTING FOREST INDUSTRY

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I should like to address a question to the Minister of State for the Environment. In a speech given in Vancouver on December 13, the minister told foresters that they had better lobby Ottawa if they want to see the government paying more attention to the forestry sector. Does that mean he will only carry out his mandate if he is pressured into it by the public sector?

Hon. Len Marchand (Minister of State (Environment)): No, Mr. Speaker; the message was that the forest industry and everyone who was involved in it should notify politicians at all levels, not just the government. I do not need pressure; that will not make my position easier. They have never before been active in the political process. I think it is up to them to make sure governments at all levels recognize the plight they are now in.

● (1202)

Mr. Dick: Mr. Speaker, in light of the statement made by the minister in Vancouver, and the report prepared for the government entitled "Forest Management in Canada", which indicates that within 15 years to 20 years Canada will have exhausted all economically accessible forests, what does the minister plan to do to ensure that the youth of this country will have accessible forests to harvest in 15 to 20 years?

Mr. Marchand: Mr. Speaker, it is well known that jurisdiction over forests is with the provinces. I told them that I have no intention of invading their territory, but I also said to them that I am very concerned, especially since I come from British Columbia where the economy is very dependent on forests. We will play our role and I will be making recommendations to my colleagues for an expanded role, especially in the fields of research and development and the use of technology. This has high priority, and it is of great concern to me. That is the way we plan to play our role, especially in the area of silvicultural

research. At our meetings, some provinces told me very clearly that they do not want me to invade their territory, and I am not going to do so.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DR. SELIWINSKI, POLISH MINISTER OF HEALTH

Mr. Speaker: I am sure hon. members will want to join me in calling attention to the presence in our gallery of a distinguished visitor representing his country in official talks for, I believe, five days: the minister of health for Poland, Dr. Seliwinski.

Some hon. Members: Hear, hear!

* * *

PRIVILEGE

MR. CLARKE—MINISTERIAL ANNOUNCEMENTS MADE OUTSIDE PARLIAMENT

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I rise on a question of privilege. I am always reluctant to rise on a matter such as this, but I feel that today we have seen a further example of treatment of the opposition by the government in a manner which basically infringes upon the rights and abilities of members of parliament to do their duties. I refer specifically to the fact that a representative of the government, the Minister of Justice (Mr. Basford), is in Vancouver. We were informed about this by the Minister of National Revenue (Mr. Guay) a few moments ago.

I asked the minister what action the government is planning to take to relieve the problems of steel fabricators in British Columbia in connection with the anti-dumping ruling and the resulting tariff imposition. The Minister of National Revenue obviously has the answer, but has failed to inform parliament. Hon. members on this side of the House have raised this matter in the House many times. The Leader of the Opposition (Mr. Clark) has raised the matter. All hon. members from British Columbia have been very concerned about this problem, particularly the hon. member for Capilano (Mr. Huntington), who is ill today.

The government has not had the courtesy to answer the question in the House. In addition, instead of permitting the Minister of National Revenue to give the answer, which he obviously knows, the government sent another minister to Vancouver to answer the question out there. It is obvious that hon. members on this side of the House cannot carry out their responsibilities when the government makes announcements outside the House. Furthermore, this action is taking place at noon on a Friday after question period is over, and nothing can be done, nor can comments be made, until next week. If Your Honour finds that this is in fact a question of privilege, I ask that it be referred to the appropriate committee.

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I thought that the opposition would appreciate my giving at least an indication that there would be an announcement made today.

Some hon. Members: Oh, oh!

Mr. Guay (St. Boniface): I did not indicate that anything has been finalized, but I did indicate that I am aware that the Minister of Justice (Mr. Basford) is making an announcement. I stand by what I have said. I hope the opposition will appreciate the fact that an announcement is being made today, and I will wait for the news release put out by the Minister of Justice this afternoon.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, since the Minister of National Revenue (Mr. Guay) knows about this, I wonder if he will make the announcement. The Minister of Finance (Mr. Chrétien) is here. If it is his responsibility—and he is available—why does he not make the announcement now in the House?

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I would like to make sure that Your Honour is aware that the minister did say specifically that a decision has been made, that he is aware of the decision, and that the Minister of Justice (Mr. Basford) is assembling a select group of news people in British Columbia so that he can make the announcement there. This matter has been raised in the House on several occasions over the last few weeks. This matter affects national unity and the economy of British Columbia.

My privilege is affected. The announcement in British Columbia is scheduled to be made at 12 noon today. As the hon. member for Vancouver-Quadra (Mr. Clarke) said, that denies us the opportunity to discuss this matter in the House. If Your Honour finds that our privilege has been offended, I will move that the minister avail himself of the opportunity on motions to make his announcement here before the House adjourns for the week end.

Mr. Speaker: Order, please. I see that other hon. members want to participate in this discussion. This is not new ground. We have been over it many times before. The precedents are absolutely crystal clear that the actions of a minister, in making or failing to make a statement in the House and choosing some other locus for making a statement or in timing such a statement in a certain way, have never been considered a question of privilege. The precedents are abundantly clear, and the Chair has really no control. The choice is to be made by the cabinet.

Mr. James A. McGrath (St. John's East): Mr. Speaker, I do not challenge your ruling, which I respect, but my role as a member of parliament is affected. Presumably the announcement today is based on a decision of the Anti-Dumping Tribunal. The decision affects not only British Columbia but Newfoundland as well. I am entitled to hear the announcement in the House. In all likelihood the Minister of Justice (Mr. Basford) has flown in the face of parliament and gone

west at public expense to make the announcement in British Columbia. The Minister of National Revenue (Mr. Guay) refuses to give us the information which his colleague is announcing on the west coast. If I had had an opportunity, I would have wanted to ask if that announcement concerns recommendations for Newfoundland as well.

Your Honour referred to the fact that the precedents are quite clear, that this is merely a grievance and that the Chair is not able to act, but surely there is more than a grievance involved here. When a minister leaves parliament at public expense to make an announcement, denying the House, which is sitting, the information contained in the announcement, that is contemptuous. That is grave contempt of the House, and that contempt is aggravated when the Minister of National Revenue stands in his place in reply to a question and says that there will be an announcement made outside the House today and that he has the information and yet the information is denied us. At the present time it is being given outside the House by one of his colleagues. I think that is the worst kind of contempt, and I am surprised that the Minister of National Revenue would be party to it.

Mr. Brisco: I'm not.

Mr. Guay (St. Boniface): Mr. Speaker, I do not know where the Minister of Justice is at the moment. I would like to tell hon. members opposite that I do not agree with their allegations. I will answer any questions they want to put to me on Monday.

Mr. James Gillies (Don Valley): Mr. Speaker, it seems to me that the precedents Your Honour is using today are quite different from the situation in the House today. We have in this House a minister who got up and said, "I know what the minister is going to say but I will not tell you." That seems to me to be substantially different from the precedents Your Honour is using to rule that there is no question of privilege here.

● (1212)

Mr. Speaker: I understand the grievance that hon. members have. I have let them air it as fully as possible in the circumstances, but I am sure the same hon. members understand that there is no action the Chair can take in circumstances of this kind. I have no power to compel any minister to make a statement in this House or to answer questions in this House at any time, and that is well known. Whether I sympathize with the grievance or however fully I sympathize with it, I have no power to do anything about it. I am afraid that is well known and well established.

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POINT OF ORDER

MR. NYSTROM—MINISTER'S REPLY DURING QUESTION PERIOD

Mr. Nystrom: I rise on a point of order, Mr. Speaker. During question period today, on a question put by me and the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn), the Minister of State for Urban Affairs (Mr. Ouellet) wondered what documents or letters we were referring to. I want to send the letter over to him from Monsieur Hession which was written to the minister on August 31. If he wants further documentation I can provide it at a later date.

Mr. Speaker: Order please. The hon. member can send the document over to the minister without raising a point of order.

* * *

PRIVILEGE

MR. DICK—ANNOUNCEMENTS RESPECTING ALLOCATIONS OF FEDERAL FUNDS

Mr. Paul Dick (Lanark-Renfrew-Carleton): Mr. Speaker, I rise on a question of privilege. In the House on October 24, 1974, the then minister of state for urban affairs, now the Minister of National Defence (Mr. Danson), in a speech on his estimates said as reported at page 719 of *Hansard:*

I think it is important to members in all parties to make certain our constituents know where these funds are coming from,—

In other words, that is the same thing as the present minister indicated—that federal funds are involved and it is federal people who are providing these funds.

He continued:

—because if our provincial counterparts do not let them know, they may think that you and I are not concerned or are not interested.

At that stage I rose on a point of order. In part I said:

On this specific point I happen to agree with the minister that it is most important that people in our constituencies should know where the funding is coming from. However, I was wondering whether the minister would explain his policy as to when an urban affairs program is being opened up.

As reported at page 723 I said:

I should like to put a couple of questions to the minister. One refers to a matter he raised in his speech in reply to an hon. member, namely, that he wants people in the constituencies to know that federal funds are being made available. I suggest that if he happens to finance a building in a constituency represented by someone other than a member of the Liberal party, he can still make the announcement, rather than send a Liberal from the far end of the province to represent him. The constituents would at least know that it is a federal member who is representing the government. I wonder whether the minister is prepared to use that tactic, rather than trying to find a Liberal senator or Liberal member far away from the area to go in the minister's stead if he is not able to make it, and if he is prepared to use the present member of parliament for that purpose.

The minister replied as follows:

I am already working on procedures that will be automatic and will involve the local member, because we all have an interest in showing the federal presence. We represent the federal government and it will be the local member, regardless of his party, who will undertake this work.

I rise on this point because this matter was put to the then minister of state for urban affairs and I have on record what the policy of the department is. Now I hear from the present minister that he will send in Liberals, that he is only using members from that side. He also indicates that he will only invite Liberals to a meeting with the regional officials in Ottawa. I happen to represent part of the region but I was

never invited by that minister. His actions are purely partisan. He does not represent the Canadian people—his party only got 44 per cent of the vote, not a majority. I think they should return to what has been urban affairs policy as indicated by the previous minister and that the local member should participate.

I think the present practice is an affront to all members of the House of whatever party and it should be corrected now. I therefore move, seconded by the hon. member for Hastings (Mr. Ellis):

That this matter be referred to the Standing Committee on Privileges and Elections in order that a full discussion can take place.

Mr. Speaker: Order, please—

Mr. Dick: Is the gutless minister not willing to talk?

Mr. Speaker: Order, please. The hon. member knows it is questionable whether he would be able to bring the subject matter within the confines of a question of privilege. In any case, if he could, he knows very well, I am sure, that several times in the past under well established precedents, a motion has been rejected on a question of privilege to the effect that "this matter" be referred to the Standing Committee on Privileges and Elections. "This matter" is a term which encompasses such a very wide subject that it would not be possible to determine the specific responsibility of the committee in the circumstances. This does not seem to be the type of grievance that is fixed in time as relating to today's answers. It may be a matter that the hon. member would want to consider further and then frame a more specific motion. Under the terms of the present motion, however, I have no choice except to set it aside.

Mr. Dick: Mr. Speaker, may I reserve and present a motion later?

ROUTINE PROCEEDINGS

[*English*]

SAFE CONTAINERS CONVENTION ACT

MEASURE TO IMPLEMENT INTERNATIONAL CONVENTION PROVISIONS

Mr. Roberts (for the Minister of Transport) moved the first reading of Bill S-4 (from the Senate), to implement the International Convention for Safe Containers.

Motion agreed to and bill read the first time.

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Order Paper Questions

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 162, 203, 235, 291, 293, 366, 406, 461, 533, 823 (revised), 913, 960 and 976.

[*Text*]

INDUSTRIAL DEVELOPMENT ON BARNSTON ISLAND, BRITISH COLUMBIA

Question No. 162—**Mr. Friesen:**

1. Does CNR hold an option on potential industrial property on Barnston Island in the Fraser River, British Columbia, and, if so (a) how many acres (b) how long has it held the option (c) does it have any immediate plans for development?

2. In the event that CNR does not have any option on Barnston Island properties, has it completed any feasibility studies for development of its operations on Barnston Island and, if so, what was the subject of each study and on what date (a) did it commence (b) was it completed?

3. Are there any studies in progress?

4. On what date was the answer to this question prepared?

Hon. Otto E. Lang (Minister of Transport): The management of Canadian National Railways advises as follows: 1. No.

2. No.

3. No.

4. The government takes responsibility for the answers it provides to questions and for the process involved in replying to such questions. It is not appropriate therefore to provide information about internal administrative arrangements.

CANADIAN WHEAT BOARD—PERSONS UNDER CONTRACT

Question No. 203—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Canadian Wheat Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): 1. There are two persons under contract to the CWB, neither of whom are retired public servants.

2. The total amount paid to persons under contract to the CWB during 1975 was $37,777.35 and during 1976 was $43,843.14, none of which was paid to retired public servants.

NATIONAL HARBOURS BOARD—PERSONS UNDER CONTRACT

Question No. 235—**Mr. McKenzie:**

1. What is the total number of persons under contract to the National Harbours Board and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): The National Harbours Board advises as follows: 1. Twenty-three persons. None are retired public servants.

2. (a) $57,074.98; (b) $83,591.34. None of which was paid to retired public servants.

Order Paper Questions

CANADIAN SALTFISH CORPORATION—EMPLOYMENT AGENCIES

Question No. 291—**Mr. McKenzie:**

1. Has the Canadian Saltfish Corporation obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Saltfish Corporation in (i) 1975 (ii) 1976?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. (a) No. (b) No.

2. Not applicable.

3. Not applicable.

CANADIAN WHEAT BOARD—EMPLOYMENT AGENCIES

Question No. 293—**Mr. McKenzie:**

1. Has the Canadian Wheat Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Canadian Wheat Board in (i) 1975 (ii) 1976?

Hon. Otto E. Lang (Minister of Transport): 1. (a) The Canadian Wheat Board obtained 10 part-time employees in 1975 and three part-time employees in 1976 from a private employment agency in Manitoba. No part-time employees were obtained from private employment agencies in any other province. (b) The Canadian Wheat Board obtained one full-time employee in 1975 from a private employment agency in Quebec. No full-time employees were obtained from private employment agencies in any other province.

2. Such employees are not paid from supplementary estimates and do not constitute an expense to the government of Canada. Rather, such employees are paid from the Canadian Wheat Board's general salary account and accordingly represent an expense to grain producers of western Canada.

3. (a) The average hourly rate paid to private employment agencies by the Canadian Wheat Board in 1975 was $4.87 and in 1976 was $5.34. Both of these rates were paid in the province of Manitoba. An hourly rate was not applicable to the full-time employee obtained in Quebec. (b) The Canadian Wheat Board has not paid any moneys directly to employees obtained from private employment agencies. Such employees were remunerated by the agency concerned. (c) The total amounts paid by the Canadian Wheat Board to private employment agencies in 1975 were $5,901.67 in Manitoba and $487.03 in Quebec, and in 1976 was $843.35 in Manitoba.

[Mr. Lang.]

PRAIRIE RAILWAY ACTION COMMITTEE

Question No. 366—**Mr. Dinsdale:**

1. What are the terms of reference for the Prairie Railway Action Committee?

2. Is the PRAC authorized to review the Hall Report recommendation on 2,165 miles of railway line recommended for abandonment?

3. What is the estimated cost of setting up the PRAC?

4. Has action been taken on the Hall recommendation for June 30 abandonment and, if so, in what manner?

5. Are there subsidy costs for not carrying out the abandonments on time and, if so, what are they?

6. Will subsidies be required if the Prairie Rail Authority is not put into operation as recommended by the Hall Commission and, if so, in what amount?

7. What is the cost of the less expensive procedure of contracting for services as recommended by the PRAC?

Hon. Otto E. Lang (Minister of Transport): 1. Prairie Rail Action Committee—Terms of Reference:

The objective of PRAC is to recommend to the government of Canada the disposition of each segment of branch line placed in the further evaluation category by the Hall Commission. This involves a total of 2,343.6 miles out of the present grain collection network of approximately 18,700 miles. It will also advise on the priorities for rehabilitation of the basic and the PRAC category lines and will further evaluate the Prairie Rail Authority concept as proposed by the Hall Commission.

To meet these objectives PRAC will:

Assess the Hall Commission proposals with regard to the PRAC lines and initiate discussion between the grain companies and other interested parties to determine the feasibility of designating lines to the basic network or otherwise resolving the uncertainties concerning future operation.

Consider relevant aspects of rehabilitation programs for both basic and PRAC lines and review where necessary the role of selected basic network lines.

Monitor the performance of each of the PRAC lines (traffic levels and patterns, periods out of service, maintenance problems).

In close consultation with the railways and grain companies identify ways of improving the level of service where feasible by making recommendations relating to:

Changes in train runs and methods of providing train service;

Elevator consolidation;

Revised maintenance standards;

Partial or complete abandonment of certain lines and the scheduling thereof;

The economic and technical feasibility of relocating existing elevators;

The feasibility of establishing off-line elevators.

In assessing the future role of each PRAC line before December 31, 1978, options will be: (a) Inclusion into the permanent network guaranteed until the year 2000. (b) Abandonment at a date to be specified by PRAC.

PRAC will recommend the format and responsibility of any on-going mechanism required beyond December 31, 1978 for the purpose of resolving any remaining issues pertaining to PRAC lines.

2. See answer to No. 1.

3. Estimated cost is $300,000.

4. Yes. As of December 6, 1977 the Canadian Transport Commission has issued orders authorizing abandonment on the following June 30th Hall branch line recommendations:

	Branch Line	From	To	Miles
CN	Tonkin	Russell	MacNutt	32.7
CN	Bolney	Paradise Hill	Frenchman Butte	12.8
CN	Sherness	Cessford	Wardlow	7.4
CN	Endeiang	Byemoor	Nevis	40.3
CN	Kingman	Tofield	Kingman	13.0
CP	Colonsay	Euston	Dilkie	21.8
CP	Asquith	Sonningdale	Balgennie	15.1
CP	Suffield	Hays	Suffield	35.3
CP	Cassils	Cassils	Scandia	23.2
CP	Rosemary	East Coulee	Finnegan	23.1
CP	Lyleton	Lyleton	Dalny	15.3
CP	Carman	Kronsgart	Plum Coulee	6.6

5. Yes, these are normal items of costs as submitted in subsidy claims in accordance with the cost order R 6313 e.g., Train operations, Roadway Maintenance Cost of Capital, net salvage value etc. (Refer to pages 430-438 of R 6313).

6. The branch line subsidy programme will continue on the basis of the mileage submitted for subsidy. As the extent of this mileage is presently unknown it is not possible to determine the amount of the subsidy payable.

7. The PRAC has not made any recommendations.

ATLANTIC PILOTAGE AUTHORITY—PERSONS UNDER CONTRACT

Question No. 406—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Atlantic Pilotage Authority and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Hon. Otto E. Lang (Minister of Transport): The Atlantic Pilotage Authority advises as follows: 1. Two; neither of whom are retired public servants.

2. (a) 1975, $17,996.63. (b) 1976, $26,706.32 of which $2,790 was paid to a retired public servant.

EXPENDITURES IN CONSTITUENCY OF NEW WESTMINSTER

Question No. 461—**Mr. Leggatt:**

In each fiscal year since 1970, what amount was spent in the constituency of New Westminster by the Department of Transport and those agencies that report to it?

Hon. Otto E. Lang (Minister of Transport): The department's financial records are not maintained in a manner that would provide this information by constituency. However in 1976-77 an amount of $1,005,741 was spent in the city of New Westminster under the Railway Relocation Act.

RAIL TRANSPORTATION SUBSIDIES

Question No. 533—**Mr. Howie:**

In the fiscal year ended March 31 (a) 1976 (b) 1975 (c) 1974, what amount was paid by the government as a rail transportation subsidy to (i) CNR (ii) CPR, in respect of service in the Province of New Brunswick?

Hon. Otto E. Lang (Minister of Transport): The Canadian Transport Commission advises as follows: Passenger train subsidies paid pursuant to the Railway Act in respect of services in the province of New Brunswick for the three fiscal years indicated are as follows:

	(In millions of $)		
	1973/74	1974/75	1975/76
CN	5.6	6.9	7.0
CP	0.8	0.9	1.3
Total	6.4	7.8	8.3

Although it is not the CTC's normal practice to pro-rate "through" services, the above figures include these services along with those which serve New Brunswick only. The pro-rate was performed on a route mileage basis. Payments were also made in respect of grain movements in bulk for export to eastern ports from inland points. However, owing to the multiplicity of the movements involved pro-rating these subsidies would be a very onerous task. There appears below a tabulation of payments received by Canadian National Railways and Canadian Pacific Rail Limited, under the provision of the Maritime Freight Rates Act for the period in question. These payments are in relation to the traffic handled by the companies involved within and westbound from the "select territory" as defined by the Maritime Freight Rates Act. On the basis of the information available to the commission it is not possible to segregate amounts for individual provinces located within "select territory".

	Maritime Freight Rates Act	
	Canadian National Railways	CP Rail Limited
1974	$12,525,681.00	$1,212,394.55
1975	$13,115,781.00	$1,162,585.10
1976	$13,833,730.00	$1,157,085.93

NUMBER OF WOMEN IN PUBLIC SERVICE EARNING MORE THAN $20,000

Question No. 823—**Mr. Howie:** (Revised)

On November 1, 1977, how many women in the government, excluding Crown corporations, were earning (a) $30,000 and over (b) $20,000 to $30,000 annually?

Hon. John Roberts (Secretary of State): I have been informed by the Public Service Commission as follows: on September 30, 1977 (the latest date for which figures are in hand) there were, in the public service subject to the Public

Service Employment Act: (a) 248 women earning $30,000 or over; (b) 4,076 women earning $20,000 to 29,999 inclusive.

INLAND VESSELS STAMP SERIES

Question No. 913—**Mr. Brisco:**

1. (a) Was the Inland Vessels stamp series limited to 24 million copies and is the series no longer available from the Post Office Department (b) is the government aware that a Toronto stamp dealer and others, have advertised in the *Canadian Stamp News*, September 5, 1977, the availability of the stamps in pads of 50 at a cost of $325 and, if so, what does the government intend to do to rectify the situation?

2. Were post offices across Canada sold out of the 12 cent Christmas stamp by the end of November, 1977 and did they indicate that the stamp would not be available during December, 1977 and, if so, for what reason?

Hon. J.-Gilles Lamontagne (Postmaster General): 1. (a) Yes, but only in the sense that 24 million copies was the usual printing quantity at that time for a first class domestic letter-rate commemorative stamp. In keeping with the practice of retaining new commemorative stamps on sale to collectors for a maximum period of twelve months from their first day of issue, the Inland Vessels stamps are no longer available from the Post Office Department. (b) No.

2. A sufficient quantity of 1977 Christmas 12-cent stamps was printed to meet the anticipated needs of Canada Post Office. However, it is possible that local demand could have depleted a specific post office stock before the end of the Christmas rush. Christmas stamps are a one-time printing and when the entire inventory has been distributed, further supplies would not be available.

CRISIS CENTRE STUDIES

Question No. 960—**Mr. Howie:**

Since January 1, 1976, were studies made for the Department of National Health and Welfare by outside consultants regarding crisis centres?

Hon. Monique Bégin (Minister of National Health and Welfare): No.

AIRPORT SECURITY COSTS

Question No. 976—**Mr. Howie:**

In the fiscal year ending March 31 (a) 1975 (b) 1976 (c) 1977, what was the cost of (i) facilities (ii) personnel used by the Department of Transport to check passengers and carry-on baggage at airports?

Hon. Otto E. Lang (Minister of Transport): (i) (a) $841,-127.00; (b) 739,298.20; (c) 781,392.40. (ii) Cost of personnel used to perform these duties is the responsibility of the air carriers.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 159 could be made an order for return, that return would be tabled immediately.

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

[*Text*]

COMINCO LTD.'S POWER EXPORT LICENCE

Question No. 159—**Mr. Leggatt:**

1. What are the terms of Cominco Ltd.'s power export licence?

2. What amount of power has the Company exported from British Columbia and to what jurisdictions, over the past five years?

Return tabled.

[*English*]

Mr. McKinnon: Mr. Speaker, once again I should like to bring it to the attention of the parliamentary secretary that question No. 147 in its original form was set down during the second session of the Thirtieth Parliament. It deals with the expenses incurred by the Minister of State (Fitness and Amateur Sport) through the use of a Falcon aircraft in Europe for some 22 days. I asked what the cost of the trip was, and I was referred to another question. When you work out the cost on a 24 hours a day basis it comes to $378,504, which is a bit much to pay for the vanity of any member of cabinet. I feel the 24-hours a day basis may be unfair, and I should like to have that clarified. I cannot understand the unseemingly delay in providing an answer to this.

The Department of National Defence is noted for the accuracy and completeness of its records. I should like to know what it cost to send that aircraft to Europe for 22 days so that it could carry the Minister of State (Fitness and Amateur Sport) around during the hockey series a year ago. I cannot see any reason for this continuing delay, and I would like to have an answer as quickly as possible.

● (1222)

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*Translation*]

BUSINESS OF SUPPLY

ALLOTTED DAY S.O. 58—RCMP ACTIVITIES CONCERNING 1970 OCTOBER CRISIS

Mr. René Matte (Champlain) moved:

That this House deeply regrets that the government, through neglect or because of its connivance with the police, allowed the whole of Canada in general and Quebec in particular to be engulfed in a crisis such as the one we experienced in October 1970, and therefore directs the Solicitor General to disclose in public all the facts and circumstances pertaining to the authority

given to the RCMP to act as they did before, during and after the October 1970 events.

He said: Mr. Speaker, in order to put this motion in its context and fully understand the purpose of its presentation today, one must remember that, one day in 1970, we woke up in a nightmare and we have not been able to determine as yet who was responsible for those events which not only traumatized the population of an entire nation but cast reflections on a particular province of this country which, in my opinion, represents a people and a nation as well. And we can say that never in its history this people and this nation have participated voluntarily in any conflict, even the one in 1755 which opposed both parent states and not those Canadians who were here at that time.

Mr. Speaker, when this nation had the opportunity in 1775 to join the American colonies in their rebellion, they chose not to do so. They were placed in similar circumstances in 1812, and more recently during the Boer War, World War I and World War II, but the people in Quebec have never accepted violence as a means of settling any conflicts and even less as a means of promoting its emancipation and development.

● (1232)

Mr. Speaker, such a people could not create the terrorist movement that led to the famous October 1970 crisis. We must therefore denounce those responsible in order to save the pride and dignity of the Quebec and the Canadian people. Our country should not have faced such a situation. Mr. Speaker, the serious suspicions we have about the federal government can be substantiated, and this is what I shall try to do while discussing this motion.

Before dealing more specifically with this motion I wish to conclude those preliminary remarks by referring to an incident that should be explained some day to prove that Quebecers are not really responsibile for the terrorism outburst that took place in our country in the sixties and reached its climax in 1970. The founder of the FLQ is one Georges Schoeters. He was neither a Quebecer nor a Canadian but an individual who came from Belgium and who, after visiting our country and Cuba, decided to start that movement. That man was also an ardent supporter of the British monarchy. At least he was during the first ten years he spent in this country. Now, the founder of the FLQ who was convicted in the early sixties for bomb attacks, that individual convicted for criminal offences is today at large in Belgium. I would like to know why the Canadian government agreed that this terrorist be released on parole and sent back to Belgium.

Why has the Belgium government agreed to admit a terrorist formally convicted of criminal offences here in Canada? Mr. Speaker, those questions regarding the circumstances surrounding the release and extradition of that Georges Schoeters, the FLQ founder, must be answered. Why has Belgium agreed to his repatriation since he had the Canadian citizenship? Mr. Speaker, this requires an explanation. But rather than make accusations, we should kick out of office those who are actually responsible for the chaotic situation we went through. I would even go as far as to say. Mr. Speaker, that our present economic and financial difficulties might also be due partially to that confusion. That is why the motion specifically says "through neglect or because of its connivance".

Mr. Speaker, in 1970, more specifically on December 10 of that year, I had all the reasons in the world to inquire about the actual circumstances surrounding that famous crisis, that famous crisis which upset the whole country, that famous crisis which led to the adoption of war measures and put the Canadian armed forces on a war footing, that crisis when an insurrection was apprehended. It was even said at the time that the then editor of *Le Devoir,* Claude Ryan, headed a parallel government. He seems in fact to be accomplishing this now by running for the leadership of the Quebec Liberal party. On December 10, 1970, Mr. Speaker, I asked the government just how far the RCMP had infiltrated the FLQ. The reply was as follows, and I quote:

In answering his question, may I say that in accordance with long-established practice it is not in the public interest to reveal this type of information.

That was the reply given. I had every reason to demand to be told who exactly was Pierre Séguin, alias Yves Langlois, or the opposite, Yves Langlois, alias Pierre Séguin, of the cell responsible for kidnapping Mr. Cross. Who was this Séguin? What was his relation to the RCMP? I received no answer! I was told it was because of "State security". More recently, when little by little the former Solicitor General told us about certain somewhat irregular activities of the RCMP, I was told that if I had something to say, I should simply appear before the Macdonald Commission.

Mr. Speaker, if through neglect or its connivance with police authorities, this government contributed to the state of affairs which finally led to the October 1970 crisis, how can this same government, which appoints its friends to this commission, tell us the truth. How can we get at the truth if the terms of reference of this same commission repeat the answer that I was given on December 10, 1970? How can we have confidence in this commission if its terms of reference are:

to advise and make such report as the Commissioners deem necessary and desirable in the interest of Canada, regarding the policies and procedures governing the activities of the RCMP in the discharge of its responsibility to protect the security of Canada—

This reason is always invoked to keep something secret. But how can we know this? Mr. Speaker, we are faced with a situation ten times worse than the Watergate affair in the United States. If the truth came out in the United States, it is because American institutions allowed for proper scrutiny. But how can the suspects be at the same time the investigators and the judges? How can we discover the truth?

The terms of reference then say:

—adequacy of the laws of Canada as they apply to such policies and procedures, having regard to the needs of the security of Canada.

Mr. Speaker, perhaps everything was cooked up and that story of terrorism in Quebec was kept alive in order to cast reflections on honest Quebecers who wanted to promote the emancipation and the development of their country.

The War Measures Act was invoked under the pretence of national security and of a state of apprehended insurrection. Mr. Speaker, how many people were sentenced as a result of the October 1970 crisis? Ten. The whole army was put on alert, we were told there was a state of apprehended insurrection and yet only ten persons were actually involved in these FLQ cells. Still some 3,000 persons were harassed for all sorts of reasons. At one time even I feared I could be intimidated because in 1963, having been accused of terrorism, I had had the opportunity to learn a little about the methods of the police. That story made headlines in Quebec newspapers in 1963.

At that time I had learned quite a few things and this is why today, I can speak knowledgeably about these events. Yet, Mr. Speaker, out of these 3,000 persons who were harassed and out of the 500 others who had a taste of what our jails are like, only ten had done things for which accusations could be laid against them. However, I repeat, we have recently discovered that the RCMP allowed itself to commit burglaries, something which has been admitted by the Solicitor General and the government itself. It has also been discovered that the RCMP allowed itself, always according to that special committee, to set criminal fires. It has been candidly revealed to us that the RCMP took the liberty of stealing dynamite! Mr. Speaker, let me elaborate on that: what was the purpose of stealing that dynamite? If the authorities needed dynamite, they only had to get the necessary permit to buy it; why steal it? Mr. Speaker, how many times has this been done during and before the October 70 crisis? The former minister called me irresponsible because I voiced my suspicions about the procedural methods of the RCMP and even sometime alleging that some individuals might have been liquidated, before making any inquiry about it. Right then he said I was irresponsible. He had himself said that there had been no such event before 1972 and 1973 the year the break-in took place. Now, on January 9, once again the Solicitor General very candidly confessed that in 1971 the Royal Canadian Mounted Police took upon itself to issue a communiqué in the name of the FLQ which invited the population to commit acts of violence and insurrection. Mr. Speaker, this is just too much. Soon the inquiry will bear on things which happened in 1970. The inquiry has now gone back to 1971 and soon it will study 1970. That is why the Solicitor General should ask himself the following questions and above all answer them: When did the RCMP start closely monitoring the activities of separatists, FLQ sympathizers, independentists and so on? At the instigation of which authority and which representatives of that authority did it undertake to infiltrate these movements? How were the results reported to the authorities?

● (1242)

Is it possible to know all orders or counter orders that have been given or received at the higher level since 1960 concerning any criminal activity the RCMP was responsible for monitoring, preventing or uncovering, particularly in the area of separatist activities that were viewed as illegal by the federal government? What was done after evidence was received from the City of Montreal authorities in 1969? Mr. Speaker, we have a federal police with a tremendous reputation. And when the minister announced, barely 15 days ago, that the RCMP had succeeded in breaking a Soviet spy ring, I was as proud of our national police as everyone else. They are competent, I am even told they are one of the most competent police forces in the world. How come such a competent police force, capable of competing with Russian spies, could not uncover and arrest terrorists from 1962 to 1970?

Mr. Speaker, this issue is extremely serious. The force's reputation is at stake, and I could not be satisfied with the answer that what happens in Quebec does not concern the RCMP. We have ample proof that the RCMP were aware of terrorist activities as early as 1960, 1961, 1962, 1963. Mr. Speaker, when the former solicitor general responded to my allegations concerning Michel Viger, he simply dismissed this as idle talk. Mr. Speaker, I received a letter dated December 14, 1977 from Mr. Jean Viger, Michel Viger's brother, which was indeed published by the newspaper *Le Devoir*. I would like to quote from it the following paragraph pointing to questions for which we will need answers. I quote:

> I must say the circumstances surrounding the death of my brother Michel, on my St. Nazaire farm in the summer of 1975, while mowing hay, are particularly disquieting. On that day I had gone to Longueuil. Michel was alone on my farm. When I came back his family was worried because he had not come to supper. Also worrying, I went directly to that part of the farm that remained to be mowed. There I saw the tractor but not my brother; but then I saw him motionless, lying on his belly under the humming tractor, his arm crushed under the weight, his left leg caught to the break pedals, his neck broken under the pressure of one of the tractor's back wheels. There was no tightness, no trace of struggling or pain. He had died instantly, and many hours before.
>
> Oddly enough, the tractor was in neutral, oddly enough Michel was lying under his tractor, he who was so prudent with those machines, oddly enough that had happened right when I was absent, shortly after a series of filmed interviews with Louis Martin, a very small part of which was to appear on the program "Format 60" in the fall of 1975. So on the one hand, a purely accidental death could be inferred; however, Michel's history can lead us to suspect things may have been staged to cover up a crime, in view especially of what the CIA, the RCMP and other state polices are capable of because they stop at nothing, including bombings, incidents, murders and so forth, . . . So, Mr. Matte, I am inclined to believe as you do that Michel Viger was murdered by the CIA, the RCMP or people like that.

Mr. Speaker, those are very serious things I am saying but their seriousness must not stop us from finding out the truth so justice will be done.

Mr. Ouellet: That is an irresponsible statement!

Mr. Matte: Mr. Speaker, they will say: Michel Viger is dead. Why don't we go and ask constable Robert Samson, he is not dead but he nearly died too. What was that responsible RCMP officer doing on a Saturday night with a bomb in his hands that exploded? He did not die. Mr. Speaker, those are facts and before they call me irresponsible let us get down to the bottom of things. Was it not following those events that the government and the Solicitor General were forced to divulge the criminal arson incidents—

Mr. Ouellet: Tell us about the Wolfe monument in Quebec City.

Mr. Matte: —the dynamite stealing incidents. Mr. Speaker, when in an otherwise respectable and responsible police department you have committees stealing dynamite, committing arson, issuing false communiqués people are capable of anything. We should, I repeat, ask officer Samson since he is alive and able to talk—

Mr. Lachance: That's a real farce!

Mr. Matte: Mr. Speaker, so we have here a police department that was perfectly aware, and that is why—

Mr. Ouellet: You should tell us about the Wolfe monument in Quebec City!

Mr. Matte: —all Canadians and particularly Quebecers kept wondering about that famous October crisis. That is why we have to know exactly the circumstances prior to the October crisis, during the October crisis and after the Quebec crisis. There are questions unanswered everywhere. Books have been written on this subject. I will not quote them all but there are at least ten literary pieces dealing with that topic.

Mr. Ouellet: It is doing them too much honour to refer to them as literary pieces.

Mr. Matte: There are also strange things going on, like different sentences given for the same crime. In the case of Colette and Richard Therrien, convicted of hiding the Rose brothers, they were given a very light sentence—

Mr. Ouellet: By the same judge?

Mr. Matte: And in the case of Michel Viger, a much longer sentence, five or six times longer. How can this be explained for exactly the same offence? Mr. Speaker, everybody is questioning that, especially after seeing the impact of this apprehended insurrection and the implementation of the War Measures Act. Mr. Speaker, these questions will have to be answered. The RCMP knew what was going on, because that is its job. The 1973 January issue of the *Financial Post*, on pages 23 and 24, gives a detailed account of the RCMP involvement in a general conspiracy. That question also should be answered and we have a right to know why it has not been done. I made statements in 1972, as I have been trying to get to the bottom of this since 1970. Mr. Marchand, who was then minister, said that René Matte was certainly making Weird statements—

Some hon. Members: Hear, hear!

Mr. Matte: —and immediately after evidence was given here before the Committee on broadcasting, films and art subventions in 1969, that Mr. Marchand who was then Minister did not know.

● (1252)

Well, let's see. He didn't know anything about it. Mr. Côté, chief attorney for the City of Montreal, had to tell him that was indeed the case. And, Mr. Speaker, when I state that the Royal Canadian Mounted Police were perfectly aware of what was happening, it is not I, René Matte, who is speaking. The facts speak for themselves. Some very clear, very revealing testimonies were heard by the members of this House at least a year before the October crisis. The committee proceedings of November 27 and 28, 1969 which explain that the RCMP knew exactly how things stood for a long time, a very long time are also available. I would like to quote here one paragraph drawn from all these testimonies. In one instance, Mr. Côté, chief attorney for the City of Montreal, answers that:

> RCMP agents and Quebec Police Force agents share offices with the Montreal police force. And if they are on the premises when some searches are launched—and they are there most of the time—they usually go along with the Montreal policemen.

Also on November 27, Mr. Saulnier added:

> Yes, and this confirms the cooperation I was referring to in my remarks this morning. I am told that in several cases people work in the same office and searches are made at the same time by the various police forces.

Well, Mr. Speaker, it is quite obvious and I have the evidence before me that we knew of the matter even as far back as 1963, when the first bombs exploded. Further on the report says:

> Ever since 1963, when the first FLQ bombs exploded, we have been in the first stage of the revolutionary struggle which will develop into a total unrest situation which will culminate into an overall economic, political and social crisis. We are very rapidly reaching this critical point especially during the six last months.

This document produced by the Montreal municipal authorities shows clearly that terrorist activities were going on and that something had to be done. Mr. Speaker, that is not all. Mr. Saulnier who is, as everyone knows, a responsible and serious man went even as far as to say before this committee that he had informed the Prime Minister and the cabinet on several occasions, on three instances at least, of the whole situation. Mr. Speaker, in the face of such patent facts, we should wonder to what extent had the government planned the whole thing and therefore how far were they prepared to let terrorism go unchecked in an effort to ruin those advocating a quite normal and indeed very democratic idea.

Mr. Speaker, I see you are ready to rise. It would—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue if there is unanimous consent. I can give him one more minute, but in order for him to continue, there must be unanimous consent. Is there unanimous consent?

Some hon. Members: No.

[*English*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I am sorry the hon. member for Champlain (Mr. Matte) was not able to continue. He was making some very interesting revelations, but perhaps I can carry on from where he left off. Also I am sorry the Solicitor General (Mr. Blais) did not speak prior to me. However, the hon. member for Perth-Wilmot (Mr. Jarvis) will speak after the Solicitor General. Perhaps the Solicitor General will be the ham between two slices of bread.

The reason I would have preferred the Solicitor General to speak prior to me was because of the answer he gave today, which was related to this particular issue in a general way. I asked the Solicitor General if, in the discharge of his responsibilities in signing an affidavit under section 41(2) of the Federal Court Act, when he had to declare by affidavit or certificate that a document might well be free from disclosure, because it was a matter of national security, he took into consideration whether the document was embarrassing to the government. Most hon. members and most members of the media know that is the first consideration which the Solicitor General, and some of his predecessors, gave to the question of the discharge of responsibility. That having been done, then the Solicitor General can decide whether national security is involved.

I realize hon. members of the government believe national security and the omnipotence and the survival of the Liberal government are one and the same thing. Many millions of Canadians do not believe that at all. The Solicitor General should examine the provisions of Section 41(2) of the Federal Court Act. As I understood the press release, his counsel indicated that he was releasing three documents to the commission because they tended to corroborate a statement made by the predecessor of the Solicitor General in the House. That is not good enough. Much more than that is required. Extraordinary powers are given to the government to be exercised through the Solicitor General. They must be exercised on a much more substantial ground than the question of benefiting or embarrassing the government.

Mr. Blais: The hon. member should read the entire statement.

Mr. Baldwin: The Solicitor General's statements to the contrary do not impress me at all. I know what the facts are. I know what kind of consideration is given to this issue by the Solicitor General.

Mr. Sharp: The hon. member's mind is closed.

Mr. Baldwin: That is not so. After a great many years of practising law in the criminal courts, I know the minds and mentalities of people. This morning prior to coming into the Chamber, I was reading a book published by Mr. Bob Haldeman in which the truth is finally being told. Daily I look over at the government side of the House and wonder if a Bob Haldeman is sitting on government benches. Before much more time elapses, hopefully one might be found.

Mr. Jarvis: The hon. member for Eglinton (Mr. Sharp).

Mr. Baldwin: Perhaps the hon. member for Eglinton (Mr. Sharp) could write a very good book. The hon. member for Champlain deserves credit for the motion he is proposing. He has brought up an issue which should have been ventilated long before now in this country. It is relevant to present matters.

When the right hon. Prime Minister (Mr. Trudeau) and his gaggle of inferior ministers slunk out of the national conference with its collective tail between its legs, having suffered a very disastrous three days at the conference, the reasons were most obvious. One of the reasons was because of issues relating to what the hon. member has said in his motion and in his statements. The people of this country have lost confidence in the government because of its failure to tell the truth and because of its continued disposition to exaggerate, to conceal, and to fail to come forward and tell parliament and the public the facts behind so many of the issues of the day. That has become so obvious that the fog of suspicion, doubt, and disbelief which originates from Ottawa has spread over Canada.

No matter how valid its suggestions, when the government attempts to introduce programs regarding economic and social problems, it faces the insuperable obstacle that people no longer believe in it. Perhaps some of the ideas kicked around the conference were all right, but Canadians reject the statements made by the government and its ministers. When that occurs, the government cannot govern any more. In the type of complex world we live in, there must be a reasonable relationship of trust between the government and the people.

Another reason for the failure of the conference was the Quebec situation and much of the difficulties which exist regarding the question of national unity. Many of these questions in regard to national unity were initiated because of the events in October, 1970.

I see it is the witching hour of one o'clock. I shall continue my exciting discourse some time after two o'clock.

Mr. Deputy Speaker: Order, please. It being one o'clock, I do now leave the chair until two o'clock.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2 p.m.

Mr. Baldwin: Mr. Speaker, when the House recessed at one o'clock I think I had demonstrated to the satisfaction of most reasonable members that one of the main reasons for the failure of the recent economic conference, and the fact of the Prime Minister and his federal ministers crawling from it in a beaten and disspirited way, could be tied to this motion we have been discussing. I talked about the obsession for secrecy and furtiveness which has turned off most reasonable people in Canada with the result that no longer has this government any credibility; nor will it have credibility at any time, and the sooner it meets its fate at the polls the better for everybody.

The other reason for the failure of the conference is also referred to in this motion, and that is the problem which exists in Confederation because of a movement in the province of Quebec. I do not suggest for one minute that the government has to bear sole responsibility, but it has some responsibility for the situation which exists and which resulted in the failure

of that conference. This all stems from the situation and the facts that existed in 1970, 1972 and 1973.

I was here in 1970 and listened to the debates. I was House leader for this party and participated in some of those discussions. To recall the events and refresh one's memory one has only to read what was said by the then minister of regional economic expansion, now a Senator in the other place, but then the hon. member for Langelier. He made a very inflammatory and colourful speech. On October 16, 1970, he talked about several thousand active members of a group and indicated that probably some were armed.

● (1412)

He went on to say:

One thing is certain, Mr. Speaker—I don't know any more than the police, probably much less—there is an organization which has thousands of guns, rifles, machine guns, bombs and about 2,000 pounds of dynamite,—

It is interesting to recall in that context that one of the statements made by the security force was that they had stolen dynamite. It was put in the possession of FLQ so that it could be used as a means of trying to invoke action against them.

The minister went on to say:

—more than enough to blow up the core of downtown Montreal.

Then there was a book written later by the then secretary of state, now the distinguished ambassador to France, Mr. Pelletier, in which he referred, somewhat disparagingly, to the role of the Mounted Police in this issue and the facts leading up to the issue, a book which should be required reading for many of the current members of the House.

But what were the facts? Very simply what happened was that the War Measures Act was invoked. There was the tragic assassination of Mr. Laporte, and the subsequent state funeral manipulated on behalf of the government, as I understand it against the wishes of members of the family, so that it could be made into a media event. Then, because of the wishes of the then government of Quebec—and I think it only fair to say, a government which had been following the characteristic practices of the senior government in Ottawa, being secretive and arrogant and with elements of corruption, certainly a government which did not find favour with the people of Quebec—

Mr. Lachance: That is not for you to decide.

Mr. Baldwin: The people of Quebec decided that, and that was one of the reasons for its defeat. I am a Canadian and I travel and talk to the people of Quebec, and many people in Quebec said to me that that was one of the main factors in the defeat of the Bourassa government—it was too much like the Trudeau government.

What happened after that was that there was some resistence to the act called the War Measures Act being used in time of peace and they decided very wisely, following requests of members of the House and of the province of Quebec, to bring in a substitute temporary measure, a Public Orders Act. As the then House leader I remember participating in arrangements by which it was agreed we would facilitate the passage of the second act and would approve the motion introduced by the Prime Minister, by which the House purported to accept the actions of the government, provided the other act was brought in. There was an understanding at the time that some permanent legislation would later be introduced, and certainly the then minister of justice, Mr. Turner, said that discussions were going on—this was at the time he introduced the Public Orders Act, a temporary act—and it was his intention that permanent legislation be introduced. I think that was very wise. I point out to you, Mr. Speaker, and to members of the House that many of the problems which exist today would never have existed had the government followed through on its announced intention.

In the spring of 1971 the government set up a special joint committee of this parliament which was to be charged with the responsibility of dealing with all matter leading up to the need to have a law dealing with domestic difficulties which would be somewhat more moderate than the provisions of the War Measures Act, and would not contain the connotation that it was a measure in any way related to war or to apprehended warfare. The motion was first introduced for debate on May 13, 1971, and was debated. The justice critic of this party, the hon. member for Calgary North (Mr. Woolliams), moved an amendment by which he asked the House to agree that this committee would have the right to examine the facts leading up to the crisis of 1970. Mr. Speaker found that particular amendment to be in order and, the minute that was done, you should have seen the government troops run for the doors.

The then minister of justice spoke on May 19 and he made it pretty plain that, in his mind a motion of that kind establishing a joint committee with that kind of amendment to it was not one which the government would find satisfactory. So they ran away from it. The motion died on the order paper during a session which, you may recall, Mr. Speaker, lasted from 1970 to 1972. It was never brought back, despite requests from members on this side of the House as well as from some members on the other side. I see the hon. member for Maisonneuve-Rosemont (Mr. Joyal) here. He has been one who has urged the passage of suitably phrased legislation to deal with law and order in a domestic situation which, had it been in place in 1972 and 1973, would not have led to the current situation in which we find it necessary to establish Royal commissions to inquire into these problems. The hon. member for Maisonneuve-Rosemont made a speech on October 27 of last year in which he called attention to this issue. As reported at page 344 of *Hansard* of that day he said:

It is important that despite the commitment made by the government leader in the House on October 27, 1975, a bill designed for such situations has not yet been introduced and the government has made no mention of it in its inaugural message.

It is interesting that the next day the Prime Minister was having a press conference at which someone picked up the statement of the hon. member, referred to it, and asked the Prime Minister what he said. The Prime Minister, with what I will call polite sophistry but which was in fact complete deception, said:

Listen, I have no serious objections. In the months following the adoption of the War Measures Act by the government of which I was leader, I even expressed a desire to see this act replaced by provisions, probably added to the Criminal Code, which would enable us to act vigorously each time national security was threatened as it was in October 1970, without having to invoke the War Measures Act.

Then he went on to say that he did not bring it in because opposition members objected. That is an absolute falsehood. That was not the case. Nobody on this side of the House, and I believe I can speak for members of the NDP and the Creditist party when I say that no one from their parties, objected to it. We pressed continuously for the passage of such legislation, and if it had been in place in 1972 and 1973 this would have been a happier country. These scandals, these problems with various solicitors general, and the three inquiries would not have taken place as they did. But the Prime Minister had the unmitigated gall to say he did not do it because the opposition objected. When did this Prime Minister ever fail to take action which he thought he wanted to take because the opposition objected? That is absolute nonsense.

That brings us into what happened in 1972 and 1973. There is no doubt in my mind that the government knew—I do not say it initiated—in 1972 and 1973 what was going on then. I do not know who knew, but certainly people close enough to be part of the government apparatus were aware of what was going on. But they said nothing. The reason they said nothing in the fall of 1972 and 1973 was an issue of some bewilderment to me, until I happened to think about it.

What was the situation in the fall of 1972 and 1973? We had a minority government. What would have happened to the minority government had the Prime Minister disclosed publicly that security forces were engaged in these activities, and in particular had broken into the NDP offices? I know the hon. member for Winnipeg North Centre (Mr. Knowles) and his then leader, David Lewis, would have immediately dropped the government cold. They are honourable and respectable men. I disagree with them on most things, but on an issue of this kind there is no doubt at all about what would have been the facts and the minority government of the Prime Minister would have been defeated. That is why the government kept quiet about it. "What a tangled web we weave when first we practise to deceive." That is exactly what has developed since then.

● (1422)

However, I think that is the end of my comments about the government. We all know these are facts. We have to look together to what we can do to improve the government. This country will make progress only if we have in it government which is open, honest, and acceptable. I am not saying anything about a new government. That is beside the point. Sometimes we have to do more than change the players; we have to change the rules. This means the introduction of legislation. This party and other opposition parties are committed to open, honest, and acceptable government.

Before this government meets its fate I would like to see it adopt this principle and say that it stands for openness and honesty. That would do more than anything else I know of to restore confidence in this country and a reasonable approach on the part of the people. It would do much to bring about a turn-around in our economic situation, which is essential if we are going to make progress. It is a challenge for this government and for the private members on the backbenches of the government side. Most of them believe in open government. Do they have enough courage to stand up to the Prime Minister and tell him that is what they want? If they do not, God help this country.

[Mr. Baldwin.]

[*Translation*]

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I take great pleasure in rising to speak on opposition day for the second time since I was appointed to my present position, I did not expect I would be able to participate in the House debates, and I want to thank the hon. member for Champlain (Mr. Matte) for giving me this opportunity.

I paid particular attention to the remarks by the hon. member for Champlain, and from the way he worded his motion today I had hoped he would have somehow, suggested ways or means to help me discharge my duties as solicitor general responsible for national security in Canada. Unfortunately I did not hear such suggestions in his speech. Mr. Speaker, I am really sorry he did not because, he is fully aware that the question of national security is of prime importance and that we all like to dwell on that issue which is related, to the quality of life and freedom for Canadians. Mr. Speaker, I think the hon. member for Lafontaine-Rosemont (Mr. Lachance) might like to comment on some of the remarks by the hon. member for Champlain, and I will ask him to do so. As for me, Mr. Speaker, I would rather limit my speech to the Royal Canadian Mounted Police and national security.

[*English*]

I would like to make a few comments relating to the hon. member for Peace River (Mr. Baldwin), for whom I have great respect. That respect is in recognition of his ability to take advantage of the context of this House and what it provides, namely, an adversarial forum in which partisan interests come to the fore on a regular basis. I have yet to hear an advocate in the opposition who is better able to employ partisan argumentation and precise adversarial comments to carry out his responsibility. I know the hon. member has been around here for some time and has had a great deal of training in his trade in the opposition. He has not had much chance to sit on this side of the House. That is why he has become so competent in what he is doing.

I would like to call attention to the first point he made relating to a press release, a statement which was made by my counsel yesterday before the Keable inquiry, and the production of three documents which previously had been subject of an application under Section 41(2) by my predecessor.

If the hon. member had read the press release further, he would have seen that they were produced as a result of some confusion which had arisen and that had the circumstances of today been the circumstances when they were produced, those documents would not have been included within the affidavit

under Section 41(2). At the time my predecessor did not know of any illegal activity, and he did not have any knowledge of the "Ham" operation. It was all made clear by my predecessor. The hon. member is quite free to draw the partisan conclusions he has drawn. All I want him to do is recognize that there are additional comments which he did not draw to the attention of this Chamber to explain the circumstances surrounding the production of these documents.

I would like to deal with the matter of national security. The hon. member for Champlain has indicated in his motion that there is a crisis today which is similar to that of 1970. I listened to his comments, but I did not hear him indicate any events similar to the events of the late 1960's and the early 1970's. Where are the riots, bombs, and kidnappings we experienced at that time?

I am quite concerned about any indication that there could be a recurrence of the 1970 situation because one of my primary responsibilities is to avoid such a recurrence. I have been in my present portfolio for approximately two weeks. I have had a large number of briefings, and at my insistence there is an exchange of information on a regular basis. I am very well satisfied that the RCMP security service is an excellent service which discharges its responsibilities seriously.

I recognize that Canada, among all the countries with which we deal, is perhaps one of the most peaceful internally. It is one of the most inviolate in terms of external interference. It enjoys a very high reputation within the international community.

We have a large number of allies with which we exchange information on a regular basis. That exchange of information is a result of the confidence our allies have in our ability to preserve our own internal security and to protect our own national sovereignty. If there is one instrument which has been fundamental in securing that protection and reputation, it is the RCMP.

The RCMP is responsible for protecting us against subversive activities designed to undermine the confidence of Canadians and of our allies in our governments and institutions and designed to bring about governmental change by violence, force, terror or other criminal means. The RCMP is responsible for protecting us against the kind of trans-national terrorism experienced in less fortunate countries, a problem we do not have. I submit that the RCMP security service, by conscientiously doing its job, has protected Canadians from violence, from those who would weaken our NATO alliance and from those who would subvert our governments at all levels, as well as our institutions.

● (1432)

In October, 1970, action was taken by the government to establish the rule of law, a fundamental principle of our way of life, to ensure that the tragic events of that time did not occur again. It was clear that a proper intelligence on subversive activities was required. In gathering such intelligence certain unlawful acts were committed. I need not elaborate on those acts. They are now being considered by the inquiries set up by the federal government and the provincial government of the province of Quebec, and the acts themselves have been referred to the attorneys general of the provinces involved. I am sure that you would agree that, in the total scheme of all RCMP activity, which is an ongoing process by a large force, there were very few unlawful acts and those were committed by very few people. I am not trying to condone them but simply to put the whole of the operations in perspective. We are dealing with acts that took place in the early 1970's, although we are now in 1978.

[*Translation*]

I would now like to address myself to the legal and constitutional aspects of our national security operations. As you know, many things have been written about the relations between the government and the Quebec Commission of inquiry chaired by Mr. Jean Keable which is considering some aspects of the RCMP activities in that province. When the PQ was elected in November 1976, the new Minister of Justice logically assumed the responsibilities of his predecessors with respect to the charges of allegedly illegal operations of the RCMP in Quebec. Mr. Bédard, in his own right, decided to set up a commission of inquiry chaired by Mr. Keable to shed light on the matter.

The federal government has recognized that commission and promised its full co-operation. However, some problems came up with the various redefinitions of the terms of reference granted to the Keable Commission and then the commissioner demanded the right to investigate, in my opinion, all RCMP operations. The federal did not and will not accept such terms of reference, as interpreted by the commissioner. It is also on the basis of that disagreement, that the question of legal responsibility in matters pertaining to national security of Canada has been raised.

I want to be clear on that point. All the allegedly illegal activities of the RCMP in Quebec known to the federal government have been brought to the attention of the Minister of Justice in that province, since he is responsible for the administration of justice in that province. Quebec has on hand all the facts of which I am aware and of which the RCMP is aware and if new facts were brought to the attention of the McDonald commission, they would also be referred to Quebec or any other province involved. Such is the procedure required under our constitution which we intend to follow.

If the Quebec Minister of Justice or the Attorney General of any province have sufficient grounds to delve any further into certain activities of the RCMP, it is their right to do so, but, Mr. Speaker, I think that a provincial Minister of Justice or Attorney General does not have the right to use such offences as a pretence to examine or inquire into all RCMP activities. The government as well as myself do insist on the difference between a possible illegal act committed by a member or a group of members of the RCMP and the regular ongoing activities of that police force, which is committed to protecting national security, and which is a federal body.

According to the government, this disrespect or unwillingness to admit this difference is the important factor in the

debate which is presently going on between us and the Department of Justice of Quebec and the Keable Commission. The government has made its opinion known in court with respect not only to the way the Commission inquires into the alleged illegal acts committed by this police force, but also to the way they attempt to delve into all the activities of the RCMP. The RCMP is a federal agency and the federal government denies not only the government of Quebec, but also the government of any other province, the right to examine the day to day operations of that agency. One needs not draw before you, Mr. Speaker, the absurd parallel whereby the federal government would inquire into activities of a provincial government.

Mr. Speaker, if that principle is not upheld, any federal institution remains at the mercy of provincial governments. How could we expect Confederation to work in such circumstances? That is why, Mr. Speaker, the federal government has tried to have a restraining order issued against the Keable Commission. It was not, as it has stupidly been alleged by some people, because the then Solicitor General or the federal government want to evade justice or put a check on the PQ through the Keable Commission.

As a matter of fact, the Keable Commission and the PQ government want to do a detailed examination of all legal and illegal operations of the RCMP in Quebec. We do not intend to let them do it, Mr. Speaker. In the course of this debate, we are also aware of a confrontation between federal and provincial responsibilities in matters relating to national security in Canada. The Canadian government believes that he has the responsibility to safeguard national security in Canada against any threat whether from the inside or from the outside. Spying activities in Canada are part of the foreign policy of some countries and are closely linked with their perception of their own political, military, economic and cultural interests. Such is the case in Canada. Consequently, they must be seen in the Canadian national context and stopped by federal agencies which have jurisdiction under the Constitution on matters involving foreign countries and Canadian Defence.

Mr. Speaker, I do not feel it is possible to share with the provinces a responsibility which is totally within federal jurisdiction, pursuant to Section 91 of the Canadian Constitution. The same thing may be said about international and home bred terrorists who have given their all grance to foreign and international ideologies and who, judging from their outlook at least, are part of a terrorist conspiracy. Mr. Speaker, I cannot even imagine a situation where each province would claim the right to deal as it pleases either with the KGB or the Japanese Red Army or any other terrorist organization.

It may well be that the areas of responsibilities on matters involving national security are not well defined on account of the changes which have been taking place recently in Canada as far as police operations are concerned. In many respects, we and our allies are operating differently, as in a number of them there are major structural differences between law enforcing agencies and such groups which are responsible for national security.

Historically, in Canada, both those responsibilities have been assumed by the RCMP. It will doubtless be remembered, Mr. Speaker, that the report of the Royal Commission of Inquiry on Security, to which the hon. member for Perth-Wilmot (Mr. Jarvis) made reference this morning, recommended the setting up of a security service separate and distinct from the RCMP. At that time, the government did not share that opinion but, following the report of the McDonald Commission, a similar recommendation may be made again. If such is the case, the government could reconsider it.

Mr. Speaker, one can certainly find arguments in support of both these previously denounced with regard to the security services. What must be remembered however, is that the federal government is responsible for ensuring the best possible mechanism to safeguard Canadian security against all foreign threats and most domestic dangers. In that regard, I want to stress that those threats to Canada are real, as we found out last week; because of them, Canada cannot do without a national security agency, and the one now responsible, though grappling with the problems now afflicting it, has done remarkably well, for the sake of our country, as I said before. Hundreds of foreign agents are operating in Canada in the intelligence field. Terrorists have entered Canada and others try to do so constantly. It is mostly thanks to the conscientious work performed by the Canadian groups in charge of security that our country has been unscathed by international events.

Let us not forget, Mr. Speaker, the days of the Olympic Games in Montreal, when we were scared stiff that the events that took place in Germany during their own games might happen again. Thanks to the efforts and industry of the RCMP, there was no trouble, Mr. Speaker. I wonder if the people who organize such games would be willing to entrust to the provinces part of the responsibility for guaranteeing the security of the participating athletes against attacks planned by foreign terrorists.

● (1442)

[*English*]

In closing, I wish to offer some views on the issue of security operations and individual human rights. Of all the issues involved this one is, I believe, the most critical. I should like to refer to an action in the Court of Appeal, civil division, in the United Kingdom in March, 1977, where a lower court judgment on deportation for security reasons was reviewed.

In his judgment, Lord Denning, a justice who is highly regarded and for whom I have the utmost respect, noted, "where national security was involved the rules of natural justice were liable to be modified". That is a strong statement but one which, I think, best exemplifies the seriousness of the business of ensuring national security.

What we cannot allow is covert or secret infringements of rights such as that of privacy. I say that for the hon. member for Peace River who, I am sure, agrees with that statement. At the same time we cannot hide our heads in the sand while others exploit that right to privacy covertly to plan activities harmful to us all. The balance between the two, since the

infancy of democracy, has been a mature assessment of where collective well-being overrides individual desires. The forum for deciding where one begins and the other ends and the rules which must apply to ensure a maximization of both is, in our system, parliament. What we need, through parliament, is a thorough, non-partisan examination of what tools are needed to provide for tough, effective, and openly understood powers for Canadian security units. Everyone has to know the nature of the problem such as what we may lose as individuals, we gain as a community. But it should be clear that we cannot have it both ways.

If there is no wiretapping in Canada, do not fault the police for an inability to combat organized crime. If there are no provisions for surreptitious entry into Canada, do not fault the security service for rampant espionage. If there is no provision for selective opening of the mail, blame yourself for its usage to distribute heroin, or as a conduit for messages between terrorists.

Let us not agonize about this. Police and security powers should be, must be, only those that Canadian citizens allow. I say that, Mr. Speaker, notwithstanding the fact that I practised law for seven years, with only one prosecution, as a defence counsel in the criminal courts of this province. In my responsibility it is a question I plan on analysing with ever-increasing seriousness. But those thoughts which I am advancing now I fully believe ware justified. If there is no provision for those measures that are required for the implementation and the protection of national security, then we can blame no one for it but ourselves for any infringement of that national security. Police and security powers should be, as I indicated, those that are presented by parliament. We should not advance more than one drop necessary in order to get the job done. But at least recognize that there is a job to be done, Mr. Speaker, and an important one at that; one which cannot be realized without full citizen commitment and understanding.

Some members of the RCMP exercised powers which were not given to them. They broke the law. That is unacceptable and that is why we have a Royal commission of inquiry looking into the matter; a commission of inquiry requested by the opposition and appointed by this government. But the fact the RCMP used authority they did not have and that they will have to answer for doing so, does not negate the reality that they ought to have such power. Indeed, I believe that to be the case, and so does the government.

If nothing else, the controversy surrounding RCMP operations has brought home to Canadians the importance of security activity in this country. It has underscored the reality that the requisite to citizen control is citizen awareness. In that sense we are growing up. The world is, and always has been, an imperfect place. One has only to look at the opposition benches to recognize that reality, Mr. Speaker.

Canada is not isolated. We continue to be the target of many threats. That is inevitable and must be accepted. Understanding that, as we have not done before, we must accept responsibility collectively for ensuring that aspect of Canadian security. We cannot continue, as we have done, to leave the responsibility to others to improvise and do the best they can. That is the invitation to excess and those who were involved in the excess really reflect an abdication, on all our parts, of not having faced up to the issue of national security long ago.

Mr. Deputy Speaker: The hon. member for Peace River (Mr. Baldwin) requests permission to ask a question.

Mr. Baldwin: Mr. Speaker, I am so delighted to hear that news. The Solicitor General expressed admiration for the judgment of the Lord Chief Justice, and I agree with him. Does he have the same respect for the decision of the Lord Chief Justice who, in the Crossman diaries case, repeated these comments about security but said that when there was a dispute it was for the courts to examine the document to see if it should be produced, and not for the minister to have the final decision. Does he accept that as being wide and sensible?

Mr. Blais: Mr. Speaker, I have not seen the Crossman judgment to which the hon. gentleman refers. Undoubtedly if Lord Denning was referring to a law specifically requiring the examination, that law must be in existence.

● (1452)

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, this debate which is so serious calls for something beyond simple conventional criticism. My colleague from Champlain (Mr. Matte) has been denouncing for a long time this outrageous and shocking way of dealing with changes that are necessary in this Canada that we would want to reflect the deep aspirations of its people.

The present leaders of this beautiful country did not understand a thing. They closed their eyes to see what they wanted to see. This narrow-mindedness, Mr. Speaker, can only generate tremendous difficulties. Besides seeing only what they wanted to see and hearing only what they wanted to hear they remained deaf to legitimate warnings, adequate recommendations and fair and reasonable claims. So it is not surprising, Mr. Speaker, that the government should have remained deaf to the reports it was getting on the illegal, illicit and criminal activities perpetrated by a small group of terrorists.

Those allegations made by my colleague from Champlain are serious, very serious indeed. They are based on facts and true documents which can be readily consulted. Allow me, Mr. Speaker, by referring to the official issue of the Standing Committee on Broadcasting, Films and Assistance to the Arts of November 14, 1969, to quote the extract of the testimony before that committee of the testimony before that committee of the then chairman of the Executive Committee of the City of Montreal, Mr. Lucien Saulnier, and I quote:

Mr. Chairman, and members of committee. I would like the subject to be clearly understood within its context. I will therefore read some passages that are in the document that has just been distributed to you, and which reports the observations I made, Saturday, October 11 last.

We now know that in Canada, individuals and groups are working actively to implement a plan which will carry the destruction of freedom, of our form of

democratic government and, in this plan, the people's will, as expressed in the ballot box, is excluded.

These individuals and groups are inspired and financed, in many cases, by foreign political powers related to an "international" that does not share our notion of man's fundamental liberties.

In other cases, the same ideas and the same plan of action are supported by the government of Canada through The Company of Young Canadians.

For many months now, we have made the seizure of a substantial quantity of documents which justify the preceding statement with the greatest certainty. It is enough to-day, and it is my duty to do so, to raise publicly a corner of the curtain.

The partial revelations to which I will limit myself to-day are but a small example of things I know and of which I have privately informed the Prime Minister of Canada a few times in the past year.

Mr. Speaker, please note this was on November 27, 1969. Mr. Saulnier, a sensible and responsible man, comes to Ottawa to force the federal government to act, as he himself stated, after having previously informed the Prime Minister of everything. He does not understand the government's almost reprehensible indifference. He understands all the less as the federal police force, the Royal Canadian Mounted Police, is actually aware of all terrorist activities going on in Quebec. Once again, I would like to restrict myself to Mr. Saulnier's statement, and I quote:

On the other hand, I am informed by reliable sources that the RCMP has all the information at its disposal that is in the hands of the Montreal Police Department and we are of the opinion that the Government of Canada can no longer leave the whole weight of this effort to ensure the safeguard of its democratic institutions as the sole responsibility of the Police Department of Montreal.

I suggest most respectfully to your Committee that it assure itself that the RCMP has informed the Solicitor General of Canada and the Minister of Justice of the facts of which it is aware, and if it has done so, what matters the Solicitor General and the Minister of Justice have taken in this regard; and if not, why the RCMP has not reported to the ministers responsible.

Mr. Speaker, we have to be very concerned about these statements. Since the RCMP was fully aware of the illegal and criminal activities of terrorist groups, how can we believe that the Solicitor General and the entire cabinet were not also aware of them? In any case, Mr. Saulnier gave firm evidence that proves that the Prime Minister was informed of this situation well before the date of this committee meeting. Once again, Mr. Speaker, to make my point, I would like to quote further from the evidence of Mr. Saulnier. These statements can be found on page 74 of the Minutes, Proceedings and Evidence of this committee. I quote:

I must add that several months ago, the Director of the Montreal Police Department drew my attention to the nature of this information concerning these activities, and he emphasized the aspect which involved the federal authorities. I actually communicated with the highest officials of the government of Canada.

Mr. Sheppard, counsel for the committee, then asked Mr. Saulnier:

When was that?

Mr. Saulnier replied:

From memory, I would say it happened from 9 to 12 months ago. I informed the federal authorities, namely the Prime Minister of Canada. Since I was advised that the information we had was also in the hands of the RCMP, I suggested that the federal authorities obtain them.

[Mr. Allard.]

Therefore, Mr. Speaker, even though this might seem incredible, the government, or at least the Prime Minister, was well aware of the conspiracy that led to October 1970 at least two years before those tragic events. I say two years at least, since my colleague for Champlain also proved that the RCMP was aware of all the activities of the FLQ since the very first outbursts of terrorism. It is difficult to imagine that the senior officers responsible for this police force thought it advisable not to inform government authorities.

Let us not be childish and believe those fairy tales. The government took full advantage of the opportunity it had to discredit an honest and democratic movement which was only arriving at Quebec emancipation and fulfilment. They would indirectly control those subversive activities. How could the infiltration of the Compagnie des Jeunes Canadiens by former FLQ members be otherwise explained? What made a police force as efficient as the RCMP unable to find and disrupt those terrorist groups for ten years? How could the fact that criminal action by the police was disclosed by the Solicitor General himself be accounted for? Mr. Speaker, I believe that like any ordinary citizen, a police officer should obey the law, all the more so because he is responsible for its enforcement. Otherwise, we would have to infer there are two kinds of police: One involved in the protection of citizens against criminals and the other committing offences under the Criminal Code while pretending to ensure national security.

Now, Mr. Speaker, I wish to emphasize that our police officers generally behave like gentlemen in their routine daily tasks and that is not always easy, I must admit. But, the worst part, to my mind, is that some high ranking senior officers sometimes seem to indulge in low political intrigues. This is the key to the whole thing, Mr. Speaker. This government, under the pretense of national security, attacked a nationalist party that was legitimate in Quebec as if it were a crime to aim at rebuilding Canada according to the wishes of its people. Of course, as they needed an excuse to fight a sound and legitimate movement, they had to make out it was a subversive and criminal organization.

Instead of setting upon terrorist criminals, they attacked an ideology. So, they have let circumstances and events happen when they could have been prevented of eliminated. This is a terrible action that will have to be explained sooner or later by those responsible. In conclusion, I stress once again the necessity of knowing the whole truth concerning those obscure events of October 1970. A whole population was traumatized and unfairly disparaged because of the failure of a government more interested in constitutional wrangles than in the welfare and freedom of the people. Let justice and truth prevail. Such is the purpose of that motion moved by the the hon. member for Champlain that I am pleased to support.

[*English*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as has been suggested by the hon. member who has just spoken, the plea in this motion, like the plea in the very effective speech made by the hon. member for Peace River

(Mr. Baldwin), is in these words: tell us the facts; tell us the truth.

● (1502)

I believe very strongly that the hon. member for Peace River was stating what needs to be said, namely, that no government can govern effectively unless it has the confidence of the House of Commons, the confidence of the people of Canada. If the credibility of this government has suffered to the point at which many people are losing faith in it and are losing faith in the governmental process, it is largely because of the secrecy, sometimes the deception, which the government insists in practicing with respect to police affairs and with respect to what goes on in the province of Quebec.

I regret very much that the Solicitor General (Mr. Blais), in the speech he made a few moments ago, gave no indication that he got the message the motion was put down to convey to him and that he had no appreciation of the message which the hon. member for Peace River directed to him as well. His speech was simply a defence of past and continuing secrecy in matters of security, a defence of the demand for more rights and powers for the police, and I would say it showed an utter failure on his part to recognize how important it is to turn things around and move in the direction of open government.

The motion itself, of course, is drafted with reference to the events of October, 1970, which all of us remember so well. I remember in particular the decision which we in our caucus took a few hours before the matter was discussed in parliament. We knew when we decided we would have to oppose the use of the War Measures Act in that situation that, for a time at least, we would be very unpopular, not only in this House but throughout the country. And that was the way it turned out, too. But as the years have gone on, many people have come to realize that it was too heavy an instrument to use in that situation and that we were right in our opposition to the proclamation of the War Measures Act in October, 1970. Indeed, I think that one of the most statesmanlike utterances made in recent years was the comment by the hon. member for Halifax (Mr. Stanfield) a while ago in which he commended the then leader of this party, my hon. friend from Nanaimo-Cowichan-The Islands (Mr. Douglas), and the then deputy leader of this party, Mr. David Lewis, for the leadership they gave on that occasion.

Time has passed by and other things have happened. There were the events of 1972 and 1973, shrouded in secrecy. The hon. member for Peace River was quite right, in my view, when he said that had we known what was going on the political history of this country might have been changed sharply. In addition, Mr. Speaker, some of us think that the national unity crisis we have today has been made sharper because certain situations and forces in the province of Quebec were exacerbated by the heavy hand of the War Measures Act.

I regret very much that the speech of the Solicitor General today shows no indication of realizing the seriousness of the situation. It is all very fine to say we have a beautiful country with less violence and less disturbance than most countries in the world, but we are suffering a traumatic crisis in terms of national unity and a good deal of that arises from the way in which the situation was handled in October, 1970. I am sorry that the Solicitor General, instead of responding to the one specific thing that is in the motion, chose to defend the way in which he and the government are running affairs.

I said that there is one specific request in the motion, and I draw it to the attention of the Solicitor General. In the opening part of his remarks he said he was sorry the hon. member for Champlain (Mr. Matte) had made no proposals and had said nothing positive. He said the hon. member had just ranted and raved about things in this country from his own point of view. Has the Solicitor General not read the motion? The key words after the usual words of preamble are these, that the House—

—therefore directs the Solicitor General to disclose in public all the facts and circumstances pertaining to the authority given to the RCMP to act as they did before, during and after the October 1970 events.

That is the request in the motion. That is what our party wanted in 1970. I remind the government opposite that several times during October and November of 1970 the then minister of justice, Mr. John Turner, promised the House that when it was all over we would be told the whole story. We are still waiting.

The hon. member for Peace River referred earlier today to the extravagant speech which was made by Mr. Jean Marchand when he was a minister on the other side of the House. There were some pretty strong statements made by the Prime Minister (Mr. Trudeau) as to what was going on, to the extent that many people feel today that the country was misled as to the nature of the situation. The answer to our complaints about this sort of thing back in 1970 was that when it was all over the full story would be told. Now, when there is a motion before the House asking that the full story be told, the Solicitor General does not even comment on that appeal.

The hon. member for Peace River was quite right in drawing attention to the parallel between 1970 and 1972 and 1973 in terms of events which were going on and about which we knew nothing. Secrecy is still the way this government believes it has to run things. Mr. Speaker, this is an old issue—freedom of information, open government, the basic principles of democracy. I heard the fine philosophy the Solicitor General indulged in about where you draw the line between national security and freedom, but it seems to me the government has shown by its practices that it leans the wrong way.

I cannot and do not go along with all the things the hon. member for Champlain put forward in his speech. He was talking about many things of which I have no knowledge, but in terms of the basic appeal in the motion itself, namely, that the House should call upon the government to give us the facts about the October crisis of 1970, I am glad the motion is before us. I am glad the hon. member for Peace River addressed himself to it in the way he did and I join with all who take that view in saying that I hope we may yet get out of the government that which was promised in 1970, namely, the full story.

Furthermore, let that become the principle of government. Let that become the way things are run in Canada; let the government govern not in secrecy, not by giving the police more powers but, rather, on the basis of openness of the kind which will enable the people to trust government, to trust the parliamentary process. We would be a lot better off that way than we are the way things are now being run by the government across the aisle.

[*Translation*]

Mr. Claude-André Lachance (Lafontaine-Rosemont): Mr. Speaker, we are today facing a huge scrambling operation. In fact, I think that the motion before us today in the House is futile and dilatory, and it is not in a lighthearted manner that I take the floor to join the debate. I think that the incongruities uttered by the member for Champlain (Mr. Matte) have to be staunchly denounced.

Mr. Speaker, this morning the hon. member for Champlain made all sorts of insinuations, slanderous remarks and accusations, he mixed up some facts, dodged other facts and drew his own conclusions. Mr. Speaker, what is he actually seeking by presenting such a motion today? I am asking myself the following question: Why is it that a member whom I otherwise respect very much, the hon. member for Peace River (Mr. Baldwin), associated himself with such muck raking and confusion breeding tactics? Unfortunately, Mr. Speaker, objectivity is a rather scarce commodity these days. Some will say that it is even more scarce in the field of politics. It may be so, I agree. Some people look at things through a magnifying glass. They scrutinize the facts, blissfully ignoring the context of a given situation. Some look at the facts through the small end of the scope. They are so general in their remarks that they forget what is important as well as the details. But in the case of the hon. member for Champlain, Mr. Speaker, I am under the impression that he looks at the facts through a frosted glass. His vision is so blurred that you end up asking yourself what is he getting at. You can even ask yourself the following question: What does he actually want to accomplish by presenting the facts that way? Is he trying, Mr. Speaker, to resuscitate the dead? He referred to the history of Quebecers throughout the years, he stated that they are peaceful people who respect institutions, who are law abiding, who like order and he immediately jumped to the conclusion that it was impossible for insurrection to take place in our country, in our province, because of that peaceful and quiet history. Mr. Speaker, there is no causal relation between the two. I do not understand very well how he intellectually proceeds to arrive at such a conclusion. In any event, he mentioned a whole series of facts chosen at random, he tried to relate these facts in order once again to derive fallacious conclusions. Mr. Speaker, I have had a lot of difficulty following his thought and this is why I am saying that what is left of that whole issue is nothing but a blurred and unhealthy hodge-podge.

Mr. Speaker, the member for Champlain referred for instance to the Samson affair. He stated that Samson is not dead. But he did not go on with his argument. He planted doubts about the activities of officer Samson, and regarding the orders he was supposedly complying with. This is why I say that this way of presenting facts draws dangerously close to some form of intellectual dishonesty. This is why I feel obliged today to take part in this debate, in order to try and denounce this situation as strongly as possible.

[Mr. Knowles (Winnipeg North Centre).]

● (1512)

Mr. Speaker, I definitely will not endorse the contents of the Opposition motion presented today by the hon. member for Champlain (Mr. Matte) on behalf of the Social Credit party. I think once again that the confusion in the terms of the motion—and I urge all hon. members to reexamine this motion—cannot but lead me to ask very serious questions first, about the facts that are stated, second, about the conclusions drawn by the member, and third, about whatever he is asking the government to do.

Indeed, Mr. Speaker, what is the gist of that motion? It is the War Measures Act. I was not a member of this House in 1970 when it approved the government motion for the proclamation of war measures. The hon. member for Champlain was a member at that time. Where was he? Nowhere. I looked, Mr. Speaker, and I stand to be corrected if I am wrong, I looked for an intervention from the hon. member for Champlain when the War Measures Act was discussed in this House. I found none whatsoever, Mr. Speaker. Mr. Speaker, his leader was in the House and he accepted the arguments put forward at that time. He said, Mr. Speaker, and I quote:

> Mr. Speaker, of course the measures we intend to approve today make poor publicity for us abroad. However, we must cope with the situation. The government can rely on our support to prevent recurrence of such acts as have been perpetrated.

Mr. Speaker, when the vote was called for implementation of the War Measures Act, the Social Credit party did support the government but the hon. member for Champlain was not there. If at that time he thought there was no state of apprehended insurrection, why did he not say so? Why did he not vote against the motion at that time? Or must have realized later on that supporting the War Measures Act had been like using a steam-roller to crush an ant-hill. This is possible, and I recognize that it is questionable.

Then, Mr. Speaker, I do not see why he comes to us today, in 1978, and implies that there was no apprehended insurrection and, this is even more serious, I ask myself questions in the light of his statement that the RCMP stirred up these disorders. As a matter of fact, Mr. Speaker, to refer to Constable Samson, to try and relate this thing to the theft of dynamite he mentioned, to try and relate both events to other unfortunate incidents which are at present being investigated by a Royal Commission—he carefully avoided saying that there was such an inquiry on this matter, but implied, and once again, it is easy to imply, that nothing would be known of the conclusions of this commission since it is in the government's pay, is merely jumping to conclusions.

It is very easy to do that, Mr. Speaker. Insinuations can be made by the dozen but, Mr. Speaker, one cannot necessarily draw conclusions from insinuations, and I am afraid that the hon. member is systematically drawing his own conclusions,

one by one, and, setting himself up as an accusator, an arbitrator and a judge he states: as the RCMP acted illegally in the past, there was no apprehended insurrection in Quebec, there were just one or two score trouble-makers and the War Measures Act was perhaps simply a tool in the hands of the government. And there, we do not know exactly what he means or what he is suggesting. Now, Mr. Speaker, I come to something more important. Let us not forget that the hon. member for Champlain takes pleasure in ambiguity, Mr. Speaker. Let us not forget that the ideas of the hon. member for Champlain on our institutions are not as clear as they ought to be, and it is his prerogative to behave in such a way. He talks about a Quebec community, a Quebec nation, but very seldom refers to our federal institutions.

Mr. Speaker, in an effort to reflect upon the RCMP, would the hon. member for Champlain not be playing another game? I do not know. Yet, having heard the remarks he made this morning, I cannot help wondering, Mr. Speaker, which is unfortunate in a debate such as this. In fact when you make gratuitous accusations, or hastily draw wrong conclusions, or make nebulous suggestions, you sow the seeds of doubt in the public's mind something which I feel is extremely dangerous, Mr. Speaker, and should be exposed.

Mr. Speaker, I referred a while ago to the War Measures Act. I was a student at the time, and I must say that I had then and still have serious reservations about the implementation of that legislation. As I was saying, in view of the way the events were described at the time, the government may very well have overreacted—something which is debatable—in its use of the judiciary.

We were not aware of this in 1970, Mr. Speaker. We heard about it later! When the Prime Minister of Canada appeared before this House and asked for support of the motion, he did state that actual events as well as the information he had received pointed out to a potential danger. That is what he claimed at that time, after reading a letter from the Quebec prime minister requesting, and I emphasize the word "requesting" federal intervention. His Honour Jean Drapeau, the Mayor of Montreal, also wrote a letter stating that, in view of the circumstances, additional forces were needed to restore order. Mr. Trudeau, who was Prime Minister at that time stated on October 16, 1970, and I am quoting from his speech:

> In spite of this political climate, a handful of fanatics is enough to . . .
>
> We are not talking in terms of hundreds of people—
>
> . . . a handful of fanatics to show us how fragile a democratic society can be when democracy is not prepared to stand up, and how vulnerable to blackmail a humane and tolerant people can be.

Those are the facts, Mr. Speaker. Again, the fact that there has been a few dozen convictions does not justify our jumping to conclusions after the fact—it is easy after eight years—and to say there was no apprehended insurrection, indirectly alleging at the same time that the RCMP was there to stir up trouble and speed up the passage of this measure. I am sorry, Mr. Speaker, but it is very difficult for me to understand the reasoning and the mental process that lies behind all this.

In conclusion, Mr. Speaker, in the circumstances I believe I have established clearly enough that the allegations of the hon. member for Champlain are unfounded, at least so is the inference he derived from them.

I would simply like to remind the House, Mr. Speaker, that in his long list of supposedly seditious acts by the RCMP he included the death of Michel Viger. He quoted at that point a letter published in *Le Devoir* of December 20, 1977. However, Mr. Speaker, he quoted only what was convenient for him to quote, and I shall now complete his quote because I think it is important for the record and for the information of all Canadians. I will simply quote the rest of that letter addressed to the hon. member for Champlain, Mr. Matte, and signed by Jean Viger:

> I would therefore ask you to either elaborate and prove the basis of your allegations, or retract your statements which tarnish the memory of my brother Michel.

Mr. Speaker, I do not think that I have anything else to add, this proves adequately that the accusations made by the hon. member for Champlain are groundless.

● (1522)

[*English*]

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, before I deal with the substance of or the implications arising from the motion, may I be permitted to make one or two comments, the first of which is directed to my colleague who has just spoken, the hon. member for Lafontaine-Rosemont (Mr. Lachance). He and I obviously interpret the motion or its implications in different ways, because, if I understood my colleague correctly, he found this debate very distasteful or abhorrent, though I forget his exact words.

I make no comment on his interpretation of the speech by the hon. member in whose name the motion stands, the hon. member for Champlain (Mr. Matte). Nor will I attempt to comment on his interpretation of the facts that arose during that very unhappy period of our history. However, I do not find this debate distasteful. I wish we were permitted the luxury of debating things which are not quite so difficult to come to grips with, and if I misinterpreted the hon. member's remarks I apologize.

That hon. member did participate in a careful examination of terror in Canada, but terror of a different kind—terror in our prisons. I think he found that, while the subject of the motion was not an easy thing to come to grips with, at least it is productive and a responsible thing to do. If I misinterpret what the hon. member said I hasten to apologize, but I got the impression he found this motion a distasteful subject to bring to the floor of the House of Commons. That was obviously a misinterpretation.

May I deal very briefly with what the Solicitor General (Mr. Blais) said, or did not say. Unfortunately he would not come to grips with what I think is the issue here. I will just make one or two comments on his remarks.

Firstly, he was very disappointed that an atmosphere of partisanship had been created. For a Solicitor General to be

living in a glass house such as that is difficult to understand. He has come to his present office through a very unhappy and regrettable set of circumstances which created the vacancy there. I can only presume that the Prime Minister (Mr. Trudeau), in seeking to fill that vacancy, did not ask himself who was best able, through experience, for example, to deal with the present system, or who was most sensitive to the pressures and responsibilities that flow from becoming Solicitor General, or who has served the longest on the Standing Committee on Justice and Legal Affairs. Those were not the criteria used in the selection of a successor. The criterion was: where could the Prime Minister find a good, tough, hard-nosed debater who could stonewall and sandbag in the House of Commons? That was the criterion and that is a matter perfectly within the responsibility and judgment of the Prime Minister. That is not the criterion I would choose, but I do not deny him that right.

The present Solicitor General has dedicated himself to tough, partisan debates in this House for five and a half years. He is good at it; that has been his style and his responsibility in this House. But let us not try to mislead the House into thinking there has been a remarkable transformation on the part of the present Solicitor General, when all of a sudden overnight, or within two weeks, we see a move from what was a very tough, partisan Liberal backbencher to a completely non-partisan, sensitive and delicate Solicitor General. That is simply incomprehensible. Let us remove that part of his contribution, or lack of it, from this debate.

The other thing that the Solicitor General preoccupied himself with, for whatever reason I do not know, was the excellence, on the one hand, of the security service, which no one is debating, and, on the other, the very delicate line between civil rights and the necessity to preserve our national security. That is not an issue in this debate. Let me say to the Solicitor General, in respect of mail interception, for example, that I support in principal the legal interception of mail in certain special and specified circumstances, given adequate safeguards and when other more usual law enforcement measures are ineffective. There is no quarrel there.

It is very regrettable that the Solicitor General did not come to grips with what I believe to be the implication of the motion proposed by the hon. member for Champlain. The implication as I understand it is the continuing inability of Canadians to know the full facts and truth about a very unhappy part of Canada's history. That is the implication I understand from this particular motion.

I was not a member in October 1970 and I did not live in that part of Canada which was most directly subjected to these events. However, I share the concern of the mover, and I think of all Canadians, that we do not know and are unable to know what were the events and the facts that surrounded and led up to that very unhappy situation. I say this because the Prime Minister has set the style in the context of our times in 1978. I will come to that matter in a few minutes.

There was a time in this House when all of the facts could have come out very properly in a forum constituted for that

purpose. This was in the days following May 13, 1971 when the then minister of justice, John Turner, made this motion:

> That a special joint committee of the Senate and House of Commons be appointed to examine, inquire into and report upon the nature and kind of legislation required to deal with emergencies that may arise from time to time in the future by reason of lawlessness or violence in Canadian society and that endanger the existence of government or the maintenance of the peace and public order;—

The motion goes on to say that there shall be 12 members of that special committee, which will have the power to sit during the adjournment of the House, the power to report from time to time, and so on. That motion was moved on May 13, 1971, and of course it was prompted by the need to repeal the temporary Public Order Act. It was also prompted by the void that existed between, on the one hand the Criminal Code and, on the other hand, the War Measures Act, a very obvious and continuing void.

● (1532)

On that same day, May 13, 1971, an amendment was put by the hon. member for Calgary North (Mr. Woolliams). It read as follows:

> That the motion be amended by adding at the end of the first paragraph thereof the following: "and, for better assuring the purposes of such report with respect to emergencies that endanger the existence of government, inquire into and first report upon all the circumstances anticipatory of and giving rise or purporting to have given rise to the proclamation of the War Measures Act on October 16, 1970, as well as all the circumstances thereafter following and thereto related which may have or presently or in future may endanger the existence of any government, whether federal, provincial or municipal".

There was a debate on the admissibility of that amendment. The hon. member for Peace River (Mr. Baldwin) put it succinctly in one sentence—and I ask him to excuse me for quoting him while he is here in the House—when he said:

> How in the name of heaven can a joint committee examine what it proposes to do in the future regarding emergencies of this kind unless it examines the procedures of the past?

Mr. Speaker ruled that the amendment was in order, and John Turner and his colleagues ran for cover. There is no other way to describe what happened than to say it was a simple retreat in disorder from an obvious responsibility of the government of the day. They had no idea that that amendment would be in order, and the minute it was, they went full speed in reverse. Because they did not believe that Canadians should have the right, through their elected representatives, to have a properly constituted, special committee to examine this crucial area. Therefore, not only do we not have a special committee, we have no legislation.

Five months later, the hon. member for Calgary North tried again to resurrect this government order but was turned down. Seven months later, in December of that year, the hon. member for Peace River tried to get some assurance that that particular matter would stand over into the next session, but he was turned down. Therefore, we have no legislation. To the everlasting shame of this government, we have no legislation to fill the void between the Criminal Code and the War Measures Act.

Why do we not have this legislation? Not for purposes of national security; that is absolute nonsense. This information is not being withheld for purposes of national security. It is being withheld because of the government's paranoia and passion for secrecy. They do not know what is secret any more. They have forgotten the original reason for keeping information secret because every report and every communique is presumed to be secret unless someone can prove to the contrary. The presumption is secrecy, not openness, and if you start from that point, almost everything will be secret. As I said, I will put it in the context of today. What is the context of today? Is it the peaceful and quiet Canada that the Solicitor General (Mr. Blais) spoke of earlier this afternoon? It is not peaceful and quiet. We are a peaceful and quiet nation by tradition and through our heritage, but it is not peaceful and quiet in Canada today. We have just witnessed the expulsion of 13 Russian nationals. We have reports of 300 Russian and Cuban trained terrorists in our country. We have reports of the funding of terrorist activities. We have, as the Solicitor General said, the danger of foreign agents operating here or coming here to operate. We have arms smugglers. And, to use the Solicitor General's words of earlier this afternoon, we have real threats. The result is, not panic, but concern, and so it should be. But we find it so distasteful that we are not willing to come to grips with it.

In Germany they are coming to grips with it. Today's issue of the *Journal* contains a headline which reads "Bitter Bonn Anti-terrorist Debate". I presume that our colleagues in Germany are not relishing that debate, but they are coming to grips with it. Some members voted against a particular piece of legislation because they thought it went too far, while others thought it went not far enough; but they are coming to grips with it. We are not. We do not even have a piece of legislation in place which would fill the void I spoke of.

What has this led to? It has led to the concern I mentioned but, what is far more dangerous, it has led to cynicism. People are cynical about national security, and of all issues where we do not need or want cynicism, it is in terms of law enforcement, law and order and national security.

The Solicitor General said—I believe I quote him almost verbatim—that he deplored the motion and the speech of the hon. member for Champlain (Mr. Matte) because what he was looking for, or what he wanted, was suggestions for improving the Solicitor General's ability to deal with his responsibilities and with national security matters, but that we had made no such suggestions.

I will give him one suggestion and I will give him an opportunity to stand up on a point of order and reply to it. I call on the Solicitor General to resurrect the Turner motion of 1971 with the amendment. He cannot possibly say that one cannot look at the events of the past to determine what legislation we will have in the future. He cannot have the McDonald commission making recommendations without investigating activities which have led to those recommendations. So I will give him that positive suggestion upon which he can act. Let him bring in the motion which Mr. Turner brought in 1971, perhaps in more compatible terms with today's activities but certainly pursuing the same end, and from which he retreated with full force along with the Prime Minister (Mr. Trudeau) and the rest of the cabinet when they thought there might be some disclosure of facts leading to the necessary legislation. That is a positive suggestion, and we will support it on this side.

Let him not say this is a matter more properly to be considered by the McDonald commission. This has nothing to do with the McDonald commission. I agree with the Solicitor General that the law enforcement agencies of this country need the necessary tools and legislation to fulfil their serious responsibility. What we are talking about is, what legislation does the government have for a situation in which we would have terrorist activity with which we would have to deal quickly? There is no point hiding behind the McDonald commission when it comes to resurrecting that particular motion and the amendment to it. If the Solicitor General is serious in looking for means to aid law enforcement agencies and fellow Canadians in dealing with security matters, surely nothing is more self-evident than to put faith in members of the House to deal with the proposed legislation to counter terrorist activities once they have occurred. It is as evident today as it was in 1971 that he, as this country's senior law enforcement officer is responsible for national security, has the obligation to fill the void that existed in 1970 and which continues to exist today.

● (1542)

Surely that is something which cannot be shunted aside or subjected to a shroud of secrecy. Surely there cannot be a plausible argument against constituting that committee, which was a great idea, according to Mr. Turner and the Prime Minister (Mr. Trudeau), in 1971, until they realized that some facts would be disclosed. I call upon the Solicitor General to bring before this House a government order constituting either a special joint committee or a committee of this House to study the events before and after the crisis of October, 1970 with a view to recommending legislation to the House of Commons and to the other place which would properly fill the void which exists now between the Criminal Code and the War Measures Act.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, perhaps it would be worthwhile to look at a few of the assertions in the motion because I have not yet heard in this debate anyone comment on the following one:

> That this House deeply regrets that the government, through neglect or because of its connivance with the police, allowed the whole of Canada in general and Quebec in particular to be engulfed in a crisis . . .

I think we should look at that statement carefully because it attacks the government as well as the police. The motion does not single out the Quebec Provincial Police, the RCMP, the Quebec city police or the Montreal city police. It refers to the police generally.

Although I am not a lawyer, I believe that negligence consists of doing something a prudent person would not do. I

suppose the negligence referred to by the hon. member for Champlain (Mr. Matte) is the imposition of the War Measures Act. I have to assume that because I cannot tell from reading this motion.

The second allegation is that if the federal government was not negligent, it connived with the police to cause a crisis in Canada in general and in Quebec in particular. In other words, the government somehow contrived to bring about a situation so that it could impose the War Measures Act. I have listened to hon. members opposite make speeches on capital punishment and on other things, and I know that they are very much aware of the need for law enforcement and for strong legislation to protect law-abiding citizens. However, this motion states that the government may have connived with the police to cause a crisis.

I do not think the government allowed a crisis to come about with its knowledge. I suspect that a group of terrorists, the FLQ, perpetrated acts of terrorism such as bombings and kidnappings without the by-your-leave of the federal government. I suspect that these things were done at murky levels, if I may use that term. Certainly these things were not done in the light of day. The government of Canada was not able to prevent that situation because it cannot grab people off the street for things they think or plan. There has to be concrete proof that people are breaking the law.

The motion alleges that if there was not negligence, the federal government connived with the police so that it could create a situation in which it could bring in the War Measures Act. I do not think that is what happened. I think that 50, 100 or perhaps 200 people—I am not aware of the number, and I understand it was not very large—brought the situation about. We have seen what can happen when one or two terrorists hijack an aircraft, kidnap a wealthy industrialist or do a variety of things. One or two people, let alone 100 or 200, can cause panic.

With hindsight we wonder whether the government overreacted to the situation or, as some people might suggest, did not go far enough. I know that the New Democratic Party opposed the War Measures Act, but it also voted as a group against the retention of capital punishment. The philosophy of the NDP is different from mine. I have always believed that those who break the law, whether they be terrorists or premeditated murderers, should be dealt with very severely. The NDP does not believe that, and that is its prerogative.

I was not a member of this House in 1970, but I was a resident of this country, and although I lived in B.C., far from Quebec, I felt that whatever affects one province or area affects the whole country. A sore thumb or hand affects the whole body. In 1970 the people of Canada felt that acts of terrorism such as kidnappings, bombings and political assassination were foreign to our country and that the government should proceed with despatch to ensure that acts of that nature did not spread. I respect the hon. member for Winnipeg North Centre (Mr. Knowles), but I wonder what guarantees he could have given in 1970, if strong measures were not taken or if a strong federal presence was not apparent, that the crisis would not have spread. If it is perceived that in a crisis prompt action is forthcoming, that tends to stop the spread of that crisis. If terrorists see that their fellows are dealt with effectively, does this not indicate to sympathizers that it would not be in their best interests to become involved? The very fact that strong action was taken perhaps prevented the terrorist activities of others.

Mr. Knowles (Winnipeg North Centre): Such as arresting 500 innocent people?

Mr. Anderson: I cannot give figures any better than the hon. member for Winnipeg North Centre as to what effect the War Measures Act had on the situation. However, I perceive that most Canadians, whether they be in British Columbia or Newfoundland, believe that those who transgress the laws of the country should be dealt with effectively, especially in a situation in which there is a group dedicated to the violent overthrow of the government. Most people feel that groups like that should be dealt with firmly and effectively. I suspect the people of Canada still feel that way not only about the FLQ in 1970 but about the whole question of preserving and maintaining our society for law-abiding citizens. Most people do not think there should be special concessions or exemptions for people who may be involved in criminal activities, whether that be the sale of heroin or any of the activities that we know exist in Canada through the efforts of organized crime.

● (1552)

I realize many people in this House and across the country may say that we must have due process of law, and I agree with that. But surely it should be the duty of government to protect our law-abiding citizens above those who transgress against the law. Surely the people of Canada expect this House to protect their interests. I know members would certainly protect the interests of law-abiding people above those who transgress against the law.

There is some question about whether a crisis existed in 1970. I suggest that bombing, rioting, kidnapping and political assassination constitute a crisis and that the government of Canada not only has the right but the duty to respond to that crisis. If that is not the case them I am willing to listen to argument, but I suggest that a crisis did exist.

To explore in hindsight the question of how much pressure should be applied is fruitless. I suspect the only one who comes out ahead in this argument is a premier of a certain province very close to us.

I was very surprised to see members from the province of Quebec stand up and criticize the police and government and at the same time have the backing of the two opposition parties. I realize that in a democracy one can say whatever one wishes, but going strictly on the politics of this I do not think it has hurt the Liberal party. According to statements made in this debate it is the Liberal party that turns out to be the law and order party of Canada, not the Conservatives.

We have provided some more ammunition for the press of Quebec to use tomorrow and on Monday. The member from

this side who spoke ahead of me asked what the point was of bringing this motion forward at this particular time. Of course, the opposition parties thought it was a good time to hit the Liberal government, forgetting about national unity and the Quebec newspapers; just get the Liberals because an election is coming. Are they more interested in obtaining power than in keeping this country together? From some of the things that was said it seems that certain people are more interested in political gain than in keeping the country together. That is why I applaud the remarks of the hon. member who spoke before me. He was the first to put this motion in its proper context, the political one. It will give Mr. Lévesque ammunition and will hurt the federalist cause in Quebec.

I say that in all sincerity, Mr. Speaker, and wish to dissociate myself from the remarks of those who attacked both the federal government and the police force. This gives Mr. Lévesque another free ticket. Why not just send money to him for his campaign to separate from Canada? He is grabbing at every speech made regarding the police and the events of 1970 and claiming that is what he is saying in the province of Quebec, that people cannot trust the police so they have to get out of confederation.

This position is aided and abetted by members of the opposition. Perhaps we will get down to the context in which we should be debating this rather than dealing with points of order about what should have been done in a legalistic sense eight years ago.

Mr. Speaker, thank you for the opportunity to participate in this debate. I strongly support the remarks of my colleague the hon. member for Lafontaine-Rosemont (Mr. Lachance).

[*Translation*]

Mr. Serge Joyal (Maisonneuve-Rosemont): Mr. Speaker, the hon. member for Peace River (Mr. Baldwin) referred to an excerpt from the speech I made in this House on October 27, 1977, when I repeated parts of a speech I had made previously about the need to reconsider the War Measures Act and the advisability of making substantial amendments with a view to ensuring that in this country civic and political liberties be always guaranteed by the judicial institutions, whatever the political context in which they are exercised.

The hon. member for Peace River read an extract from my speech. He also referred to an answer given by the Prime Minister of Canada (Mr. Trudeau) in his press conference which followed the debate, and it is following that answer from the Prime Minister that I wrote to the hon. member for Peace River on November 22, 1977, and also to the leader of the New Democratic Party (Mr. Broadbent), asking them what was their party's position on the need to reconsider the advisability of leaving the War Measures Act as is in our statutes to face emergency situations such as we had experienced in 1970.

The leader of the New Democratic Party answered me on January 23, 1978. Since that letter has not yet been made public, I will take the liberty, with the permission of the hon. member for Winnipeg-North-Centre (Mr. Knowles) of reading it to you, because in my opinion it is crucial to today's debate. The hon. member for Oshawa-Whitby wrote as follows: In answer to your letter of November 22, 1977, I should like to restate the position that the New Democratic Party has always taken towards the War Measures Act, a position which has not changed since 1970. If one refers to the debates which took place in this House following the implementation of the War Measures Act, it is quite obvious that the NDP strongly advocated that this act be amended or repealed.

We think that the War Measures Act could lead to an abuse of parliamentary powers, a derogation of the Constitution of Canada and the violation of rights and freedoms Canadians enjoy. In fact, Mr. Lewis, the former leader of the New Democratic Party, opposed the motion to set up a parliamentary committee, the main purpose of which would have been the drafting of a special legislation similar to the War Measures Act. In the remarks he made in this House, as reported in *Hansard* on May 13, 1971, on page 5795, Mr. Lewis made it clear that, in his opinion, special legislation was not an answer to urgent situations. The New Democratic Party always maintained that the government should have the courage to introduce a bill in this House. We did not see the need for a special legislation but we were in favour of amending or repealing the present act. The motion introduced in the House in 1971 said that a special act was needed and therefore did not provide for a prior consideration of its need nor mention human rights and liberties.

● (1602)

Although we felt that the provisions of the Criminal code allow an effective intervention in urgent cases, we introduced amendments to replace the War Measures Act. As you will undoubtedly remember, Mr. Douglas tabled in October 1970 a bill which would have forced the government to inform the country of the circumstances that call for the application of the War Measures Act. It suggested that these special powers granted under the act should be limited to the right, first, of searching without warrant, second, of making arrests without warrants if there are valid grounds to suspect that a person is participating in the apprehended insurrection and, finally, to detain a person without charges being laid for a maximum of seven days. The proposals also contained other important aspects, such as the protection of several liberties by means of the right to consult with a lawyer and the safeguard of the rights granted under the act. The New Democratic Party did not depart from that position taken in the early 70s.

The hon. member for Peace River (Mr. Baldwin) did not answer in writing the letter I sent him on November 22, nor for that matter the letter I sent him on January 19, 1978 as a follow-up to the previous letter, asking him to define the position of his party, and perhaps alos his, on the proposed amendment or repeal of the War Measures Act. He rose that afternoon and I note the answer he gave. It will be found, in *Hansard* and it will certainly be useful during the debate that that will take place on that matter, for that debate will at least give us an opportunity to know clearly and precisely the position of the two main opposition parties as far as the

advisability of amending or modifying the War Measures Act is concerned.

The need, Mr. Speaker, to further discuss that matter appears more obvious following the comments made by the right hon. Prime Minister of Canada (Mr. Trudeau) in an interview with the CTV private television network at the end of 1977. Indeed the Prime Minister gave hypothetical answers to hypothetical questions. But his answers did illustrate the importance of eliminating from our statutes the causes of potential abuse of power. Of course several elements relating to the October crisis of 1970 remain difficult to understand. It seems that we get more and more information. Last January we had the opportunity to read a letter from two exiled FLQ members who, through a Montreal daily newspaper, informed us about their new views relating to the events that occurred in October 1970.

Mr. Speaker, it still remains that even if we set up a royal commission, as long as the main actors of the events of October 1970 are not allowed to appear, here in Canada before a royal commission or before a regular court to give evidence of those events, of what they did at that time and of their responsibility in connection with those events all the debates that we might have to discuss what happened and to judge people who directly or indirectly were involved in those events will always remain partial answers.

However, we have gained something from these events. Surprisingly enough, Mr. Speaker, what we have gained can be found in the legislation which has been passed by Parliament since 1970. I am referring to the concept of national security. Until the events of October 1970, national security had never been a great concern for Canadians. Of course, we had the Mackenzie Commission who had been set up a few years earlier to investigate all the implications of national security in federal agencies and especially of Canadian commitments to some foreign countries, but several of the recommendations made in this report were not implemented.

Several members mentioned a recommendation concerning the opening of mail, which emphasized the need for the government to amend certain legislation, such as the Post Office Act and the Criminal Code of Canada. So the year 1970 saw the birth of the concept of national security. This concept is rather strange and very vague. It is hard to defined and is fairly wide encompassing. In fact, it was devised by modern democracies. This is a concept that we are attempting to define through legislation to fight what is now called revolutionary warfare or urban guerillas—and countries like the Federal German Republic are now facing much more crucial situations than we had in Canada in 1970. Attempts to define this concept through legislation have always been cautious. When it is mentioned in Canadian statutes it is always in passing without complete definition. For a better understanding of the term, it is necessary to refer to the authors or to the doctrine that initiated the concept of national security.

The most recent and commendable work on this subject is, in my opinion, Joseph Comblin's "Ideology of National Security". The Solicitor General of Canada should certainly read this work which gives the history of this concept in the legislation of some countries over the last 30 years. Comblin defines national security as follows, and I quote from page 41 of his work:

> National security is the authority given to the nation by the state to impose its objectives on all opposing forces. Naturally, such an authority is powerful. It is therefore the power of government able to counter all opposing forces and to ensure that national objectives prevail.

The counsel of the Solicitor General of Canada was in the gallery earlier this afternoon. He had the opportunity to define the national security concept in his plea before the Court of Appeal in January in a procedure to invalidate or dispute the terms of reference of the Keable Commission in Montreal. He defined the national security concept as the protection of the state and the territory. I consider that definition incomplete because it does not take into account the essential purpose of national security. The purpose of national security is not to protect the state or the territory first. It is to protect the individual and collective freedom of citizens.

It may seem like a semantic emphasis, but I believe it implies a notion completely different from that of a definition oriented towards the territory or the state. In fact, if one refers to the Canadian laws passed since 1970 concerning national security, one realizes that each time this concept is invoked, the judicial protection or the control and review capacity of the courts yield to the absolute discretion given to those responsible for national security to appreciate its extent and content. For instance, In the Federal Court Act, section 41 refers to national security and removes from the review and control power of the Federal Court any dispute about the content of a document allegedly concerning national security. Also the legislation we have passed in the previous sesion to create the Human Rights Commission and to protect privacy contained a similar provision, the result of which was to remove any document concerning national security in which an individual might be interested, from the protection of the Privacy Commissioner.

We have also passed an immigration bill by which the courts have no longer jurisdiction over the request of any person residing in Canada who wishes to acquire citizenship, but who is prevented from doing so on grounds of national security, and also deprived of any right of appeal. There is also before the House a bill respecting telecommunications in Canada which also deals with national security. In this case once again, the protection granted by the CRTC disappears entirely. There is also before the House a bill that has already been read the first time which will allow the opening of mail. Again, the protection granted by the courts in the first part of the legislation disappears completely when national security is invoked.

Mr. Speaker, I think these reminders are eloquent because we realize that over the past eight years the concept of national security has been constantly recurring in the Canadian statutes and almost constantly taken outside the purview of the courts. This is disquieting. Indeed when the 1970 public order bill was enacted, a provision in that legislation clearly pointed to the implications of national security when the arm of the state uses it. This is section 12, and I quote:

It is hereby declared that this Act shall operate notwithstanding the *Canadian Bill of Rights*.

This means that despite any constitutional safeguards for the most essential freedoms and liberties, national security comes before anything else, even the constitution. This, Mr. Speaker, is a very significant feature. Because other countries where internal and external security was endangered to a much greater degree than was Canada's, these countries had to face situations that were no less difficult and implied more control operations than the RCMP had to perform here.

The United States of America had to review completely over the last three years the way civil freedoms and liberties in the American constitution are protected. A number of Senate committees worked on this and I would simply refer to the Senate committee meetings of October 21, 22 and 24, 1975 on the opening of the mail. These Senate meetings finally led to an executive order that was made public by President Carter on January 26, 1978. According to the press conference that followed, it is reported in the newspaper *Le Figaro*, on page 10, of Monday January 29, 1978, that:

President Carter has undertaken to follow it up with a legislation in Congress.

It may be interesting to refer to the contents of the American government commitment in matters of national security. I read from section 2-201 of the executive order. It discusses at length, the concept of national security at a time when the House must discuss two pieces of legislation dealing with the same subjects and a joint committee of the House of Commons and the Senate are discussing a green book tabled by the Secretary of State (Mr. Roberts) on freedom of information and which also refers, in the exceptions of course, to national security. So I quote part of the executive order which very clearly shows that our American neighbours have extended this concept we sanction in our courts.

● (1612)

[*English*]

The activities described in Sections ... shall be undertaken only as permitted by this order and by procedures established by the head of the agency concerned and approved by the Attorney General. Those procedures shall protect constitutional rights and privacy, ensure that information is gathered by the least intrusive means possible, and limit use of such information to lawful governmental purposes.

Activities described in Sections ... for which a warrant would be required if undertaken for law enforcement rather than intelligence purposes shall not be undertaken against a United States person without a judicial warrant, unless the President has authorized the type of activity involved and the Attorney General has both approved the particular activity and determined that there is probable cause to believe that the United States person is an agent of a foreign power.

[*Translation*]

And, in the list of activities governed by the issue of a judicial warrant, we find in section 2-205 *Mail Surveillance*, which I quote:

[*English*]

No agency within the Intelligence Community shall open mail or examine envelopes in United States postal channels, except in accordance with applicable statutes and regulations. No agency within the Intelligence Community shall open mail of a United States person abroad except as permitted by procedures established pursuant to Section 2-201.

[*Translation*]

That Executive Order of President Carter is very complete; not only does it make the jurisdiction of the court conditional upon the issue of a warrant for opening mail, but it also governs all spying activities on the part of American citizens provided those citizens are not suspected of being foreign agents.

Mr. Speaker, therefore the debate we are now having today can give rise to a whole lot of questions about which we may not have all the required information. I mentioned, a while ago, speaking about the October events, the fact that the main protagonists of that crisis are not in Canada. Still, this is not a reason for the Canadian democracy not to question the worst legacy left us, that event namely a concept of national security that does not come under the jurisdiction of our Canadian courts.

Mr. Ian Watson (Laprairie): Mr. Speaker, I had no intention to participate in this debate today, but the overstatements made by the hon. member for Champlain (Mr. Matte) regarding the Royal Canadian Mounted Police have prompted me to say a few words. The slanderous remarks and above all the absurdities professed by the member for Champlain certainly do not meet with the approval of the members of his own party because one can see in this House that three quarters or even perhaps 90 per cent of his colleagues from the Social Credit Party of Canada have decided not to be present in the House during this debate. The hon. member for Champlain is undoubtedly aware that the Royal Canadian Mounted Police has been operating in the interest of all the citizens of Canada for a period of over 100 years. This security force which is unsurpassed throughout the world has been going through difficult times in recent months.

Mr. Speaker, I am wondering whether the hon. member for Champlain and some other members of this House realize that one of the first steps to be taken by a movement which wants to sabotage or destroy a country is to undermine the credibility of the security forces of that country. I am now asking myself why the hon. member allows himself to play that game? Some two weeks ago, Mr. Louis Laberge lashed at the Royal Canadian Mounted Police and behaved as some kind of anarchist. It is not the first time that this man speaks like an anarchist, but his statements reinforce my conviction that we are now witnessing a deliberate and organized effort on the part of separatist elements to denigrate and damage, by all possible means, the image and the credibility of the Royal Canadian Mounted Police. We have in Canada, as I said earlier, one of the best security forces in the world.

[*English*]

When the NDP had an opportunity to take part in this debate today, no one in that party took the trouble to at least dissociate themselves from the wild exaggerations which one of their political colleagues, Louis Laberge, made a couple of weeks ago with regard to the RCMP.

I entered the debate today because, frankly, I feel that the campaign of vilification directed at the RCMP has reached

such a level, in my province at least, that one is obliged to come to the conclusion that it is nothing less than a deliberately orchestrated campaign by pro-separatist elements to destroy the effectiveness of the RCMP within the province of Quebec.

What I find amazing and sickening is the willingness of both the Leader of the Opposition (Mr. Clark) and the leader of the New Democratic Party to lend themselves to this game. Over the years the RCMP have served Canada well. There is no question about the fact that they are the best security force that any country in the world is fortunate to have.

Mr. Munro (Esquimalt-Saanich): Speak the truth.

● (1622)

Mr. Watson: That is the truth, and members of the opposition know it. The RCMP has been under attack for the last number of months in connection with things that happened in the province of Quebec in the course of a long history of security activities. These activities are now being brought within a more modern framework which will allow police work to be under more adequate civilian control.

The government has announced its intention to proceed in this direction. I think people have the common-sense to realize that any government of Canada would move in such a direction following reports of the kind which have come to light. We are moving toward a framework which will allow the security forces to protect the country from both internal and external threats within a completely legal set of rules. This process has been proceeding, though I must say it has been interrupted by political activity of various kinds in the last few months.

[*Translation*]

I would like to read or at least draw the attention of the House to what the Quebec minister of Justice, Mr. Bédard, said in January 1977, long before the setting up of the Keable Commission. At that point, he questioned the presence of the RCMP in Quebec. He also questioned the necessity of maintaining a federal police force in the province. It has since then become obvious that the expulsion of the RCMP from Quebec is one of the objectives of the government in power in Quebec. It is with this objective in mind that the Keable Commission was set up. I have nothing to say against the Keable Commission because I think that Mr. Keable has done an excellent job of conducting this enquiry. He did what he had to do. He did his job with honor. But the objective which was pursued when the Commission was established was a political one, and that has to be said because it is the truth.

[*English*]

I want to respond to two or three things which have been said today about RCMP activities during the period the War Measures Act was used in 1970. I had the opportunity to vote for the War Measures Act at the time. I certainly did so with the conviction that it was the right thing to do, as did so many other members, and 87 per cent of the Canadian people also felt it was the right thing to do. We now hear a different opinion from some agonizers who think it was a mistake. I still think it was the right decision taken at the right time. Of course, if we had known then everything we know now we might not have used a tank to crush a fly. But at that time we did not have information allowing us to make any decision other than the one we took.

At that time the criticism was not that the RCMP were sticking their noses into everyone's business in Quebec or that they were infiltrating Quebec organizations. The accusation was that the RCMP had not infiltrated to a sufficient extent. Now the force is under fire because it took the lesson of 1970 seriously. Members of the force infiltrated and in doing so they committed certain irregularities which were not covered by any framework of rules. We are now establishing a framework which will allow the RCMP to be covered legally in the future if they are called on to attack an internal security problem.

I am speaking heatedly about this matter because I believe all this anti-RCMP propaganda we have heard in the last few months is having a bad effect on the ability of the force to protect Canadians. The force has been under the gun for several months now. It is uncertain about what it can do and what it cannot do and its members would be less than human if their work was not affected. I am sure these attacks have had a bad effect on the ability of the RCMP to protect Canadians from external or internal threats.

There are some who pretend that the situation in Quebec in 1970 did not require strong action. I take a different view, and in support of that view I would draw the attention of the House to the experience of an acquaintance of mine who was for some reason or other making a survey of a town in the Province of Quebec during the week prior to the War Measures Act being proclaimed. He told me that normally, while engaged on this work, he would find the doors of the houses unlocked, but in that particular week every single door was locked or barred. This showed what the sentiments of the people in the Montreal region were. They were highly alarmed.

I am confident that had the government not moved when it did and as strongly as it did we would have found ourselves in a state of civil disorder. Incidents would have occurred provoking actions and counter-actions. We would have been in a terrible mess in Montreal had it not been for the firm action taken by the federal government. Those who pretend that somehow we could have avoided taking such a decisive step do not have any alternative to suggest.

It is true, more people were arrested than need to have been arrested. That is very unfortunate.

[*Translation*]

However, I should remind the hon. member for Champlain (Mr. Matte) that the RCMP lists were not the ones used for arresting these people, but rather those in the hands of the Provincial Police which proceeded with most of the arrests. The RCMP was no doubt there on some occasions, but the lists drawn up by the Provincial Police were used. I regret that too many people were arrested but it must be pointed that those who were arrested, illegally as it was learned afterwards,

receive at least a partial financial indemnity for their unfounded arrest.

● (1632)

[*English*]

In conclusion, I reiterate my personal confidence in the RCMP. This force is going to serve Canada in the future as well as it has in the past. The government will establish the legal framework which will allow it to work effectively and within the discipline required by modern society. We must have total civilian control over the activities as well as total political knowledge of what goes on. This is the government's objective. It will be achieved without the campaign of vilification the opposition parties have lent themselves to.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, if I did not have some respect for the hon. member for Laprairie (Mr. Watson), I would not bother answering him in the debate today. In fact, I did not intend to enter into it. The hon. member made some considerable misrepresentations in his speech relating to a very important aspect of history.

The motion before the House threshes an awful lot of old straw. He referred to our history in the 1970s. Perhaps those of us who live through this era are not the best judges. He missed the point of the motion and should be brought back to it. The motion is not with respect to the Royal Canadian Mounted Police. It is with respect to the Government of Canada. In part the motion reads as follows:

That this House deeply regrets that the government . . .

It is deeply regretted that the government of Canada connived. That is the issue of the motion. I realize the hon. member is warmed up and heated. Sometimes when that is the case, an hon. member says things in the House and elsewhere which, upon reflection, he realizes should not have been said. The gist of the motion is simple. After the part about the connivance of the government, the motion directs the Solicitor General (Mr. Blais)—

Mr. Anderson: With the police force.

Mr. Baker (Grenville-Carleton): I hear the hon. member for Comox-Alberni (Mr. Anderson) referring to the police force. The motion directs the Solicitor General to "disclose in public all the facts". If an hon. member opposes the motion with respect to the disclosure of facts, he must be holding himself back for one of two reasons. Either he has a suspicion that the government conducted itself improperly, or there is some doubt in that person's mind as to the position of the RCMP. If the government had done nothing improper, the facts would sustain it.

I have no doubt about the work of the RCMP in 1970. I was not a member of parliament at that time, but I am sure the force acted with respect to the question of national security as directed by the government of the day. It the hon. member for Comox-Alberni has that doubt, he should express it.

I was concerned with what the hon. member for Laprairie said when he indicated that the hon. Leader of the Opposition (Mr. Clark) attacked the RCMP. I ask him to check the record in that regard. That is factually wrong. The Leader of the Opposition said that what has been neglected, throughout this entire matter involving the security forces of Canada, is the question of ministerial responsibility. It is important to mention that in the dying moments of this debate. The doctrine of ministerial responsibility means that a minister is answerable in the House of Commons for whatever an agency does, whether the action was right or wrong. It is not proper for the Prime Minister (Mr. Trudeau), or any other minister, to indicate that he does not know what the security service or any other agency of government is doing when purportedly carrying out its duties imposed by statute. That is not the doctrine of ministerial responsibility under the British parliamentary system. That is the doctrine of ministerial ignorance. Perhaps that applies in the congressional system where there is no such thing as ministerial responsibility, but it does not apply here.

Members are hamstrung with respect to questioning ministers of the Crown in the House respecting their former responsibilities when they were ministers or when they were solicitors general of Canada respectively. The actions of the present Solicitor General, who moved to that post from that of postmaster general, do not help the situation. The Speaker of the House of Commons indicated the other day that the present Solicitor General is on probation with respect to the manner in which he exercises his ministerial responsibility.

The guts of the motion is not an attack on the RCMP. It is dangerous for hon. members to indulge in this kind of wayward chicanery. It is a demand for information. The demand has been made elsewhere than the House of Commons. The demand is: what happened in 1970? If there was disclosure, perhaps we would not have to fear the involvement of the RCMP, as was suggested by the hon. member for Comox-Alberni. In fact, he appeared not to direct himself to the motion, but rather skirted around it.

I hope no member believes that the security services should not be responsible to someone who, in turn, is responsible to the House of Commons. I hope no one in this Chamber takes the view that it is inappropriate for the security services to be in the hands of the RCMP. I do not share that view. That is where it should be.

Somewhere along the line a shadow agency was established called the security and intelligence advisory group, or some such name. Its lines of communication and responsibilities were not clear by tradition or practice. Someone used to call them "Goyer's gumshoes". Those things ought not to be left hanging with no communication to either the head of the government or a minister of the Crown, and that is the problem here. The whole basis of accountability in respect of a ministry and in respect of this activity has been damaged as a result. The RCMP in the minds of some people in the public, not mine, is carrying the can for what I think is wilful maladministration and misdirection on the part of the government of Canada. That situation now is being remedied, I think, and I hope this continues.

● (1642)

The hon. member for Laprairie (Mr. Watson) then dealt with the Keable inquiry. He said it was set up as a political inquiry—

Mr. Watson: With political objectives.

Mr. Baker (Grenville-Carleton): Yes, with political objectives as the hon. member has corrected me, and I agree with him that this is exactly the purpose for which it was set up. The interesting thing is, and if my friend will check *Hansard* he will discover this, that at the time it was set up the Leader of the Opposition and the hon. member for Perth-Wilmot (Mr. Jarvis) expressed concern to the Prime Minister (Mr. Trudeau) about the inquiry. The response by the Prime Minister was that it was a great thing, but that was only because it was convenient to him. He said it was appropriate for the administration of criminal justice in the province. Then, of course, when the Keable inquiry, unfettered in any way by anything at all, began to move in, because it was, and is, a political inquiry with political objectives the Prime Minister and the then solicitor general changed their tune, and we had four separate actions commenced to withhold information from the inquiry. That is the situation.

What did the government do? Certainly members of the opposition asked for the appointment of a royal commission, and I was one of them. If your Honour checks the record, you will see that this was a much different royal commission from the one that was set up, now known as the McDonald commission. I do not have the references with me but I invite hon. members to check on the kind of commission we asked to be set up. It was a commission to be established by the Chief Justice of Canada, not the government of the day. I want the record to be quite clear. The government chose not to do that. It wanted to set up its own commission which is the commission now set up under Mr. Justice McDonald. I do not know the man, but the commission is now being accused of being a little slow and not very comprehensive.

What happened to the RCMP before that commission? As the commission moves slowly day after day after day, the evidence is coming out in little bits and pieces, and every day's operation of that commission is damaging to the reputation of the RCMP. Mr. Speaker, just read your paper this morning in that regard.

That might not have happened, because I have great faith in Chief Justice Laskin. I think from him there would have been some terms of reference and conditions that would have meant at least speed, not the slow, meandering pace that is beginning to shake the confidence of the people of Canada, and certainly mine, in the McDonald commission.

When I look back and consider the subcommittee of the Standing Committee on Justice and Legal Affairs in respect to penitentiaries, and how members on all sides of the House, in dealing with that report, moved with swiftness, honesty and complete impartiality in examining that matter of urgent and pressing moment, I am convinced it would have been best if that committee or a subcommittee had moved in this direction. That committee would have examined this matter more swiftly and honestly here in the House of Commons than anywhere outside, and with perhaps less damage to the RCMP.

I know there is a place for royal commissions, commissions of inquiry and a whole host of things, but what has happened in Canada is that we are knee-deep in commissions and task forces. Whenever there is a problem or something a bit ticklish in this country we sweep it under the rug and appoint a royal commission or task force. I really think, on reflection, that members of this House of Commons on all sides are just as capable—

Mr. Anderson: Of being impartial?

Mr. Baker (Grenville-Carleton): Yes, of being impartial, that is true. The committee on penitentiaries is proof of that.

An hon. Member: How many committees are there like that?

Mr. Baker (Grenville-Carleton): Mr. Speaker, I guess I have a much higher regard for my colleagues on all sides of the House of Commons than does the hon. member for Comox-Alberni (Mr. Anderson). We are not utilizing this House to the fullest extent. This House is accountable to the people of Canada in a way that no royal commission is. I really think we made a mistake in respect of this matter. The hon. member for Laprairie is right regarding the objectives, but the Prime Minister cannot have it both ways. The Prime Minister found it convenient to answer a question one day by saying the commission was doing its job; but when it was convenient to change that he said it was a dreadful thing and brought lawsuits against its operations. Surely that is inconsistent.

I look upon this motion as directing the House of Commons to ask for the facts. The government should not refuse that from its own point of view. I believe the RCMP, in respect of the part it played in 1970, would be prepared to stand or fall on the facts, and I am prepared to bet it would stand. We ought to consider very carefully the objectives and what we in the House of Commons can do in respect of agencies. No minister of the Crown, and not even the hon. member for Comox-Alberni, as blind an apologist for the government as he is—and I say that with respect because he supports the government—should allow the government to hide behind ministerial ignorance of situations in place of the doctrine of ministerial responsibility which has served the country and parliament well. As long as we have a parliamentary system then certainly a burden falls on ministers and the Prime Minister, and no one can deny that. This has been the issue over the course of this situation in this parliament.

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, I will be very brief. It was not my intention to participate in this debate until I listened to the hon. member for Grenville-Carleton (Mr. Baker) and felt there were some situations and some information that ought to be set straight, particularly regarding his interpretation of what the Prime

Minister (Mr. Trudeau) has said about ministerial responsibility. The Prime Minister has never said or implied that ministers are not responsible for their departments. He has said, and I paraphrase him, that solicitors general, who are responsible for the RCMP, should not actively be involved in the day-to-day activities of that force.

Mr. Munro (Esquimalt-Saanich): "Have a right not to know", is what he said.

● (1652)

Mr. Dionne (Northumberland-Miramichi): I think that that is a perfectly defensible statement. The RCMP is involved in many investigations and on occasion they have had to investigate people who are connected with, or are even members of, this chamber or who are friends of the government of the day. For the solicitor general of the day to be involved in those kinds of investigations would be dangerous and tantamount to political interference with the investigation of suspected or real criminal activity. I do not see how the opposition can fail to accept that kind of argument.

The other point I want to refer to very briefly is the point which the hon. member made with regard to the McDonald and Keable commissions. With regard to the Keable commission, he has chastised the government for not giving to that commission all the information it requested on its "fishing trip" for the separatists in Quebec. I do not think the government should have to do that. I do not think the Keable inquiry should have more power than the government that established it. The hon. member cannot pretend that the government of Canada is thwarting the effort of the Keable inquiry by refusing to give it authority which it does not have under the constitution of Canada.

The other implication in the hon. member's remarks was that the McDonald commission was set up simply as a cover to get the solicitor general off the hook.

Mr. Baker (Grenville-Carleton): I did not say that. I really did not say that, even by implication.

Mr. Dionne (Northumberland-Miramichi): That is the way I understood the hon. member's remarks. However, I am prepared to accept his denial of that implication and I am glad he made that denial.

In the course of his remarks he referred to the setting up of a commission of inquiry by the Chief Justice. That seems to me to be a rather unusual suggestion. I do not pretend to be an expert on the Inquiries Act, but I cannot recall any incident of an inquiry being launched under the authority of the Chief Justice of Canada. I can just imagine the cries that would have come from the opposition if the government had followed such a course and asked Chief Justice Laskin to do that which the hon. member has suggested. The opposition would have cried out again that the government was afraid to take the responsibility for such a commission and had sloughed off their ministerial responsibility to the Chief Justice of Canada. Again I say they cannot have it both ways.

Again the hon. member might not have been imputing motives to the commission, but I think he was very careless in his choice of words, to say the very least, when he said that a committee of the House would have proceeded with honesty, impartiality, and speed. It seems to me that the implication there is that the McDonald commission is not proceeding in that manner. I do not think it should be left to the public to infer from the hon. member's remarks that the McDonald commission is proceeding with deliberate slough, without impartiality or without honesty. I hope that is not what the hon. member was implying.

* * *

PRIVILEGE

MR. MUNRO (ESQUIMALT-SAANICH)—MINISTERIAL ANNOUNCEMENTS MADE OUTSIDE PARLIAMENT

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on a question of privilege. After the question period a question of privilege was raised arising out of an answer given by the Minister of National Revenue (Mr. Guay) in reply to a question put to him by the hon. member for Vancouver Quadra (Mr. Clarke). The matter at issue was the manner in which an announcement was being made in Vancouver but which should have been made in the House respecting a Tariff Board ruling on wide flange steel beams entering Canada, a matter raised earlier in the House by, among others, the hon. member for Capilano (Mr. Huntington), the hon. member for Surrey-White Rock (Mr. Friesen), the hon. member for Fraser Valley West (Mr. Wenman), the hon. member for Vancouver South (Mr. Fraser) and the hon. member for Prince George-Peace River (Mr. Oberle).

It is my understanding that during his press conference in Vancouver today to announce the government's decision on this matter, the government spokesman, the Minister of Justice (Mr. Basford)—who just by chance, happens to be the member for Vancouver Centre—added that, according to his belief, a parallel announcement was to be made simultaneously in the House.

We all know that is just not the way things happened. Worse than that, we all know that we were denied this information in the House today.

Therefore, on my own behalf and on behalf of my party I want to reserve the right to return to this question of privilege on Monday once all the facts are before us. Because here is an outstanding example of the contempt shown to the House and its members by this government, not the first such incident but one which illustrates more than most the fact that power can corrupt absolutely.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I rise on the same question of privilege. First of all, let me say I have the utmost regard for the hon. member and I understand his

frustration as well as that of any member of the opposition when a minister decides he will go to a province or location which is affected by an announcement he will make. Such announcements do generate a certain amount of enthusiasm. Since we are being political, let us be political. It happens on occasion that a minister goes out to a province and announces something that affects that province. I see nothing wrong with going to the people in that area and making an announcement to them about a matter which will affect them. There are many members of the House who do not represent the province of British Columbia, but the minister goes out to B.C. because that province, the premier and the people of the province, are vitally concerned. What other place is as appropriate as the region concerned?

Mr. Knowles (Winnipeg North Centre): Is this a debate?

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): No, Mr. Speaker, I want to take part in this debate. Is it five o'clock or can I take part in the debate?

Mr. Knowles (Winnipeg North Centre): Thirty seconds!

Mr. Pinard: I thank the hon. member for Winnipeg North Centre (Mr. Knowles).

Mr. Speaker, what strikes me in the comments we have heard from the opposition House leader is his interpretation of the motion moved by the hon. member for Champlain (Mr. Matte). The hon. member suggests that his motion is aimed only at the government and not at the police. If he would read it carefully, he would realize that the motion of the hon. member for Champlain is aimed at the RCMP.

[*English*]

The Acting Speaker (Mr. Ethier): Order, please. Prior to adjourning the House I should like to inform the hon. member for Esquimalt-Saanich (Mr. Munro) that the Chair has taken notice of his question of privilege and will bring it to the attention of Mr. Speaker.

It being five o'clock, the House stands adjourned until 2 p.m. Monday, pursuant to the provisions of Standing Order 2(1).

At 5 p.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Monday, February 20, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

CONGRATULATORY MESSAGES

HON. ELLEN FAIRCLOUGH—TWENTIETH ANNIVERSARY OF DATE SERVED AS ACTING PRIME MINISTER—MOTION UNDER S.O. 43

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a motion under Standing Order 43 on a matter of urgent and pressing necessity. If hon. friends would listen to the motion, I am sure they would agree with the sentiments expressed in it. Given the fact that 20 years ago today the Hon. Ellen Fairclough was Acting Prime Minister, being the first and only woman in Canadian political history to hold such a position, I move, seconded by the hon. member for Yukon (Mr. Nielsen):

That this House extend its sincere congratulations to the Hon. Ellen Fairclough for the significant contribution she made to Canadian political life, for being, 20 years ago today, the only woman in Canadian political history to serve as Acting Prime Minister; and requests that the Speaker write a letter of congratulations to the Hon. Ellen Fairclough on this very significant anniversary.

Mr. Speaker: Presentation of such a motion for discussion, pursuant to the Standing Order, requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Motion agreed to.

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ANNIVERSARIES

HERITAGE DAY—REQUEST GOVERNMENT INTRODUCE LEGISLATION TO ESTABLISH—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, this is a significant day in yet another way. I hope the House will all agree with the motion that I should like to present. I therefore move, seconded by the hon. member for Timiskaming (Mr. Peters):

That this House, taking note of the fact that today is Heritage Day, warmly commends those who are recognizing how great is our heritage, reprimands the government for having refused to proceed with its own Bills C-30 and C-32 of last session that would have made this day a holiday, and calls on the government to proceed with the necessary legislation during the course of this session, so that in February, 1979, Heritage Day will be celebrated in fact as well as in spirit.

Mr. Speaker: Presentation of such a motion at this time requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

POST OFFICE

PROTEST AGAINST REDUCTION OF MAIL DELIVERY—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 to move the following motion on a matter of urgent and pressing necessity. In view of the announced intention of the Postmaster General to carry on the ill-conceived freeze on postal delivery to new urban subdivisions on the basis of the size of the deficit in the Post Office, and in view of the fact that this growing lack of service will cause a shift to alternative services, thus exacerbating the growth of the deficit in the Post Office operation, and also in view of the heavy representations made to the Postmaster General typified by petitions from city council and citizens of Saskatoon for full delivery service, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That this House direct the Postmaster General to implement immediately steps to provide full delivery service to Canadians and repudiates the position taken by the Prime Minister that consideration be given to terminating postal delivery service.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

AGRICULTURE

ONTARIO—EXTENSION OF AGRICULTURAL REHABILITATION DEVELOPMENT AGREEMENT—MOTION UNDER S.O. 43

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent necessity. Because of the fact that the agricultural rehabilitation development agreement of the government with the province of Ontario ran out in 1975, was extended to 1977 and has been extended again to 1979, I move, seconded by the hon. member for Perth-Wilmot (Mr. Jarvis):

That the government negotiate the normal term agreement before this latest extension runs out, and that the province of Ontario be offered agreements on projects similar to those given to governments of some other provinces in Canada.

Anything less would be nothing short of outright discrimination.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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[*Translation*]

HOUSE OF COMMONS

SUGGESTION DATES OF PARLIAMENTARY SESSIONS BE FIXED IN ADVANCE—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to introduce a motion which, I hope, will be accepted to solve once and for all a very important procedural matter of pressing necessity.

Considering that many members of the House have already expressed the desire that, for maximum efficiency, the sessions of this House be held on dates fixed in advance, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That the beginning and the end of the sessions be fixed in advance by the Committee on Procedure and Organization so that Parliament may operate at maximum efficiency.

Mr. Speaker: Order. Such a motion can be presented for debate, pursuant to Standing Order 43, only with unanimous consent. Is there such consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

[*English*]

EXTERNAL AFFAIRS

MRS. XENIA ELFVENGREN—REUNITING WITH DAUGHTER—MOTION UNDER S.O. 43

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, pursuant to the provisions of Standing Order 43, I rise on a matter of urgent and pressing necessity dealing with a family reunification problem. Mrs. Xenia Elfvengren, now a Canadian citizen, has been attempting through all channels to bring her German-born daughter to Canada from the Soviet Union where she is being held against her wishes for reasons unknown. Since this attempt for family reunification has been going on unsuccessfully for 2½ years, I move, for humanitarian reasons, seconded by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn):

● (1412)

That the minister of external affairs take all possible action with the Soviet Union in making it possible to unite Sonya Vasichina with her mother here in Canada.

Mr. Speaker: Presentation of such a motion for discussion at this time can be made, pursuant to Standing Order 43, only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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HEALTH AND WELFARE

REVIEW OF FOOD AND DRUG REGULATIONS—MOTION UNDER S.O. 43

Mr. Mike Landers (Saint John-Lancaster): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the terms of Standing Order 43. In view of the fact that obesity is one of the major causes of heart disease, and in view of the fact that the Weight Watchers' program is a proven method of weight reduction and weight control, I move, seconded by the hon. member for Malpeque (Mr. Wood):

That this House urges the Minister of National Health and Welfare to review the food and drug regulations with a view to allowing Weight Watchers' food products to be sold in Canada.

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

Some hon. Members: Agreed.

Some hon. Members: No.

SENIOR CITIZENS

REQUEST FOR ASSISTANCE IN COMPLETING TAX RETURNS—MOTION UNDER S.O. 43

Mr. Derek Blackburn (Brant): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the fact that the government chose not to continue to fund a group in my constituency which assisted senior citizens in filling out their income tax forms, in view of the fact that many senior citizens cannot afford the professional assistance of accountants, and in view of the fact that this is a nation-wide problem, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That the government provide direct personal assistance to senior citizens who need help in filling out such income tax forms, which are becoming increasingly more complicated for the elderly.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC SERVICE

HIRING PRACTICES—ALLEGED CONFUSION WITHIN SERVICE—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In light of the fears expressed by Ottawa employees of the export and import permits branch, a division of Industry, Trade and Commerce, and the Canada Employment and Immigration Union of Ontario and Quebec, that employment agency employees in the federal civil service will be made term employees and will start paying into federal pension plans, starting this month, to beat the April 1 deadline when DSS will become the sole contracting authority for temporary help services, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House direct the President of the Treasury Board to order all federal government departments and agencies to put an immediate halt to making temporary employees permanent, and that all his cabinet colleagues follow out his directive immediately to put a stop to the state of utter confusion over hiring in the federal civil service.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

AGRICULTURE

GOVERNMENT ACTION TO CORRECT DROP IN FARM INCOME—MOTION UNDER S.O. 43

Mr. Paul Yewchuk (Athabasca): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. In view of the fact that since the Minister of Agriculture (Mr. Whelan) has been appointed, net farm income has dropped sharply, and there appears to be a direct relationship between his tenure of office and this sharp drop, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the Prime Minister explain on motions the reasons for the sharp drop in farm income and whether he plans to take any corrective action.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PRESIDENT OF SENATE OF MEXICO AND DELEGATION

Mr. Speaker: Before beginning the question period, I know that all hon. members would want to join with me in calling attention to the presence in our gallery of a very distinguished group of visitors, headed by the President of the Senate of Mexico. I refer to a delegation of Mexican parliamentarians who are here to arrange further meetings with their counterparts in Canada. The group is headed by the very distinguished President of the Senate, President de la Gran Comision of the Senate of Mexico, Senator Joaquin Gamboa Pascoe.

Some hon. Members: Hear, hear!

ORAL QUESTION PERIOD

[*English*]

FINANCE

GOVERNMENT INTENTIONS RESPECTING INTEREST RATES

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, in light of the continuing drop in the value of the Canadian dollar, I would like to direct a question to the Minister of Finance which he declined to answer last week. Can the minister tell us whether it is the intention of the government to trigger higher interest rates to stem the flow of funds from Canada?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I did not refuse to answer that question. If we changed the policy of the government, we would announce it in the usual way.

● (1417)

[*English*]

USE OF STAND-BY CREDIT TO BOLSTER VALUE OF CANADIAN DOLLAR

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the minister has declined to answer the question again. Let me try another question related to the problems being encountered with the Canadian dollar. As the minister will recall, last September the government announced the negotiation of a stand-by credit of $1.5 billion. Is it the intention of the government to draw on that stand-by credit in the foreseeable future?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): The answer is no, Mr. Speaker.

[*English*]

DATE OF INTRODUCTION OF BUDGET

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, the major problem in the country now is lack of direction on national economic policy. It is always possible that some kind of direction might come with a new budget. Can the minister tell the House, either specifically or in terms of the month, when he intends to introduce a new budget?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as we stimulated the Canadian economy, mostly beginning January 1, to the tune of $3 billion in tax cuts, we will have to wait to see the results of that stimulative policy before coming forward with another budget. I have stated many times that I am not planning to introduce another budget before the end of March.

Mr. Clark: Just so I might be clear on this point, is the Minister of Finance now telling the House that he intends to wait a fairly long time before deciding whether he is going to introduce a budget? In other words, is he delaying setting in motion the process for preparing a budget until he has some sense of the stimulative impact of such measures as were taken last fall?

Mr. Chrétien: Mr. Speaker, less than five weeks after I was named Minister of Finance I came into the House with what some called a mini-budget, some called a budget and others called an economic statement. When I say there will be no budget before the end of March, I do not think I will be short of time with regard to preparing a budget. The very diligent members of the Ministry of Finance are always working on the fiscal and monetary policies of the government.

[Mr. Clark.]

STEPS BY GOVERNMENT TO REDUCE RATE OF INFLATION

Mr. James Gillies (Don Valley): Mr. Speaker, I have a supplementary question for the Minister of Finance. Given the fact that the dollar is dropping in the foreign exchange markets, and every one dollar drop causes the rate of inflation to rise four-tenths of 1 per cent over two years, how does the minister plan to start getting the inflation rate in this country down, as long as the devaluation of our dollar continues?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have shown what we are planning to do in that field. We had a conference last week on the fiscal, monetary and economic policies of the government. We stated our policies to the provincial governments at the ministerial meeting three weeks ago, and again last week. There was no quarrel with the economic policies of the government.

Mr. Gillies: It must be apparent to everyone, and certainly to the Minister of Finance, that the continued devaluation of the Canadian dollar is having an enormous impact on the inflationary rate in this nation. As long as this continues, and as long as the government is not prepared to change the framework within which the value of the dollar is set in international exchanges, we will have more inflation. It makes no sense for the minister to talk about a declining inflation rate unless he is prepared to do something about the external value of the dollar. Is something going to be done about this problem, or shall we have to count on more inflation during the next six months?

Mr. Chrétien: Mr. Speaker, it is very evident that the Canadian position, in terms of our competitive position and the Canadian economy, has suffered over the last three or four years. We are in a process of adjustment which is being determined at this time by the marketplace.

* * *

ENERGY

NORTHERN PIPELINE—CANADIAN CONTENT AND EFFECT ON CANADIAN JOBS

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Deputy Prime Minister. The National Energy Board, in its decision today, has recommended the use of low-pressure pipe for the Alcan route. The only significant benefit to Canada in the Alcan pipeline project is jobs that may occur in this country. It is in this context I would like to ask my question.

Is the Deputy Prime Minister aware that an American government interdepartmental study estimates that approximately 30 per cent of the pipeline, with regard to durable equipment for the Canadian section, will be produced in the United States? That is not from the *Wall Street Journal;* it is from an American intergovernmental study. Is he aware of that? If so, how does he square it with his assurance to the people of Canada that 90 per cent of such products will be made in Canada?

● (1422)

Hon. Allan J. MacEachen (Deputy Prime Minister and President of the Privy Council): Mr. Speaker, as the hon. member knows, no decision on pipe size can be made by the National Energy Board until Bill C-25 is enacted. However, in the report of the National Energy Board which I shall table at three o'clock, the board states its intention, subsequent to the enactment of the legislation, to include within its specifications for the pipeline approval of 56-inch, low-pressure pipe.

It should be borne in mind that this particular pipe size can be manufactured both in Hamilton and Regina and is not presently manufactured in any plant in the United States. That ought to be of some assistance to the hon. member in realizing that the high Canadian content which I have predicted will be possible and will be achievable, notwithstanding the interdepartmental report to which he has referred but which I have not seen. I prefer to rely on statistics given in Canada, rather than those from the United States.

Mr. Broadbent: I find it an extraordinary admission from the minister, who was in charge of negotiations for Canada, that he has not seen the report. I have a copy of it right here and would be glad to send it over to him. I repeat, Mr. Speaker, it is an American government interdepartmental study which estimates they are going to get 67 per cent, up to two-thirds, of the business—if not more—in the United States. The minister has not seen that report. I also have here the study done by our Department of Regional Economic Expansion, which reaches precisely the same conclusion as the American study.

Mr. Alexander: Oh!

Mr. Broadbent: The Canadian study says, on page 9:

Unless there is effective control ensuring Canadian content, 67 per cent may be a more realistic projection.

In other words, the Canadian study agrees with the findings of the American study that without guarantees the minister's promise to the Canadian people is hogwash. How does the hon. gentleman account for this?

Mr. MacEachen: Mr. Speaker, there are two points one must make in reply to the hon. gentleman's question. The first is that the Department of Regional Economic Expansion developed a "worst possible" scenario. This indicated the vulnerabilities to which Canadian competition might be exposed. It seems to me it was very wise for the department to make that kind of "worst case" scenario in order that it could be avoided. The hon. member quotes from the report as saying that unless effective control or effective monitoring—

Mr. Broadbent: Control.

Mr. MacEachen: All right, effective control. He says unless effective control is possible, then 67 per cent might be the worst possible result. I want to assure the hon. member that when he reads the bill presently before the House, he will realize there is a provision in the legislation giving the agency, and finally the minister, a very obvious way of maintaining effective control over Canadian content. Certainly, I would not bring a bill before the House of Commons and ask that it be passed unless there were to be effective control by the agency and the government over the Canadian content provisions.

Mr. Broadbent: My final supplementary, Mr. Speaker, is this. The minister has misinformed the House about the DREE report. The DREE report refers to the minister's estimate of 90 per cent content as being wishful thinking. It is the minister who has taken the most optimistic forecast of possibilities and has made a promise to Canadians. The DREE report, produced by his own government, said it would be more like 67 per cent, and that this was not a "doomsday" forecast; it was a more realistic projection. So the minister has quite categorically misinformed the House about what this report says.

● (1427)

By way of a final question to the minister, having had some discussions with leaders of the steel industry in Canada, is he aware of the fact that our steel industry is not concerned about competition from the U.S. steel industry, but is very much concerned about the Japanese steel industry which produced the pipe for Alaska, and about the Italian and German steel industries which produced the pipe for the Soviet Union?

Mr. MacEachen: I find it surprising that the steel companies now find the hon. member to be the appropriate interlocutor to serve their interests. The "corporate welfare bums" have now become the "corporate welfare chums" of the hon. member.

Some hon. Members: Hear, hear!

* * *

[*Translation*]

SOCIAL SECURITY

INQUIRY WHETHER NEW HORIZONS PROGRAM WILL BE DISCONTINUED AFTER MARCH 31, 1978

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of National Health and Welfare.

Representations were made to me by several groups following publication in a newspaper of an article according to which the New Horizons program is due to expire on March 31, 1978. I promised those organizations to put the question in the House, which I am doing now.

Will the New Horizons program continue beyond March 31, 1978? Are credits now before the Treasury Board which would ensure its application and continuation?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, it is not easy to answer that question in view of the presence by my side of my predecessors who would never have had the bad taste of presenting cabinet with

a plan providing for termination of the New Horizons program on March 31, 1978. I can therefore assure the hon. member that the New Horizons program will continue, though I must frankly point out to him that after two consecutive renewals each of eighteen months a group of senior citizens must apply for a new and different project if it wants to obtain a third grant.

Mr. Lambert (Bellechasse): Mr. Speaker, I thank the minister for her excellent answer. Now, could she tell the House whether the groups which have already received two grants are aware of what the minister has just said, which would enable them to prepare their third application and achieve their ends? By the way, I must tell the minister and her predecessor that this program is of great interest to elderly people, because I feel it is completely free from political patronage, I must say. I would like to know if these groups are aware of the procedure to follow in the third phase?

Miss Bégin: Mr. Speaker, some time ago, I met in Montreal as well as in Quebec city with all the departmental officials and we discussed in detail their animation works with senior citizens. Of course, they pursue their policy of openness and explain the rules, the procedures, the means of obtaining grants, of redefining projects so as to be eligible for grants. Here is a question which might interest the hon. member and about which I would welcome the opinion of the House: only about 25 per cent of senior citizens in Canada benefit from grants, and I feel it is my duty to take steps in order to diversify the distribution of grants and reach the people who do not succeed in forming themselves into groups. I would appreciate any suggestions in this regard.

* * *

● (1432)

[*English*]

FINANCE

MEASURES TO PREVENT DUMPING OF STEEL BEAMS—DEFINITION OF "FAIR WORLD PRICE"

Mr. Ron Huntington (Capilano): Mr. Speaker, I have a question for the Minister of Finance. The temporary hoist, under section 17 of the Financial Administration Act, of the 30 per cent dumping duty on wide-flange steel beams gives needed and just relief to steel fabricators working on fixed-price contracts. However, as the minister must know, it does absolutely nothing to resolve the present and future injury to the economies of British Columbia and Newfoundland, and it does nothing to remove the uncertainty facing some 1,000 to 2,000 steelworkers jobs in British Columbia.

Can the minister help clear the uncertainty that clouds the B.C. scene by advising whether, in using the f.o.b. Portland price as the definition of "fair world price", that f.o.b. Portland price will be free and clear of any effect the U.S. trigger price formula might have on it for Canadian purposes?

[Miss Bégin.]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we said in our statement that we have to remit a dumping duty to give relief in that field until June 29, because we have to go by the decision of the Anti-dumping Tribunal which established that this type of steel was being dumped on the Canadian market. After that date, any steel that will be coming into Canada will have to be at the international price.

Mr. Huntington: Mr. Speaker, I would ask the minister to consider the question asked. I thank him for the answer he has given. We know that the government, as a result of its decision, recognizes the very serious situation that exists in certain parts of Canada in this respect. As we all know, the final determination of duties can go on forever. Could the Minister of Finance remove the continuing uncertainty that is leading to a crisis situation in steel fabricating industries in some regions by announcing what the final dumping duty will be? In other words, will it be nominal, at 3 per cent, for example, or will it close the lid on regional steel fabricating industries by remaining at 30 per cent?

Mr. Chrétien: Mr. Speaker, if the steel is not dumped, there will be no special duty applied; it will be just the normal duty.

Mr. Huntington: Mr. Speaker, in the absence of the Minister of Industry, Trade and Commerce, I would like to direct this question to the right hon. Prime Minister. The heart of much of the regional antagonism caused by federal rulings on matters like the dumping duty on wide-flange steel beams seems to be in our failure to recognize that often more than one market can exist in a country as vast as Canada.

Can the minister, or the Prime Minister, advise whether the government is negotiating an amendment under article 4(A)(ii) of the GATT agreement to reflect the fact that transportation costs and other regional marketing factors may create in Canada two or more markets, where in at least one Canadian producers sell none or almost none of their goods?

Mr. Chrétien: Mr. Speaker, I would like the Acting Minister of Industry, Trade and Commerce to answer that question. I have replied already to it. We have recognized that there is a short-term problem in British Columbia. Of course, when we have one Canadian market we have to maintain a tariff and have an adjudication by the tribunal when it looks into a dumping case—whether it be steel or any other product—because we cannot accept dumping of products on the Canadian market. I am sure the hon. member would not be pleased if we did not protect, in the eastern market, the price of plywood that very often comes from B.C.

INTENTION OF GOVERNMENT TO REVIEW ANTI-DUMPING TAX

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, following the answer to the question of the hon. member for Capilano, I would ask the Minister of Finance whether it is the intention of the government to review the imposition of this import tax as it affects the steel industry, and whether such review will be carried out against the background of the

realities of our country, namely, that there are legitimate interests in both eastern and western Canada in the steel industry? Also, will these interests be protected against the central domination of the industry?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the government had nothing to do with the imposition of that duty. It was as the result of a decision by the tribunal set up by this parliament. It made the decision that steel coming into the western ports was dumped. We welcome steel from any country in the world, as long as the price at which it is offered to Canadians is the price at which it has been offered in international markets. Of course, B.C. producers will always have access to international steel as long as it is not dumped on the Canadian market.

* * *

NORTHERN AFFAIRS

DEPARTMENTAL OFFICIALS IN YUKON—GOVERNMENT POLICY ON CHANGES

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the President of the Privy Council concerning the attention that the national media is now giving the matter, an indication that the government's concern is serious in respect of the controversy swirling around the heads of senior officials of the Department of Indian Affairs and Northern Development in the Yukon.

Since these controversies involve the minister's officials not only in matters concerning interference with the judicial process, but with the current RCMP investigation into allegations of forgery and the swearing of false affidavits—both indictable offences—regarding the alleged involvement of the minister's commissioner in the Yukon and Senator Lucier of the other place, is the minister at least considering requesting, or having his colleague request the commissioner to relinquish his position on a temporary basis until these matters—that is, the Stratton inquiry and the RCMP investigation—are concluded; and bringing back ex-commissioner James Smith on an interim basis in order to restore public confidence in the government and revitalize the very urgent planning required for the pipeline project?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, these matters are within the jurisdiction of the Minister of Indian Affairs and Northern Development and I will draw them to his attention.

An hon. Member: That's a great help.

Mr. Nielsen: Mr. Speaker, because I am sure the government is concerned that these matters will cause delay in the pipeline project which could very well prove fatal to its viability, and having regard to the very serious responsibility of the minister and the government to ensure that the pipeline project, so vital to the national interest, is not allowed to fail by their own failure to recognize the seriousness of these events in the Yukon and the extent to which vital planning and preparation for the pipeline is being imperilled by the credibility cloud that is hanging over the present administration in the Yukon, can the minister or the Minister of Justice inform the House whether any positive action is being taken to bring these matters to a head, that is, the investigation and possibility of charges being laid under the Criminal Code? It is necessary to clean house as quickly as possible to restore confidence there.

Mr. MacEachen: Mr. Speaker, we have undertaken, with the government of the United States and, indeed, with the House of Commons, that we will do everything possible to ensure the construction and operation of this pipeline within the time-frame that is proposed. That objective will apply to all the activities of the government of Canada.

Mr. Nielsen: One short, final supplementary question, Mr. Speaker. In view of the fact that the Stratton inquiry has been adjourned from time to time and its official report probably will not be in until some time in April—perhaps late April which is beyond the tolerance time, as I understand it, which the construction industry is conveniently prepared to accept—will the government immediately look into these matters with a view to finding a solution such as the one I have suggested, temporarily suspending the commissioner, without any admission of guilt or whatever, much along the same lines as the McMurtry example during the Hamilton harbour episode, and bringing in the credible ex-commissioner to put things back on the road and allow the proper and urgent planning to be done now?

Mr. MacEachen: Mr. Speaker, without prejudging the decision that might be taken by my colleague, it would seem to me that the suspension of an official, anywhere, while his conduct is under examination might not be a very fair or wise thing to do. I will certainly refer the hon. member's question to the minister for final judgment.

* * *

POST OFFICE

REMOVAL OF FREE MAILING SERVICE FOR WEEKLY NEWSPAPERS

Mr. Arnold Malone (Battle River): Mr. Speaker, my question is directed to the Postmaster General. I ask him to confirm or deny rumours apparently circulating through weekly newspaper associations that he intends to remove the free mailing service for weekly newspapers within a 20-mile radius of their publication.

● (1442)

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I am not aware of such a decision having been made, and I do think such rumours are unfounded, but I will inquire into this matter and give a relevant answer.

[*English*]

Mr. Malone: Mr. Speaker, I would suggest, by way of a supplementary question to the minister, that he might give us the assurance that no change is about to be made, since it is widely believed at the present time among weekly newspaper associations that this is the case, and since the weekly postage for some of the smaller weekly newspapers will increase from $12 to $260.

[*Translation*]

Mr. Lamontagne: Mr. Speaker, I strongly doubt such a conclusion will be reached, leading to such a high raise, but again I will inquire to find out if those rumours, as the hon. member so aptly put it, are founded or not.

* * *

[*English*]

CONSUMER AFFAIRS

INVESTIGATION INTO FRESHWATER FISH MARKETING CORPORATION—GOVERNMENT POSITION

Mr. Dean Whiteway (Selkirk): Mr. Speaker, in the absence of the Minister of Fisheries and the Environment, I should like to direct my question to the Minister of Consumer and Corporate Affairs. It concerns the Freshwater Fish Marketing Corporation and stories appearing in the Winnipeg press regarding activities of the corporation in changing labels, the destruction of tens of thousands of pounds of fish, and fish being returned by government inspectors with freezer burn due to four and five years of storage. Can the minister tell the House what his investigations have found and what action he has taken?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, this is the first time this matter has been brought to my attention. I will be pleased to look into it and report to the hon. member.

REQUEST FOR IMMEDIATE INVESTIGATION

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my supplementary question is directed to the right hon. Prime Minister. In view of the fact this is not the first time the matter has been raised in the House, nor is it the first time the matter has been raised with the Minister of Fisheries and the Environment, would the Prime Minister undertake to consult with the Minister of Fisheries and the Environment and ask for an immediate investigation into the financial practices and marketing procedures of the Freshwater Fish Marketing Corporation?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I heard the minister deal with this question last week: my recollection is that he gave the hon. member a very satisfactory answer. When he returns, I will remind him that the hon. member has asked the question again.

[Mr. Lamontagne.]

SALE OF PRODUCTS BEARING RABBINICAL SEAL

Mr. Jake Epp (Provencher): Mr. Speaker. I have a supplementary question for the Minister of Consumer and Corporate Affairs. In his investigation of the Freshwater Fish Marketing Corporation, would he not only investigate the changing of labels to make the product appear to have an age other than it actually had, but indicate to the House if the products, which were to be sold with a rabbinical seal, in fact received that seal without the proper authority and without a rabbi being present?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I will obtain information on that matter as well.

* * *

CRIMINAL CODE

INTRODUCTION OF AMENDMENTS TO ALLOW CHOICE OF OFFICIAL LANGUAGES IN COURTS

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, my question is directed to the Minister of Justice. Last Friday the right hon. Prime Minister told the House that consultations with the provinces to amend the Criminal Code to allow all Canadians the freedom of choice of language in the courts would be tabled soon. Can the Minister of Justice tell us when he intends to table this bill?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I read the Prime Minister's answer and I agree with it. We cannot specify a precise date the legislation will be introduced, because it is being drafted and is subject to further discussion in cabinet as to the precise language. I hope it will be introduced soon.

* * *

NATIONAL UNITY

TASK FORCE REPLACEMENT FROM ONTARIO

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the right hon. Prime Minister. Can he tell us how soon, or even when, an Ontario replacement will be made on the Robarts-Pepin task force on national unity to replace John Evans, Q.C.?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not been notified formally by Mr. Pepin and Mr. Robarts that they have accepted the resignation of Mr. Evans. If they seek a replacement, I will gladly oblige them.

Mr. Lawrence: Mr. Speaker, will the Prime Minister be good enough to confirm or deny the ugly rumours which are circulating that because he was promised a position in order to move him out of the House, the new replacement will be Mr. Joe Flynn?

Mr. Trudeau: Mr. Speaker, I think Mr. Flynn would be immensely more capable than the hon. member who asks the question.

* * *

POST OFFICE

ALLEGED FIRING OF CALGARY POSTMEN FOR DELIVERING MAIL TOO SOON

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I should like to ask the Postmaster General a question. There is some question about postmen in Calgary being fired because they have delivered mail too early. With the service we are receiving from that department, either deliveries are delayed or they never take place. Why are postmen in Calgary being faced with this situation?

[*Translation*]

Hon. J. Gilles Lamontagne (Postmaster General): Mr. Speaker, I think the answer is quite simple. The reason for the dismissals, or at least the suspensions, is not that the mail was delivered prematurely but simply that the employees had not obeyed their supervisors' instructions.

[*English*]

Mr. Woolliams: Mr. Speaker, do I take it from the Postmaster General's answer that it is now a crime, or a sin in his department to deliver mail on time or too early? Is that the policy? Everyone in Canada is complaining about no delivery at all, or late delivery.

Mr. Alexander: Or they throw the mail on the street.

Mr. Lamontagne: Mr. Speaker, it would be very easy for me as Postmaster General, with Treasury Board, to settle all the problems in the Post Office in five minutes.

Some hon. Members: Go ahead.

Mr. Lamontagne: But that would mean a complete sell-out of all the conditions asked for by the unions and it would be a policy of administering the Post Office at any cost. I do not think this is what Canadians want. I am not that kind of administrator, nor is the present government.

Some hon. Members: Hear, hear!

* * *

ENERGY

GLACE BAY, N.S.—SUGGESTED DISCRIMINATION IN AECL PAYMENTS IN LIEU OF TAXES

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, my question is directed to the minister in charge of Atomic Energy of Canada Limited, to whom I have given notice. At the outset, I wish to express my happiness at the $17 million expenditure which will be made to upgrade the heavy water plant at Glace Bay. According to a statement made by the mayor of Glace Bay, the town of Glace Bay is being discriminated against by payments in lieu of taxes from Atomic Energy of Canada, when compared with communities in Ontario, such as Deep River, and in Manitoba, such as Pinawa. Will the minister please explain why this discrimination against Glace Bay is being carried out by this federal Crown agency?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, there is no discrimination. As the hon. member perhaps knows, there is nothing in law which requires the Crown corporation to pay municipal taxes, but grants are made in lieu of taxes. Normally, with a corporation of that kind, taxes would be payable when the corporation was viable. As the hon. member knows, the government of Canada acquired ownership of the corporation some years ago and set about the stripping down and rebuilding program. That is well advanced now, but is not yet complete. Thus, it is quite clear the corporation is not yet viable. I am happy to say, however, that negotiations have taken place with the municipality and with the government of Nova Scotia. I believe a solution has been worked out whereby there will be an increase in the municipal taxes paid by AECL.

Mr. Hogan: Mr. Speaker, I agree that renegotiations have taken place, but according to the statement of the mayor of Glace Bay it has been far from satisfactory because it is not retroactive from the 1972 to 1977 period. If a Crown corporation is not making money in a particular area, is it normal that that affects the payment in lieu of taxes, as the hon. minister has indicated is the reason for the discrimination against Glace Bay? Is that normal across this country?

• (1452)

Mr. Gillespie: Mr. Speaker, as I made very clear in my opening statement, there was no discrimination in this instance. I pointed out to the hon. member that the corporation was not viable when the government of Canada took it over and started the rebuilding process. During that period of time, municipal grants were paid in lieu of municipal taxes. Those grants have now been increased in size.

* * *

FINANCE

TARIFF ON TOMATOES—AMOUNT AND DURATION

Mr. J. R. Ellis (Hastings): Mr. Speaker, my question is for the Minister of Finance. The minister's predecessor, together with myself, processors and producers in the tomato industry, arranged last year to have a three-cent tariff on Taiwanese tomatoes. Now that the processors and producers are planning for this year's crop, can the minister tell us if he intends to have the tariff increased from three cents to five cents, or perhaps even to four cents? Second, will the tariff be extended beyond the August 10 deadline, which would come much too soon to allow this crop to be handled properly?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I will have to inquire, I do not have the information at this time. I do not know if the rates will have to be changed. I would ask the hon. member to wait. I could give him an answer in a few days.

* * *

[*English*]

ENERGY

CANADA-U.S. STUDY ON STRATEGIC OIL STORAGE—USE OF CANADIAN SITES

Mr. James A. McGrath (St. John's East): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. Can the minister give the House an assurance that the recently announced joint study by Canada and the United States on strategic oil storage in Canada will not, in fact, virtually eliminate consideration of a decision to use one of at least two sites in Canada, including Bell Island, Newfoundland, for phase two of the U.S. strategic oil storage program, and even for phase three?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I can give the hon. member that assurance. The joint study which has been undertaken by the federal government and the United States government will establish the need for such a facility. That study has to take place in any event. In all likelihood, the study will also bring forward the time when such a facility can be used.

Mr. McGrath: Has any decision been made with regard to Canadian participation and Canada's having access to these strategic oil storage facilities for emergency purposes; and is this a factor in the delay of this feasibility study?

Mr. Gillespie: Mr. Speaker, again I would like to emphasize that there is no delay involved. The process has been accelerated through the agreement between the two governments to enter into the joint study assessing the feasibility of the two sites. The study will also address itself to the question of the proportion of the total that might be made available to Canada, and under what conditions.

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FINANCE

DEVALUATION OF DOLLAR—GOVERNMENT ACTION TO CORRECT

Mr. Otto Jelinek (High Park-Humber Valley): Mr. Speaker, I have just one clear question for the Minister of Finance, and I hope his answer will be just as clear. Can the minister advise the House whether he is content with the alarming devaluation of the Canadian dollar? If not, what steps does he intend to take to reverse this dangerous trend? If he is content—as he appears to be—what reasons can he give for not resigning and allowing a responsible minister who is concerned about the matter to take some action in this regard?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am following the situation very closely. I have stated the policy of the government many times and I have nothing to add at this moment.

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AIR TRANSPORT

GOVERNMENT POLICY RESPECTING CHARTER FARES

Mr. Jack Murta (Lisgar): Mr. Speaker, I would like to direct a question to the Prime Minister. As the Prime Minister probably knows, Suntours Limited of Toronto is seeking to provide passenger air service for most major Canadian cities at charter prices lower than anything now available. The company wants to take its proposal to the Canadian Transport Commission. Since the plan seems sensible, and since it is certainly long overdue to have Canadians travelling in their country at fares which are as equitable or as cheap as fares outside the country, will the proposal which Suntours will be putting to the CTC receive full government support?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I am sure the hon. member would not want me, as a member of the government, to interfere with a quasi-judicial body like the Canadian Transport Commission. The proper course established for that, under our guidelines, is that if communication is to be made with a quasi-judicial body, it should be made by the minister responsible for that body. I therefore assure the hon. member that the Minister of Transport, who is presently meeting with the Canadian Wheat Board in the west, will consider this representation.

Mr. Murta: Mr. Speaker, the Prime Minister undoubtedly knows that the CTC in the past has been an arm or an extension of the cabinet. Since the cabinet has exercised authority over the CTC in the past, will the Prime Minister assure the House, because this particular plan is attractive and sensible with regard to travelling in Canada, that the government will consider this kind of action on behalf of the Canadian travelling public?

Mr. Trudeau: Mr. Speaker, the hon. member knows, or should know, that the government has taken many steps to permit Canadians to visit each other and to know their country better. We took such a step about a month ago with reference to a decision referred to us by the Canadian Transport Commission. But I repeat that there is a procedure for this type of government position becoming known by the CTC, and that is through a representation by the Minister of Transport.

FINANCE

REQUEST FEDERAL SALES TAX BE REDUCED

Mr. Stan Darling (Parry Sound-Muskoka): Mr. Speaker, my question is directed to the Minister of Finance. Will the minister ask the government to take specific steps to reverse the industrializing process by adopting a program of some federal sales tax reductions at this time, or in the immediate future?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have discussed with my provincial colleagues the possibility of cutting sales taxes, but we felt it most effective to cut provincial sales taxes. I made an offer to the provincial ministers of finance but they were not in agreement, so we decided to choose another route. In January and February we are cutting the income taxes of 7 million taxpayers by $700 million. I am afraid that cuts in the federal sales tax are not necessarily felt by the consumer, because the consumer does not pay the tax directly and would not feel the effect of such a cut.

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SOCIAL SECURITY

NEGOTIATIONS WITH U.K. ON RECIPROCAL PENSIONS

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, my question is for the Minister of National Health and Welfare. Last June, the then minister of national health and welfare assured the House that he had obtained an agreement in principle with the British concerning reciprocal pensions, but that the United Kingdom government pleaded economic weakness as a reason not to conclude an agreement at that time. In light of the recent and impressive economic recovery of the United Kingdom, will the minister now undertake to approach the British government immediately with a view to bringing this matter to a successful conclusion?

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I met with my British counterpart on January 9, in London, and used that occasion to discuss what the pound was doing on the stock exchange. That was a few days after the first major recovery. I made a strong recommendation in favour of unfreezing British pensions payable to Canadians, and the minister promised to bring that subject to his colleagues in cabinet. I am expecting his answer in the near future.

Mr. McKinnon: Mr. Speaker, three months ago, with considerable fanfare, the Prime Minister signed an agreement with the Italian prime minister to extend reciprocity of social security benefits between Italy and this country. Will the minister tell the House how soon reciprocity of pensions between Italy and Canada will be in effect, or is this another of those ill-fated promises which Liberals tend to make in Toronto just before elections?

[*Translation*]

Miss Bégin: Mr. Speaker, in my opinion the second part of the question is absolutely needless. We signed an agreement, on November 19 last I believe, with Prime Minister Andreotti, and our officials have already had their first meeting to discuss technicalities, because administrative agreements between the provinces, the federal government and the Italian government on each of the systems must be described in a detailed manner.

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[*English*]

ADMINISTRATION OF JUSTICE

PROVISIONS OF LEGISLATION RESPECTING MAIL-OPENING

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Justice. It concerns the provisions of the mail-opening bill. Can the minister advise the House why in that legislation there is provision for reporting to the House in cases where the Narcotic Control Act and the Food and Drugs Act are involved, but in the case of the Official Secrets Act there is no requirement for the Solicitor General to report to the House the number of mail openings which take place? Can the Minister of Justice advise why there is this discrepancy in the bill, and why it is required that there will be reporting in one instance and not in another?

● (1502)

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I should like to examine the provisions of the bill very carefully, because it was our intention that the scheme now set out in the Criminal Code should apply mutatis mutandis to the measure that is now before parliament. I should like to examine the specific wording very carefully, before answering.

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THE CANADIAN ECONOMY

EFFECT OF EXPORTS ON ECONOMIC GROWTH

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, my question is for the Minister of Finance. As part of the government's strategy, the minister's department has forecast modest growth in the Canadian economy being dependent upon strong exports, particularly to the United States, and as the United States economy now seems headed for a recession, what effect will this have on these forecasts? Will they still be valid? Or did the forecast take into account the possibility of a growth of recession in the United States.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, there is no reason at this time to change the predictions we made on the performance of the Canadian economy.

Resources and Technical Surveys Act

ROUTINE PROCEEDINGS

[*English*]

PIPELINES

NORTHERN PIPELINE—SELECTION OF PIPE STANDARDS AND DIMENSIONS

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I should like to table, in both English and French, the statement of position regarding the selection of pipe for the Whitehorse, Yukon, to Caroline, Alberta, segment of the Foothills pipeline system submitted by the National Energy Board.

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IMMIGRATION

TEXTS OF AGREEMENT BETWEEN CANADA, QUEBEC AND NOVA SCOTIA

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, pursuant to Standing Order 41(2) I should like to table, in both official languages, the immigration agreement entered into between Canada and the province of Quebec and Canada and the province of Nova Scotia.

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[*Translation*]

RESOURCES AND TECHNICAL SURVEYS ACT

AMENDMENT TO ENSURE TECHNICAL QUALITY CONTROL OF MAPS

Mr. Eymard Corbin (Madawaska-Victoria) moved for leave to introduce Bill C-421, to amend the Resources and Technical Surveys Act (map quality control).

Some hon. Members: Explain.

Mr. Corbin: Mr. Speaker, this bill is aimed at standardizing the quality control of the maps which are published on behalf of the government of Canada. This way it would be possible to avoid embarrassing errors or omissions, such as the transfer of half Madawaska to the Republic of the United States as a result of badly traced border lines, as well as the mysterious disappearance of Magdalen Islands from the waters of the Gulf of St. Lawrence. The bill would also do away with artistic licence in cartography.

Motion agreed to, bill read the first time and ordered to be printed.

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QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

[Mr. Chrétien.]

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, the following questions will be answered today: Nos. 1,109 and 1,132.

[*Text*]

PRIVATE RAILWAY CARS

Question No. 1,109—**Mr. Rodriguez:**

1. For the last three months of 1977, how many times were private rail cars used by Cabinet Ministers?

2. In each case, what was the date, the minister involved, the cost involved and the reason for the private rail car being used instead of some other form of transportation?

Hon. Otto E. Lang (Minister of Transport): See response to question No. 11, page 459 of *Hansard* of October 26, 1976.

EXPENDITURES IN CONSTITUENCY OF NICKEL BELT

Question No. 1,132—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of National Revenue and those agencies that report to it?

Hon. J. Gilles Lamontagne (Postmaster General): Mr. information requested is not readily available; our expenditure report systems are not designed to provide the information by constituencies but rather on a postal district basis for management purposes.

* * *

[*Translation*]

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, if questions Nos. 32 and 475 could be made orders for returns those returns would be tabled immediately.

Mr. Speaker: The questions listed by the parliamentary secretary have been answered. Is it the pleasure of the House that questions Nos. 32 and 475 be deemed to have been made orders for return?

Some hon. Members: Agreed.

[*Text*]

VACANCIES IN COUNTY COURT JUDGESHIPS

Question No. 32—**Mr. Cossitt:**

1. Are there presently any vacancies existing in county court judgeships and, if so (a) how many (b) is it the intention of the government to fill these positions with known supporters of the Liberal Party and, if so, for what reason?

2. (a) How many county court judges have been appointed by the government in each of the past three years (b) what are their names and the counties and provinces involved (c) to the knowledge of the government, how many were known supporters of the Liberal Party?

3. Is the government appointing county court judges on the basis of political affiliation and, if so, is it prepared to change this system to one which will have

judges appointed strictly on the basis of judicial ability with no consideration to political services rendered?

Return tabled.

OFFICIAL MINORITY GROUP PROGRAM

Question No. 475—**Mr. Elzinga:**

1. Under the Official Minority Group Programme of the Department of the Secretary of State, what was the total amount of funds granted, by province and territory in (a) 1973 (b) 1974 (c) 1975 (d) 1976?

2. By province and territory, what (a) were the names and addresses of the organizations who received such grants and what was the amount in each case (b) was the specific reason for each such grant in (i) 1973 (ii) 1974 (iii) 1975 (iv) 1976?

Return tabled.

[*Translation*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed, from Wednesday, February 15, consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be read the second time and referred to a special committee on a northern gas pipeline.

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, before resuming my comments on this bill I should like to thank the minister and his officials for providing me with the guidelines which had not been distributed—and I underline they had not been distributed—prior to the beginning of this debate though, according to the date I have here they were issued in December, 1977. They ought to have been available to all members participating in the debate, but I found them on my desk when I returned to my office after speaking last Wednesday. It is a deferred acknowledgment and I am sorry it had to be this way, but we now have the guidelines and I think they are very important.

When I called it six o'clock on Wednesday evening I had reached the point of examining the provisions of the bill that will permit more extensive inquiries into the environmental impacts that are likely to occur and the inquiries that will be carried on under the provisions of the bill that were mentioned

either in the Lysyk inquiry or in the environmental assessment and review panel study.

I think it ought to be mentioned as a general comment about the Alaska Highway part of the pipeline that there has been reference to the need to take permafrost into account. Those who have not been in the Yukon may not be aware that the permafrost problem does not apply all the way along the Alaska Highway. It is the Dempster cut-off that would have the problems of permafrost.

I think it should be said, however, that perhaps partly because of the short time available to Dean Lysyk to prepare his report, he devoted little space to the environmental problems likely to arise, whereas the Berger inquiry, which had more time at its disposal, covered environmental problems more fully. The other reason the Lysyk inquiry did not deal with environmental issues was that its terms of reference provided for representation from the environmental assessment and review panel which allowed those elements to be taken into account. It may have been that Dean Lysyk felt that the strictly environmental problems could be left to be dealt with by the panel.

I feel it is necessary to point out that one of the principal differences between the Lysyk and the Berger inquiries is that the Berger inquiry covered all aspects of the matter, while there is no reference whatsoever in the Lysyk inquiry, or by the panel, to British Columbia or Alberta. The Lysyk report dealt solely with the Yukon. I think this oversight will have to be taken into account. Fortunately, a clause in Schedule III of the bill requires that the pipeline company carry out the necessary studies into fisheries, environmental and socio-economic problems.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but his allotted time has expired. He may continue with unanimous consent. Does the hon. member have unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I welcome the opportunity to take part in this historic debate dealing with one of the largest undertakings ever addressed by a group from the private sector. In many ways I think it is not only an historic debate but an historic project in the development of our country—to link the third sea, the Arctic Sea, to the Atlantic Ocean; indeed, perhaps of linking the Arctic Sea to the Atlantic Ocean. I will have more to say about that in my remarks to follow.

● (1512)

In the time available to me I shall attempt to deal with three areas, first of all the size of the pipe, secondly the need for Canada to gain access to Canadian natural gas resources in the Mackenzie Delta area, and thirdly I will talk about the attractiveness of the option which has been opened up for

Canada as a result of the pipeline treaty negotiated with the United States.

The President of Privy Council (Mr. MacEachen) has already tabled the report of the National Energy Board dealing with the question of what should be the appropriate size of pipe for the section of the line from Whitehorse to Caroline. There may have been some surprise that the stated position of the National Energy Board came down in favour of the 56-inch option rather than the one which has received a good deal of attention in the press, that is to say, the 54-inch option and the option included in the pipeline treaty with the United States.

I would like to take a few moments to deal with the question of the 56-inch pipe. Its origin comes from the initiative of United States officials during the December meeting of the technical committee which addressed itself to these questions. At that time the suggestion was made that a 56-inch pipe at 1,080 psi should be considered as an alternative to the 54-inch pipe at 1,120 psi because there was more world experience in manufacturing and installing 56-inch diameter pipe than in the 54-inch diameter pipe. While at the time Canada and United States negotiations were continuing, 54-inch diameter pipe had been shown as the appropriate larger diameter pipe for consideration, Foothills agreed that it would have been just as logical to have selected the 56-inch diameter pipe in relation to the 3.6 billion cubic feet a day of gas anticipated as the throughput.

The United States response included the consideration of the use of 56-inch diameter pipe as one alternative. This has been taken into account in the Board's analysis. I understand that it was concluded in the U.S. reply that any of the systems under consideration, high pressure or low pressure, could be built and operated with equal safety and reliability. It is the view of the National Energy Board, however, that selection of the 48-inch high pressure system, because of the extensive new technology involved and the lack of experience in its use, would present risks.

The Board states in its report that safety and reliability are matters of primary concern to it. There has been a good record in the Canadian pipeline industry in this regard. Also there has been steady improvement in standards related to quality of steel, manufacturing procedures, pipe welding and other construction procedures.

The Board believes that moving from the general operating pressure of 1,000 psi, which is the present practice in North America, to that proposed of the 48-inch 1,680 psi system represents a large step in new technology. The Board would require thorough testing of the 48-inch 0.72 inch wall thickness before approving that design. Foothills has estimated there could be a delay of up to two years in completion of the pipeline in order to carry out such testing before ordering the pipe. This would not be in the interests of the United States or of Canada. On the other hand the board is prepared to approve the use of .54 inch wall thickness pipe of the specifications proposed by Foothills, in 48-inch, 54-inch or 56-inch diameter pipe subject only to confirmatory burst testing prior to commencement of construction. From a design point of view this means there would be no delay in ordering pipe and that planning for all other aspects of the pipeline construction could proceed.

As has been pointed out on many occasions in the House, Mr. Speaker, another important feature in the selection of the .54 inch wall thickness pipe is the fact that two Canadian pipe mills could supply pipe of the quality required and in diameters up to 56 inches. In the case of the heavier wall pipe only one Canadian mill has the manufacturing capabilities, thus reducing reliability and possibly affecting Canadian content. The Board has concluded that from a safety and reliability point of view the final choice of pipe to the pressure range achievable with .54 inch wall thickness, that is to say the 48-inch diameter pipe, the 56-inch diameter pipe and 54-inch diameter pipe should be chosen on the basis of economics. I should add that the 48-inch low pressure pipe should not be considered an option because the pipeline itself, that is the Dempster connection, will be needed before 1990.

The United States response indicated, as I have already stated, that based on the design volumes of 2.4 billion cubic feet a day from Prudhoe Bay, and 1.2 billion cubic feet a day from the Mackenzie Delta, its first choice would be the 48-inch high pressure pipe with its second choice being the 56-inch 1,080 psi pipe.

With respect to the choice of pipe, mention should be made here of paragraph 10 in the Canada-United States Agreement. This particular provision allowed for consideration of any combination of pressure and diameter of pipe which would achieve safety and reliability and economic efficiency. Annex III to the Agreement relating to cost allocation contained cost estimates for 48-inch and 54-inch diameter pipe. If 56-inch diameter pipe was chosen it would require an addendum to Annex III to include costs for the 56-inch alternative which had been agreed on by the two parties to the Agreement. It is the understanding of the government that such an addendum would be considered a technical change. This could be accomplished by an exchange of notes following a meeting of Canadian and United States officials to agree upon the appropriate figures to include in the annex. Inasmuch as the Canada-United States Agreement is contained in Bill C-25 as Schedule I, a corresponding amendment would be required in the bill as well. This could be introduced when the bill is considered by the committee.

As was pointed out to the House, Mr. Speaker, on February 13, no decision could be made by the National Energy Board regarding pipe size until Bill C-25 is enacted. However, in its report the board has indicated that subsequent to enactment it intends to include in its approval of pipeline specifications the 56-inch 0.54 inch wall thickness pipe for that portion of the pipeline between Whitehorse and Caroline. That could provide significant economic benefits to the United States in the order of close to $100 million based on the assumption over 20 years with the choice of 56-inch pipe over 54-inch. Taking the value of the gas at $1.60 mcf and assuming an additional throughput

of 65 billion cubic feet, there would be a saving to the United States consumer of roughly $100 million.

● (1522)

There would be a comparable saving to the Canadian consumer, again assuming the same time period, but assuming that the gas is not made available until five years later than it becomes available in the United States, using the same figure per 1,000 cubic feet and an additional throughput of 25 billion feet, a saving of $40 million. In summary, economics favour the 56-inch over the 54-inch diameter pipe, with potential savings collectively of $140 million.

I would now like to move to the part of my remarks dealing with the questions of, first, the need for the pipeline and of access and, second, the full question of cost and benefits to Canadians. There have been a number of suggestions to the effect that the Alaska Highway pipeline will do nothing for the Canadian energy situation, that it is designed solely for the United States. It has also been suggested that Canada has no need for the frontier gas, that we already have enough gas in Alberta. I believe that both of those statements are false. I wish to review some of the reasons for believing that to be so.

The bill before the House is designed to give effect to the Canada-United States Agreement. I am sure hon. members are aware this agreement was reached after many, many hours of negotiation with our neighbours to the south. One of the most important issues in those negotiations, perhaps the one most difficult to resolve, was the terms under which Mackenzie Delta gas would be connected into the Alaska Highway pipeline system. The problem is that Canadian gas from the Mackenzie would be expensive. For example, it would be more expensive than gas which is available in the southern basin, although less expensive than gas from the High Arctic and some other alternate energy sources in Canada.

The objective of the Canadian negotiators was to ensure that Canada could obtain access to Delta gas at costs that were not prohibitively high. The Canadian team was able to strike a very good bargain for us in this regard.

The present bill assures Canada the cheapest possible access to our own Delta reserves. It provides that U.S.A. consumers will pay the full cost of shipping the Canadian gas from Dawson to Whitehorse if the Canadian section of the line through the Yukon comes within 35 per cent of the estimated cost of that line and will pay not less than two thirds of the total cost of building that spur from Whitehorse to Dawson if the escalation is greater than the amount I just mentioned. The exact share will depend on the final cost of the completed pipeline. In any event, Canadians will be able to get Mackenzie gas in Canadian markets transported from the Mackenzie Delta to southern gas markets at a lower cost than Americans would be able to get American Alaska gas transported from Prudhoe Bay to their markets. That is clearly a significant benefit to Canada.

The existence of the Alcan pipeline, the Foothills (Yukon) pipeline, is the only way at the present time of ensuring access to presently proven reserves in the Delta. These reserves will provide a significant addition to Canada's proven accessible reserves, but they are simply not large enough to justify a Canadian pipeline at the present time.

My first point then is that this legislation assures Canadians of access to our own Delta gas. Without the pipeline, there is no such assurance. It also assures us we will get that gas at a lower cost than the Americans will get their Alaska gas in the United States. It assures us the lowest possible cost. These benefits clearly are not insignificant. Hon. members who suggest this pipeline does nothing for Canada's energy needs are simply misrepresenting the facts.

I now wish to turn to my second point. Many people are saying that access to gas in the Mackenzie is of dubious value, that we have as much as we possibly need in Alberta and this will look after us until at least the 1990's. There are a number of basic flaws in that argument. There are three basic flaws I want to attack.

The first flaw is that that argument confuses short-term deliverability surplus with long-term reserve availability. Second, that argument ignores the large extent to which natural gas could reduce our reliance on imported oil, is assured long-term supplies of gas were not available. This is a very important point. The third flaw in that argument is that it ignores, by implication, the gravity of the world oil supply problem. I will deal very briefly with the latter point first, the gravity of the world oil supply problem.

A few statistics might place this problem in context because Canada is very much involved in the international oil context. The western world is now consuming about 50 million barrels of oil every day, about 18 billion barrels in the course of the year. Second, the largest oil accumulation ever discovered in North America, that is to say at Prudhoe Bay, ten billion barrels of oil, works out to not much more than six months' supply in terms of the world's consumption at current consumption rates.

The North Sea accumulation was roughly 23 billion barrels. In terms of world supply at current consumption rates, this would add another year and a half. Taking these two very significant discoveries together, they add no more than two years to world supplies at current consumption rates.

All discoveries in the last 15 years, those in North Africa, West Africa, the North Slope, and the North Sea, amount to about 100 billion barrels. That is no more than six years' supply at current consumption rates. Perhaps I have said enough to indicate the horrendous dimension of the oil supply problem in the western world.

More often than not, we are using more oil than we are discovering. More often than not, at the end of the year there is less oil available than there was at the beginning of the year. At the same time, at the end of the year we are consuming more than we were at the beginning of the year. Quite clearly this will lead the western world to an oil crunch, and that crunch may not be far away. Estimates indicate it could occur about 1985, give or take a year or two.

● (1532)

Also, new oil discoveries are proving more expensive. Accumulations are smaller. Canada is no exception to this general rule. Current projections indicate a continuing decline in production from conventional sources over the next ten years, which means increasing reliance on costly unconventional sources such as the tar sands. All this has to be seen against the background of the western world's massive consumption of oil, its apparent inability to decrease its demand, and the reluctance of oil-rich countries in Arabia to increase supplies.

This situation leads inexorably to one conclusion: our dependence upon oil supplies from the Middle East must be reduced. I need hardly remind hon. members of the instability of the area—the tragic events in Cyprus over the week end are, in themselves, an illustration. Take the situation affecting the Horn of Africa, a confrontation between two nations on the edge of the Red Sea right opposite Saudi Arabia. This is yet another reminder of the vulnerability of oil supplies from the Middle East. Saudi Arabia is presently pumping about nine million barrels of oil a day. The best estimate I have seen is that it would be required to produce between nine million and 16 million barrels by 1985. Then there is a big jump from 1985 to 1990, a jump which could take the requirement to 23 million or even to 35 million barrels a day.

On the basis of nine million barrels a day, Saudi Arabia is presently generating something like $50 billion a year in foreign exchange. Figures like these stretch the imagination and there is no point spending much time on them except to make the fairly obvious comment: why would a small country of some six million people, which cannot even use the foreign exchange it is generating from oil sales today, want to increase its production significantly in the future? Why would not the leaders of that small country say to themselves, "We would much prefer to keep this important resource in the ground, under our own control rather than exchange it for bank accounts in foreign banks which we do not control." Much of the current debate on the world oil situation focuses on questions of this kind.

Will Saudi Arabia produce at the levels required to meet rising international oil demand? Quite simply, we do not know. But I do not believe Canada and the rest of the western world can afford to take a chance. We have to look to ourselves in order to protect our interests. We have done this collectively through the International Energy Agency and we have set an import target of no more than 26 million barrels a day by 1985. Canada has participated in agreeing to this collective target.

We in Canada have set ourselves an import target of one third of our consumption, or 800,000 barrels a day, whichever is the lesser. That goal will not be easy to reach. We are already net importers of some 200,000 barrels a day. Between 1980 and 1985, Canadian conventional oil production is expected to fall off quickly, perhaps by 500,000 barrels per day. And, inevitably, demand will continue to increase. To reach our import target we shall have to move on several fronts.

[Mr. Gillespie.]

Hon. members will be familiar with the three basic principles of Canada's energy policy. First is conservation. We have to accelerate our efforts to conserve and develop renewable energy supplies. Second, we have to develop new, indigenous supplies of oil from sources such as the tar sands. Third, we must direct increasingly more attention to energy substitution. This latter process will involve massive sums of money; many of these projects were identified last week at the first ministers' conference. Natural gas offers the greatest possibility at the present time of decreasing our present dependence on foreign oil. Let me give the House some indication of the way in which this might work.

There is a wide variation across Canada in terms of total energy consumed from oil by the various regions. For example, Albertans consume only about 30 per cent of their total primary energy in the form of oil. But as we move further east, dependence upon oil increases. In Quebec, close to 70 per cent of the primary energy consumed by the population is in the form of oil, and further east still, in the Atlantic provinces, between 80 per cent and 90 per cent is consumed in the form of oil. Roughly two-thirds of that oil is foreign oil. In other words, the region east of Ontario is most vulnerable to any cessation of that foreign oil supply. This does not exclude Ontario because, as conventional sources become depleted, Ontario too could be affected. That pipeline, which was built to be reversible, may yet be used as such. All of which means that the centre of the country would be more dependent on foreign oil than in the past.

Natural gas is one of our great opportunities to reduce dependence on imported oil. By moving natural gas, whether from the Mackenzie Delta or Alberta or the High Arctic into eastern Canada by means of the pipeline presently under consideration, as well as by others which may be built, such as a Quebec and maritimes pipeline, a project which the first ministers endorsed for early application at their meeting last week, a pipeline could carry gas from the Mackenzie all the way to Halifax, a pipeline which could be reversed so that if significant finds of natural gas were proved off Sable Island or off the Labrador shore—

An hon. Member: That's more like it.

Mr. Gillespie: —liquefied natural gas from the High Arctic could be brought into Canso, or Lorneterm at Saint John, for instance, and that gas could be moved back, and the pipeline would be forging a new band of steel across the country. But before this can happen there has to be an assurance of supply. A bubble is not enough. That is why this bill addresses itself to the most important aspect which we are considering, the reduction of our reliance on imported oil.

But some hon. members might still say: Surely Alberta has all the gas we need; why go up to the Mackenzie? In the report of the National Energy Board tabled today by my colleague, the President of the Privy Council (Mr. MacEachen), we find this reference to the pipeline on page seven:

● (1542)

While recognizing that there has been continuing exploration success in the western Canadian sedimentary basin since the time of the board's report, it is the board's expectation that a detailed review of gas supply and demand in Canada, which will undoubtedly be undertaken within the next year, will still indicate a need for the Dempster lateral prior to 1990.

The words "prior to 1990" are tied in to the question of the 48-inch low pressure pipe which was raised by certain members of the technical team on the U.S. side. My answer is that we cannot rely solely on Alberta. We have to distinguish between a long term deliverability shortage and a short term deliverability surplus. I should expand on those two particular distinctions.

First, I should like to comment on the long term outlook. Alberta has sufficient long term deliverability to satisfy current levels of Canadian consumption, plus small levels of demand growth, but only until the mid-1980's. Our most recent estimates suggest that with modest increases in the share taken by natural gas, long term deliverability from Alberta will only be sufficient to meet demand until the mid-1980's. With luck, the results of the intense drilling now taking place in Alberta will enable us to extend this date by a few years, but not by much.

Even Alberta's resources are finite. The new discoveries being made there are similar to the oil and gas discoveries being made elsewhere in the world. The pools are smaller; they are harder to find; and recovery is more costly. These facts only serve to confirm the belief that the long term availability of gas is still very much in doubt. This is one of the basic constraints that is at present inhibiting the expansion of gas markets in eastern Canada. It is one of the basic reasons why substitution of natural gas for oil is not taking place at a rate that would be consistent with Canada's long term interests.

This fundamental point is often missed, however, because of the second phenomenon now being experienced in Alberta; a short term deliverability surplus. Alberta could now supply, for a five or six year period, more gas than is required to meet Canadian and current export needs. This is why several proposals have been made to increase gas exports to the U.S. on a swap basis.

This short term deliverability surplus should not obscure the basic facts, however. Canada still does not have enough gas to meet its long term needs, where "need" is here defined so as to include a rapidly increasing market share for natural gas. The current rates of discovery in Alberta are certainly encouraging, and it would indeed be fortunate if large, new accumulations proved up in Canada's western basin. But I do not think we can afford to take such a gamble. We cannot afford to say we are sure that these reserves will be proved up. It is quite clear that we need to develop other gas producing areas in Canada as well, and we have to take advantage of every opportunity we have in this country. The Mackenzie Delta-Beaufort Sea region is one such area of large new potential, and Canadians simply cannot afford to ignore it. Access to the gas in the Mackenzie-Beaufort is crucial to Canada's energy future. It is for this reason that I urge an early passage of the bill now before us.

The Alaska highway project will provide Canada with much more than employment and industrial benefits. It will also play a key role in the attainment of our long term energy objectives.

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, I am pleased to give my support to this historic piece of legislation. It offers tremendous economic potential for Canada as a whole, including my constituency of Hamilton Mountain and the Hamilton area.

Some hon. Members: Hear, hear!

Mr. MacFarlane: A pipeline would involve 2,000 miles, requiring about 1.3 million tons of steel. The money involved would be about $800 million. It would require about 4,000 man-years to make the steel plate and employ 675 people for four years to turn it into pipe. These are rough figures, but they are very important in my area.

No one can really estimate the demands that would be generated by the increased production of turbines, trucks, housing, etc., associated with a pipeline.

The basic steel and pipe making jobs might be divided between Stelco, Algoma Steel and Ipsco. We are talking about a $700 million order with Arctic gas, and of course we expect to figure strongly in that, perhaps one million tons for the Hamilton and Welland plants—approximately 3,000 man-years in Hamilton plus several hundred man-years in Welland. Ipsco would probably get the rest in its Regina and Edmonton plants. Dofasco, which would be involved in lighter gauge steel, could not expect that kind of production, but any spin-offs in the auto industry and other industries would benefit. Estimates indicate that at least 100 jobs will be created as a result of the spin-off benefit. All of this is a guessing game, but, after all, it is guessing in the right direction. It is guessing and, I hope, working toward a bright new future and toward a technology of which Canada could have command. As we all know, if we ourselves can be involved in the development of that technology, that is where the jobs are. Also the jobs are in the new technology which produces new jobs which the rest of the world can observe.

In addition to the production of pipe for the main lines, there are the 300,000 tons which would be needed for the Dempster. Once Canadian gas was being brought on stream, another 900,000 tons would be needed to expand or loop the TransCanada pipeline. All this depends on the building of the Dempster.

In addition, there is Westinghouse to consider in my area. At least one of their turbines would be used in the pipeline. This is important as a stimulus to Westinghouse overseas sales where difficulties are created by the fact that there are no demonstration projects of its highly efficient equipment in Canada. Even Canadians are overly influenced by foreign technology.

Approximately 90 gas turbines will be needed for the pipeline. Each turbine order Westinghouse receives means about

60 man-years for the company in Hamilton. These figures are conservatively estimated but they are very important. When you argue about the pipeline, you should realize that the Deputy Prime Minister and President of Privy Council (Mr. MacEachen) is working on behalf of all Canadians. Indeed, it is very appropriate that a man from Cape Breton should be the one who is involved in this, with his negotiating ability, and his ability to talk with a foreign power such as the United States and to discuss with them terms which would achieve an agreement.

Let me say a few words now about job guarantees. We hear much said about job guarantees. Stelco and the rest of the Canadian steel industry want to compete on a purely business like basis. So long as the government enforces anti-dumping regulations and watches out for steel producers from other countries who receive substantial government subsidies, Stelco believes it will get the lion's share of the pipe order. In fact job guarantees can hurt our steel firms since other countries will retaliate with similar guarantees on their projects, thus depriving efficient Hamilton steel firms of the chance to secure international contracts. Stelco and the other Canadian firms want the business, but they want it because they deserve it in terms of service, price, and quality.

Stelco believes in the free enterprise system. It has never said that the pipe must be produced in Canada no matter how high the price. The steel firms are efficient, and the competition for the order, plus the increased production resulting from it, will make them even more so. Surely that is one of the goals of our evolving industrial strategy. I know my comments are narrow, very limited to the Hamilton area. But, after all, that is one of my privileges in representing my constituency, as other hon. members represent theirs. That is not to say that in the larger sense we do not all have a great deal more to say to the rest of Canada and to each other when thinking of the total Canadian situation, but we should not forget that it is important for us in our areas and in our ridings to talk definitely of the benefits that can come from any Canadian project to us, and particularly to our people.

● (1552)

This bill was not developed overnight; it is the culmination of many studies by numerous private sector interests as well as government related bodies. It has been known for years that oil and gas reserves were located in the Arctic. In the 1920's oil wells were drilled at Norman Wells and a U.S. navy petroleum reserve was established in Alaska. However, the remoteness of the area discouraged development in favour of more accessible reserves.

The latest interest in the Arctic occurred following the 1968 discovery by the United States of major oil and gas reserves in the Prudhoe Bay area of Alaska. Interest grew rapidly as the easily tapable reserves ran low. Actually, a year earlier, in 1967, the northwest project study group was formed, and in 1972 it became part of Canadian Arctic Gas Pipeline Limited.

Exploration, production, and transmission companies formed study groups to examine various routes and technologies involving Prudhoe Bay and the Mackenzie Valley. The federal government as early as 1970 established pipeline guidelines for establishment of a pipeline corridor for oil and gas transmission. It was almost four years ago, in March, 1974, when Chief Justice Berger was appointed to investigate the environmental and social impacts of a Mackenzie Valley pipeline route as proposed by Canadian Arctic Gas.

The National Energy Board held hearings for over a year, from April, 1976, to May, 1977, to consider a northern pipeline to supply U.S. gas to Americans and Canadian gas to Canadians. In July of last year the NEB favoured the Foothills or Yukon Limited proposal along the Alaska Highway with some re-routing and other conditions. It is this proposal which we are considering now, one that is also known as the Alaska Highway project and the Alcan route.

Meanwhile, the Berger Report recommended a ten-year moratorium on a Mackenzie Valley pipeline, and the Lysyk Report concluded that undesirable social and economic consequences could be kept within acceptable limits through several key conditions. Therefore I believe the government has had the pipeline proposal thoroughly studied and has followed closely the various recommendations made. This pipeline route is cheaper, quicker, and will have less environmental impact than the El Paso tanker proposal which the Americans might have undertaken had we not approved the joint line.

The National Energy Board sees Delta gas as the lowest cost new large source of energy over the period 1980 and onward. It considers the environmental and social problems of the Foothills proposal solvable due to the existing transportation corridor, and the National Energy Board points to the key factors of majority Canadian control, no government back stopping, and an accessible construction and supply route.

The figures as to manpower requirements, size, and economic impact are most astounding. It is estimated that, directly and indirectly, the pipeline development will create 100,000 man-years of employment. This includes about 28,000 man-years for construction and 40,000 man-years to manufacturers. The objective—

An hon. Member: That does not mean too much to the million who are unemployed.

Mr. MacFarlane: I did hear one remark, but I do not like to reply when I am reading figures. I am really an arts man and not quite as adept as many others in amassing a great number of figures, but in reply to that interruption about the one million unemployed let me say I always remember the beggar who said "You only dropped a penny but I appreciate it because nobody else dropped anything". I do not think I should knock the jobs that might be created because of the fact people are unemployed. I hope we can create more and more and more, but surely we should not knock the jobs that might be created through the 100,000 man-years.

The project involves construction of 2,765 miles of pipeline in Canada, slightly more than one half of the total of 5,487 miles. Cost of construction in Canada is estimated at $4.2

billion, excluding the Dempster lateral, or almost one half of the $10 billion estimated total cost of the pipeline.

The government is not rushing into this enormous project, yet is placing all urgency on keeping a tentative schedule of construction commencement in 1980-81 in northern B.C. and the Yukon, together with a start on pipeline laying in the Yukon by January, 1981. The beginning of operations is expected by January, 1983.

I am saying, coming from my area and thinking of the jobs the hon. member opposite mentioned, it is not too soon to start immediately building stockpiles. I say that knowing my voice will be listened to and considered by as honourable a man as the Deputy Prime Minister, who is concerned about Canadians. Let us start the stockpiles as soon as possible, let us start the storehouses of pipes because we need them all across the country so that we will have the pipe when we commence the pipeline.

It is significant to note that a northern pipeline agency is to be created to maximize economic benefits and minimize social and environmental impacts. Legislative powers now exercised by several other governmental departments and agencies will be transferred to the northern pipeline agency in order to create a single regulatory authority over this project. Designs, specifications, and routing will be subject to approval by this federal agency.

I will not repeat in detail the administrative plans which include a designated officer and a deputy head in Ottawa, together with an administrator in Calgary responsible for day-to-day operations. Foothills (Yukon) is required to cover the cost of this agency and the National Energy Board planning and overseeing until one year after project completion. The minister responsible for the project will be undertaking consultations with the United States, the provinces and the territories in Canada concerned, in order to co-ordinate all aspects of this project. An immediate appeal procedure will be provided through the Federal Court of Appeal.

Companies involved in the project will be required to provide extensive information on such matters as cost, financing, and shipper producer contracts. In the words of the Deputy Prime Minister, "the effort will be to maximize Canadian input and also look after the critical interest of Canadian gas consumers in seeing that the pipeline is built as efficiently and cheaply as possible".

Indeed, consumers in Canada will have a relatively greater stake in the pipeline than their American counterparts. By the mid-1980's Arctic gas will supply about 10 per cent of our domestic needs while Alaska gas will supply only about 5 per cent of the United States needs.

There is ample provision in the legislation to protect the interests of the Yukon. The territory will receive up to $200 million against future tax liability, and $35 million in property taxes before completion of the project. In addition, Foothills will be required to spend up to $5 million for lateral lines to supply gas to areas along the route. Preference will be given to Yukon residents in training and hiring for construction and operation of the pipeline.

Access to Mackenzie Delta reserves provided for in this legislation is an important part of our national strategy. Provisions in the bill call for the lateral to be ready to go when the need arises to draw on this frontier gas. The pipeline should provide a strong stimulus to further exploration in this area.

I must note that Canada and the United States, through this pipeline agreement, already overwhelmingly approved by the U.S. Congress, have joined in one of the largest private projects ever undertaken to satisfy the pressing energy needs of consumers of both countries. This, we all hope, will be the basis of further co-operation between the United States and Canada.

If there were no agreement with the United States on this pipeline it is unlikely there would be any opportunity in the future for us to gain access to Delta gas reserves. As my colleague, the President of Privy Council, said, the pipeline project will provide a "substantial stimulus to Canadian production and employment and assist in the achievement of Canada's national goal of energy self-reliance."

This will give Canadian personnel and suppliers full opportunity to compete in goods and services for the construction of the project. It should provide a needed boost to consumer and business confidence in both Canada and the United States. Our balance of payments position will get support through capital inflows to this country and tariffs on American gas transported through the Canadian system.

● (1602)

Canadian companies sought no monopoly, as would have been inherent in a guaranteed percentage of Canadian content. As the Deputy Prime Minister said, we have in this country highly developed companies in these fields that have requested no more than a fair and competitive opportunity to participate in the supply of goods and services for the pipeline.

I should like to echo the comments of the hon. member for Welland (Mr. Railton) when he indicated that we should build this pipeline cheaply, efficiently, and make certain there are no unnecessary delays. In today's economy, delays cost dearly, considering what inflation can do to the construction dollar. The hon. member for Welland also indicated that Canadian companies are not worried about the thickness of the pipe, or about its diameter and whether it is high or low pressure. We should get on with this debate, without undue attention being paid to needless haranguing.

We have shown that our friends to the south are indeed our friends. We have shown that we have the kind of person who can deal in a foreign affairs manner not only with the President of the United States but with many of his representatives. It is a proud moment for me, representing the riding of Hamilton Mountain, to stand with the Deputy Prime Minister, a man from Cape Breton, who has stood so strongly for Canadians and who is now able to bring forward a proposal in a bill which will produce many, many jobs for Canadians in the future.

Some hon. Members: Hear, hear!

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, the speech of the hon. member for Hamilton Mountain (Mr. MacFarlane) represents a change of view from his first public utterances about the capabilities of the Canadian steel industry. It struck me as strange when he publicly announced that the Canadian steel industry did not have the capacity to build the pipe. Earlier he admitted to being an arts man and uncomfortable with numbers. One would think by osmosis he would come to realize the Canadian steel industry is at the technological forefront of the world. As a general rule, Canada is far more advanced than most of its competitor nations.

Given the situation where governments do not become involved in oddball ways in subsidies and so forth, there should be no great fear that the Canadian steel industry cannot compete under normal market circumstances. I am pleased the hon. member for Hamilton Mountain now realizes the error of his ways and has corrected himself.

I regret that the Minister of Energy, Mines and Resources (Mr. Gillespie) did not remain in the Chamber after making his remarks. He offered his impressions to the House as to the value of the pipeline, the reasons for the 56-inch pipe decision, and why the pipeline will be of benefit to Canada. He made a lot of observations which indicated that he has been reading the policies put forward by my party, as well as correcting his previous position. I see the minister for unemployment is chuckling. Perhaps he should read the last few publications of the Department of Energy, Mines and Resources, in particular the energy policy of 1973 and the energy strategy which followed. If he did so, he would notice a remarkable change in view from what the government published as a policy and what was articulated today. We welcome that change in view, but four years have been lost. Government members should have read our speeches earlier.

The Minister of Energy, Mines and Resources indicated that the pipeline would provide easier access to Delta gas. In view of uncertain world supplies, uncertain domestic supplies in southern Canada, uncertain political situations and so on, he indicated that it would be necessary to use that gas. I could not agree more. It is vitally important, but more important is the land use regulations, the royalty structures, the permit structures, and the licensing structures which will pertain to nothern Canadian lands under federal jurisdiction. Canada can have the most beautiful pipeline in the world, but it cannot deliver anything unless someone explores for stocks of oil and gas to fill the pipeline. That will not happen unless the government does something soon with respect to royalty structures in the Northwest Territories and the High Arctic.

The royalty regulations which were brought in by the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) were kept in place until April, 1970. At that time the government withdrew them and indicated that it would be making changes. Approximately 7½ years later the government introduced a new set of regulations which are totally hopeless in terms of encouraging exploration. These were introduced last August through an order in council. If anyone makes a cursory examination of what is happening in the north he will find that exploration is tailing off substantially. The people of that region realize a pipeline company is coming, but exploration is not being increased by them because, under the present rules, it is not worth attempting to find oil and gas in the north.

The minister has indicated quite accurately that Canada needs oil and gas to satisfy its needs and to protect us from the vagaries and uncertainties of a world which is running short and is politically uncertain in some areas. When he makes that case he should realize that for anyone to have confidence in the government it is necessary to put rules and regulations in place which will encourage industry representatives to find oil and gas in the north.

I see the Minister of Energy, Mines and Resources is re-entering the Chamber. He seemed to state a new policy of the government, but it was previously articulated on this side of the House, namely, that the nation should pursue an energy policy of displacing the consumption of crude oil with natural gas.

Mr. Gillespie: Is that new to the hon. member?

Mr. Andre: I have just found out that the hon. minister has been reading the speeches of Conservative members. I am pleased to see a change of mind on the part of the minister. The minister had great confidence in the exploration activities taking place in southern Canada, and in particular in Alberta. He indicated that those activities were producing fair volumes of natural gas. He expressed the thought that we could not rely on that effort to produce all our gas requirements, and that we would need more from the High Arctic and offshore.

In his discussion of the so-called gas bubble in Alberta and the exploration effort there, the minister failed to acknowledge that many of the explorers are small Canadian companies, the so-called independents. These companies are without large cash flows from existing production. They raise their money to a large extent through new investment and, as such, do not have the capability of discovering reserves of gas and leaving them for five, ten or 20 years, until such time as the market opens up so that they can sell them. In other words, they need cash flow from their discoveries in order to finance further exploration.

• (1612)

Waiting until 1983 or 1985 or beyond—until 1990—when Delta gas may be brought down to pursue this policy of replacement of natural gas and to work toward increasing the consumption of natural gas as opposed to crude oil, has the effect of denying these independents cash flow at this point in time when they are able to go out, and want to go out, to continue to explore and discover more gas. What I am leading up to is that if the minister felt, and was genuine in his feeling, that it is in our interest as a nation to pursue replacement of crude oil with natural gas, in other words, to increase the total proportion of national consumption of gas—we should be negotiating a swap arrangement with the United States right now or accelerating existing exports in order to provide these

small independents with cash flows so that they can maintain their current, aggressive exploration efforts.

I am absolutely convinced that these small independents need more cash flow. Let us remember that with a swap arrangement or an acceleration of existing exports we do not at all diminish our long term security position. We simply provide cash flow at this point to those who are demonstrably using it to find more gas, so in fact we increase our security by finding more natural gas. If it is government policy that Canadians will use more natural gas, this seems a logical and sensible extension, and I hope the minister will pursue that policy.

We hope Bill C-25 will eventually lead to the construction of this pipeline, but as we look back at the process involved, expressions like "horrendously expensive", "political sham", "world's largest poker game" and "hodge-podge" come to mind. When we look back at the whole process the overwhelming impression which is left is one of incredible size and magnitude. It has been an incredibly inefficient way to reach a decision. The costs have been staggering. Canadian Arctic Gas is estimated to have spent $130 million on its unsuccessful attempt to secure the right to bring Prudhoe gas to the United States border. It is estimated that the Foothills group spent about $40 million. If we add up all the money spent by the National Energy Board, the Berger Commission, the Lysyk Commission, and internal government operations, it is not unreasonable to come up with a total of about $250 million in basically a non-productive exercise. Granted, some money was spent on accumulating engineering knowledge which will be used in the pipeline project, but only a small portion. The remainder was spent just on reaching this decision. If we had the same kind of decision-making process then as we do now, I wonder if we would ever have had the CPR.

There have been some suggestions, although they are abating these days, that the National Energy Board made a political decision as opposed to a technical or correct one. Frankly, I have read the documentation quite thoroughly and I find little evidence of that. I do not think such a position can be substantiated, but there is an extremely unfortunate perception of the integrity of the National Energy Board when we consider the way the decision was made. I hope that never again will we have in this country two or three separate boards or inquiries looking into the same question.

The government should be eternally thankful that the NEB did not make a recommendation contrary to the recommendation of Mr. Justice Berger because, if there had been two or more government commissions or boards making opposite decisions, the political chaos would have made life just a little uncomfortable. I wonder what discussions have taken place in the cabinet in this regard, and I wonder what decision-making process was involved.

We have had various ministers stating various things. One stated that no pipeline can be built until land claims are settled. Another stated that land claims settlements are quite a separate question and that one does not necessarily have to precede the other. In his speech on the resolution introduced by the Deputy Prime Minister (Mr. MacEachen) last August, my leader referred to what I think is an "Alice in Wonderland" attitude with regard to the decision-making process. My leader said the following:

> Mr. Justice Berger, having studied the Mackenzie Valley route, prefers the Alcan route, which he has not studied. The NEB, having studied Berger, recommends access to the Dempster route, which it has not studied. The Lysyk group, the third inquiry in a venture conceived, originally, to achieve Canadian access to the Canadian reserves, recommends a route which gives American access to American reserves, with the possibility of connection to Canadian reserves, assuming the viability of the Dempster connection, which nobody has studied.

The way which has been used to arrive at a decision is incredibly complex and bizarre. The only thing more bizarre is the way in which the Prime Minister (Mr. Trudeau) has assigned responsibility. One might describe the northern pipeline as a northern development project, yet the Minister of Indian Affairs and Northern Development (Mr. Faulkner) has not had any responsibility, nor did the previous minister, the current Minister of Consumer and Corporate Affairs (Mr. Allmand).

If it is not a northern project, it seems logical that it could be an energy project. Indeed the Minister of Energy, Mines and Resources did try to negotiate a pipeline treaty with the United States about two years ago. However, when the resolution of the House of Commons was passed and when the decision of the NEB came down and it was time for the government to sit down with our friends and neighbours, the Americans, to negotiate a pipeline treaty, it was not the Minister of Energy, Mines and Resources who participated. It was not the Secretary of State for External Affairs (Mr. Jamieson), even though international relations would normally come under his authority. It was not the Minister of Industry, Trade and Commerce (Mr. Horner), even though trade and commerce are related to this.

Mr. Knowles (Winnipeg North Centre): Did you want any of them?

Mr. Andre: It turned out to be the Deputy Prime Minister and President of Privy Council who, in the years I have been here, has never to my knowledge had anything to do or say with regard to energy or pipelines. Perhaps there is something magic in the background of a Cape Breton economics professor which makes him so superior to the other options available to the Prime Minister. Frankly, I wonder about the esteem of the Minister of Energy, Mines and Resources, the Minister of Indian Affairs and Northern Development, the Secretary of State for External Affairs and the Minister of Industry, Trade and Commerce that they would take this slap in the face from the Prime Minister, who clearly indicated he had no confidence in their abilities and turned to the Deputy Prime Minister and asked him to negotiate this treaty. The Prime Minister has treated his ministers shabbily. The Deputy Prime Minister has obviously taken that as an example to follow in the treatment he has given us in the House of Commons with regard to this bill.

As indicated by the hon. member for Yukon (Mr. Nielsen), there was no reason for this bill not to have been introduced in November or December. It was ready. Negotiations with the United States had been conducted. Nothing substantial has changed between then and now. Why has there been delay in bringing forward this bill, which we are now told is vitally important and must be passed quickly? One cannot help but speculate on the possibility that there may be some ulterior political motive in the mind of the Deputy Prime Minister. That is sad from a couple of points of view, sad that he would treat the House of Commons in that manner and sad that he would play politics with a project so important to the nation.

● (1622)

A further example of the lack of common decency shown by the Deputy Prime Minister is that when the bill was introduced the press release and background material which accompanied it were not made available to members of this House until a week later. That is either an example of sloppiness in the minister's office or of the disdain he feels toward the House of Commons. Perhaps he hoped to derive some political gain from this course.

Another example of disdain was the tabling of the National Energy Board's report regarding the size of pipe to be used at three o'clock today when, at 2:40 this afternoon, the Canadian Press had already issued a bulletin on the subject. In other words, the people of Canada knew the decision some minutes before this House knew it. If the minister has a genuine interest in working with members of the opposition so that the business of the country may proceed in an efficient manner, why did he show this lack of courtesy?

An hon. Member: Tradition.

Mr. Andre: I suppose it is tradition. They treat each other that way and perhaps feel they should treat us in the same way.

The Minister of Energy, Mines and Resources then read a prepared text dealing with the National Energy Board's recommendation. Again the House of Commons was relegated to a position of low priority by that minister. This hardly creates a mood conducive to the rapid conduct of business. One has to ask if it is a deliberate attempt by the government to create friction so that it can then go to the people claiming that it must get rid of the opposition and elect more Liberals in order that the country may be run more efficiently.

Some hon. Members: Hear, hear!

Mr. Andre: I see the Deputy Prime Minister nodding in agreement but I do not think that little sham will turn the attention of the people away from the performance of this government over the last ten years. We are not worried about the outcome of the election, whatever it may be. I am confident we will be given the responsibility of clearing up this mess within the next few months.

This is an important project for Canada and we want to co-operate. In August we agreed that the pipeline should go through, and we have not changed our view. Several members on this side have given details of things we would like to see modified in the bill. We hope there will be more flexibility and willingness to co-operate when it reaches committee than have yet been demonstrated by the government. We want to pass the bill with dispatch and efficiency and this is possible if there is a willingness to co-operate on the other side. If that is not the case, however, it may take some time for the bill to go through. That would be unfortunate for the country, but it would not be the fault of this side.

This project is important for the country psychologically, Mr. Speaker. It is a $10 billion project, but we must remember that the Canadian portion only amounts to $3.8 billion. It is not as complex, for example, as the Syncrude tar sands plant in terms of the technology, the construction and environmental impact. The hon. member for Hamilton-Mountain referred to exciting new technology but, Mr. Speaker, it is the oldest technology in the world. As a matter of fact, building pipelines is a simple engineering task, and Canada is probably one of the world's best at it. We can do it quickly, effectively, and more efficiently than any other country. We are also in the forefront of the communications industry, so to describe this as some big research and development project just is not correct. It is something that Canada has been doing well for a number of years and we have no need to be frightened of it.

A very small portion of the project will go into territory that has not had pipeline before, and that is the part in the Yukon. Northern British Columbia has all kinds of pipeline already so they know how to lay and maintain pipe. It is not a frontier in any sense of the word. Alberta has thousands of miles of pipe. Indeed, I think the hon. member for Medicine Hat (Mr. Hargrave) probably has more pipe running under his ranch than will be running in territory that has not been pipelined before. We have no need to be concerned about the magnitude of the project.

I wonder why the National Energy Board, or the Minister of Energy, Mines and Resources, or the President of Privy Council has not referred to the Energy Resources Conservation Board in Alberta or its equivalent in British Columbia for guidance on the operation and management of the project. Both provinces have thousands of miles of pipe. This would seem to be a good area for federal-provincial co-operation, and since these provinces already have the expertise, their help could mean a substantial saving in expenses.

A stimulus of $4 billion to the Canadian economy is of great importance but I want to point out, particularly to members of the New Democratic Party, that the money will not be spent primarily in British Columbia, Alberta, or even the Yukon. Most of it will be spent in the rest of the country.

Some years ago an economist at McGill University undertook a study of what happens to a dollar spent for oil exploration in Alberta. Some 65 cents of that dollar ended up in central Canada in the hands of suppliers, bankers, and transportation companies. That is from oil exploration only. For pipelining, the spread of money will be much larger. Out of that $4 billion a very large percentage will end up in other

regions of the country apart from where the pipeline itself is located. With co-operation for the government, the benefits of the pipeline could easily be expanded into Quebec and Atlantic Canada where there is a real need for jobs today. The government could help in locating suppliers, removing transportation bottlenecks and in acquainting producers and manufacturers and service operations with the opportunities; the government could bring together the contractors and the suppliers from Atlantic Canada and Quebec, and this could ease the serious unemployment problems they are experiencing.

● (1632)

The government could do a lot toward spreading the benefits of this project right across the country. That is what I would call positive government action. That is the sort of effort it should be directing itself toward now. It does not need legislation, or new hiring of hundreds of civil servants. It does not need to create new authorities or regulations. All that is required is for the Minister of Industry, Trade and Commerce and the Minister of Regional Economic Expansion (Mr. Lessard) to get to work and do their jobs. They can spread the wealth across the country.

Another aspect of this project I will just touch on because it will be discussed in greater detail by my friend, the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton). I am sure the Deputy Prime Minister and the Minister of Energy, Mines and Resources have heard of the proposal from this party to provide an opportunity to Canadians to participate in the equity position of this pipeline. It will be a good investment. There has never been any pipeline which has lost money. However, that is not to say pipelines are free from risks, they are not.

Who will have the chance to invest in this venture? Clearly the Foothills and AGTL group have put a lot of money into this project and they deserve an opportunity to participate. If other people are to be given an opportunity to participate in the profits and equity position, to whom should it be given? Our proposal, as the hon. member for Qu'Appelle-Moose Mountain will point out, is that all Canadians should be given that opportunity as was the case in 1957 when the government of Alberta gave its citizens the opportunity to participate in the Alberta Gas Trunk Line shares when that company was formed.

In fact if members opposite would read my speech on February 2, an allotted day, they will see that this party is encouraging that kind of approach to be used in many activities. Instead of creating Crown corporations or granting special privileges to special groups, use the Alberta Gas Trunk Line model and let individual Canadians participate in the equity position.

The hon. member for Yukon in leading off our party's debate on this issue indicated the importance of parliamentary monitoring of the activities of the pipeline authority. One aspect of this bill troubles me. That is the discretionary authority given to government. It is a typical theme which is included in a lot of legislation put forward by this government. We find it offensive in general for governments to ask parliament to give them discretionary authority to do whatever they want. It is a principle which the government applies far too frequently. It may be too late to do anything in this regard now, but one of the checks we can impose is that of parliamentary monitoring of what is happening. It is an after the fact method, that through knowledge the activities of government will be exposed to the light of day through a parliamentary committee. We feel that it will provide a control on potential abuses or misuses of the power we will be granting by the passage of this bill. We strongly recommend that when this bill goes to committee the government give favourable consideration to our amendments in this regard.

We do not intend to delay this bill, Mr. Speaker. We think the project is important and we think it will have tremendous advantage to Canada. It is important to Canada's long term energy situation. The process the government used in coming to this point was abysmal, to say the least. It was extremely costly and chaotic. It took it a long time to arrive at this juncture. We do not quite understand how the Prime Minister could have an energy minister and yet not allow that minister to have anything to do with the largest energy project that this country has ever undertaken. We cannot understand why an energy minister would take that slap in the face and not resign.

Finally, I take off my MP's hat and put on my chemical engineer's ring and talk about a 56-inch pipeline. I cannot see how the National Energy Board could have arrived at any other decision. Once they had decided on capacities, the size was dictated. To have gone to a higher pressure pipeline would have represented a step out in terms of technology that had too many risks associated with it. The problem, in my opinion as an engineer, is less pipe than it is everything else—valves, fittings, compressors. I am sure we can build a pipe, weld it and install it, a pipe which will withstand those kinds of pressures. We do not know how much extra precautions would be necessary and therefore costs might escalate. There are always unforeseen costs in making that kind of technological advance.

Frankly, as an engineer, what would have scared me most of all in choosing these very high pressure pipes was the questions of valves, compressors, etc. This is especially so in the northern sectors where there are extreme climate changes. It is difficult to have equipment that will operate properly even under moderate situations. When you experience great temperature changes and a technological step like that is made to very high pressures, the risks are inordinate.

The 56-inch size pipe, of course, is based on a decision to provide now for the capacity to bring down Delta gas through the Dempster line. Having made that decision there is no reason for any delay in proceeding with the study of the Dempster Highway connection to the Mackenzie Delta. If you are installing 56-inch pipe it is because you expect the Dempster lateral to be built. They follow one after another. It would be stupid to instal 56-inch pipe if there was a significant possibility that the Dempster lateral would not be built. Money would be wasted. By adopting a 56-inch pipe the government is

saying the Dempster lateral has a very high probability of being built. If that is the case let it come out and say it, and we can proceed with the necessary studies and analyses to make sure the time lag between now and when it is built, with the costs involved, and disruption, are less significant than they have been in this instance.

● (1642)

Mr. Wally Firth (Northwest Territories): Mr. Speaker, I am pleased to take part in this debate. I wish to make a few comments on Bill C-25 for the building of the Alcan pipeline. It will be the largest and costliest in the history of this country and will have far reaching implications, particularly for those in the north, far reaching, socially, politically, economically, and environmentally.

My colleagues in the New Democratic Party have raised a number of very serious issues in this debate. I join with them in stating that, as the pipeline legislation now stands, this project will be one of the biggest sellouts in our history. If that happens to be the case, there are not many of us here today who will be proud to have been a part of allowing that to happen.

A great deal has been said during the debate on the economic aspects of building the pipeline. I strongly support the criticisms of the legislation that have been made by my colleagues. I am not happy that the government has introduced this bill at this time as it offers no guarantee that this project will generate jobs for Canadian workers. I say this particularly in view of the fact that there are now over one million people in this country who are unemployed.

There is only one guarantee in the legislation. That is that within a few years time a pipeline will run through Canada moving American gas to American markets. As the bill now stands, that is the only guarantee.

Leaving aside the economic issues for a moment, I wish to address a few remarks to the human aspects of this legislation. This area of concern has received very little attention. The government seems to have overlooked this important fact. I refer to those who live along the proposed route in the Yukon, northern British Columbia and northern Alberta. They are the ones who will bear the brunt of this project both during and after construction.

I do not know how to get this fact across to the government. Following their planned show in Alberta in March of this year, perhaps it would help if the Prime Minister (Mr. Trudeau) and his travelling cabinet visited Whitehorse and other parts of the Yukon. In any event, the lives of those in that part of the country will be very deeply affected by the building of this pipeline.

The impact on the local economy will be disruptive and lasting. How will the people of the Yukon minimize the adverse effects of the project on the people themselves and the economy as it is now?

There is no way the Alcan pipeline can be justified in terms of benefit to the local economy. It cannot be justified in terms of benefits it will bring to people of the Yukon. It appears the Yukon communities will not even benefit from cheap fuel supplies as a result of the pipeline. There will be the same situation as occurred in Alaska. That pipeline brought Alaskan gas past the doorsteps of people who paid very high rates for fuel to heat their homes. It was exported to the lower 48 and they had to buy it back. That is exactly what will happen to the Yukon.

The Foothills construction schedule calls for roughly 2,000 or more workers to be employed on pipeline construction during the peak period, and the majority of these workers will come from outside the Yukon. Although the Yukon Territorial government is making some preparations to see that Yukoners will be hired for work on the project, the job situation remains in a shaky position. We have no real guarantees that Yukoners will be given preference in hiring. The skilled construction workers necessary for pipeline work do not exist in the Yukon and Northwest Territories.

All we have is a statement by the Minister of Employment and Immigration (Mr. Cullen) that he expects arrangements will be made with the pipeline companies to have interested Yukon residents sent out for training and experience on pipeline jobs. This is definitely not the kind of guarantee on which people in the Yukon and Northwest Territories, especially in the western Arctic along the Mackenzie Valley, can rely.

Furthermore, it seems very unrealistic that the companies are going to lay off skilled pipeline workers who have been involved in the project in the southern section in British Columbia and Alberta when they reach the Yukon border because of some definition which states that these workers are not sourdoughs.

There are no guarantees that Yukon workers will have first crack at pipeline jobs. The government has not said how it plans to enforce any regulations that will guarantee jobs to people in the Yukon and Northwest Territories. Nothing in the legislation is strong enough. If those in government have given this serious thought since debate on this bill started, perhaps we will hear about that today or within the next few days.

Yukon communities will have to accommodate the needs of in-migrants at considerable financial and social cost. Most of the workers will leave the Yukon when the project is finished. We have seen that happen time and again. It happened with the building of DEW line sites, the town of Inuvik, and the building of a few gravel highways. What was left behind was usually not good.

During construction of the Alyeska pipeline in Alaska, the influx of people led to the disruption of local economies, an increased demand for government and commercial services, and a rate of inflation that was double the United States rate of inflation at the time the pipeline was built. There is no sensible reason to suggest that the Yukon experience will be any different.

Surely we have something to learn from the Alaskan experience. During the period of pipeline construction several important changes occurred in the city of Fairbanks, for example.

This affected drastically the lives of the local people. Unemployment rose, prices went up, nearly one half the work force suffered a loss of real income, taxes increased, and inflation went crazy.

● (1652)

Migration into a community causes serious shortages. There is an increased demand for services, utilities, and commodities, not excluding housing. This is what the people of Whitehorse, one of the largest communities along the route of the proposed pipeline, have to look forward to now. There is no way in which one can justify the building of the pipeline in terms of benefits it will bring to people of the north.

The Lysyk inquiry clearly stated:

The Foothills project relative to the Yukon economy is at least comparable to the size of the Alyeska pipeline in relation to the Alaskan economy.

Is this what the government has in mind for the people of the Yukon—higher prices, unemployment, and a drop in real income? For example, public service accounts for between 25 and 30 per cent of the Yukon work force. Public servants have endured the inflation of recent years. They have been obliged to pay steadily increasing rents because no rent controls were enacted in the Yukon, even after the formation of the Anti-Inflation Board. Now public servants may be left out in the cold, their wages frozen despite the rapid inflation we can expect in the local economy during the construction period.

Evidence before the Lysyk inquiry suggested that a significant increase in the cost of living in the Yukon could be expected while wage increases would not be uniform. This was the experience in the Fairbanks area of Alaska. Incidentally, I understand that banks, police forces, and even schools were affected by the project. People left their jobs to take on temporary work at higher pay. Police forces lost some of their men who preferred to take on jobs as security officers along the route. This is not the kind of thing which brings long lasting benefit to an area.

There is only one Canadian city where the cost of living is higher than in Whitehorse and that is Yellowknife in the Northwest Territories. However, it seems the people of Yellowknife can expect to lose that dubious distinction because the hon. member for Yukon (Mr. Nielsen) and his collegues seem determined to ensure that Whitehorse experiences the highest cost of living in Canada; he and his party want this legislation even more than do members on the government side of the House.

So far I have not mentioned the social problems. We shall be facing many of these in the building of this pipeline. It is inevitable that social problems will accompany high unemployment, a loss of real income, increased abuse of alcohol, increased drug abuse, prostitution, family breakdown, mental strain and, most probably, increased criminal activity resulting from in-migration into the Yukon.

Health, social and educational services will be strained to the breaking point and beyond. Most of these services are already strained to the limits of their capacity. Government services will expand, and the people of the Yukon will end up paying for them. During the construction of the Alaska Highway the Yukon witnessed the effect of the migration of some 30,000 people. One presentation to the Lysyk inquiry estimated that as many as 30,000 people could be drawn into the Yukon during the peak period of pipeline construction. Whitehorse still bears traces of the planning problems which were encountered as a result of the building of the Alaska Highway some 30 years ago.

Today, Whitehorse is a city of some 12,000 people. I remember when they extended the boundaries. They boasted about being one of the largest cities, in area, in Canada. Whitehorse has an area of about 162 square miles, and the operation and maintenance of services in such an area require considerable expenditure. So services will be strained to their limit, or beyond, during the peak period of the building of the pipeline.

I have mentioned the Lysyk inquiry several times. I should now like to ask this question: what has happened to the recommendations of that inquiry? In the short space of just three months the commission was able to respond quite effectively to the concern of those living in the Yukon by putting forward a number of specific recommendations. First, what happened to the undertaking to hold a second stage inquiry? I would remind the government that the native people and the environmental groups took part in that inquiry on condition that there would be a further investigation, a second stage inquiry. The government promised that such an inquiry would be forthcoming, bearing in mind that Lysyk had only three months in which to do his work.

May I call it five o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Grenville-Carleton (Mr. Baker)—Finance—Relocation of civil servants—Effect on economy of Ottawa area; the hon. member for Madawaska-Victoria (Mr. Corbin)—Agriculture—potato action committee—Progress report on study; the hon. member for Provencher (Mr. Epp)—External Affairs—Roseau River project—Violation of Boundary Waters treaty—Government position.

It being five o'clock p.m. the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

Western Canada Development Centre

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): Order No. 4, the hon. member for Ottawa West (Mr. Francis). Stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Order No. 5, the hon. member for Egmont (Mr. MacDonald). Shall the item stand by unanimous consent?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): Order No. 11, the hon. member for Don Valley (Mr. Gillies). Shall the item stand by unanimous consent?

Some hon. Members: Agreed.

* * *

● (1702)

WESTERN CANADA DEVELOPMENT CENTRE

SUGGESTED DATA COLLECTION AND MONITORING AGENCY

Mr. Douglas Roche (Edmonton-Strathcona) moved:

That, in the opinion of this House, the government should consider the advisability of establishing a western Canada development centre to assemble and monitor, on a continuing basis, data concerning energy, construction, transportation, investment, housing, education and population as the basis for federal and provincial government policies to ensure integrated economic and social development in western Canada; such centre to be funded by a partnership of the federal, western provincial and northern governments and business, labour and academic bodies, who would prepare an annual report and public conference on growth in western Canada.

He said: Mr. Speaker, the focus of my address this afternoon in this private members' hour is on improving the quality of life in western Canada, not just the quantity. The new west contains within its vast areas perhaps the highest potential for personal fulfilment the world has ever known, provided we find a way to integrate economic and social planning to make a more human society.

When I use the phrase "new west", I mean the four western provinces, the Yukon, the Northwest Territories, a region that covers 70 per cent of the total land area of Canada and has a population of six million, or 27 per cent of the population of Canada as a whole. Here is found 80 per cent of Canadian farmland, more than half the merchantable timber, and almost all the proven economic reserves and potential resources of oil and gas.

By now everyone has heard that the new west has taken off on an economic boom so strong that the financial centre of gravity in Canada is moving westward. The list of construction projects is dazzling. They involve the $10 billion Alcan gas pipeline, which the House is now debating, the largest private construction project in history; the $2.15 billion Syncrude plant at Fort McMurray, now almost ready to start oil sands production; the $2.5 billion steam injection oil sands plant to be built at Cold Lake; huge coal and uranium mining projects, and petrochemical plants.

These energy projects are truly spectacular, but the new west is more than a storehouse of mineral resources. It has an enormous food production capacity, an unlimited supply of fresh water, and growing entrepreneurial and management skills. The benefits are already felt throughout British Columbia, Alberta, Saskatchewan and Manitoba where the gross provincial product for the four provinces in 1976 was $8,850 per capita, which exceeded the Ontario and Quebec per capita of $8,280.

It is clear that the economic balance of power in Canada has shifted. We have the resources, the technology, the talent, and the money to keep expanding. The Alberta Heritage Fund has accumulated nearly $3 billion and will soon be growing at the rate of $1 billion a year. The new west is an attractive investment, and thus we are emerging as the principal economic force in Canada. In fact the strength of Canada as a whole now depends on the west. Last fall's *Financial Post* conference on western Canadian development, "Think West", was well named.

Western development is all the more remarkable considering that national economic policies have always been directed to the benefit of central Canada. The development of federally assisted petrochemical plants in the industrial heartland of Ontario, rather than policies directed toward upgrading at the source, is but one example. Inequitable freight rates have been a longstanding sore in western Canada.

Our resources in energy have enabled the west to emerge, but the new wealth will prove fleeting if industrial diversification does not follow. The west needs more industrial and processing diversity to upgrade and add value to its rich agricultural and resource base, to provide permanent jobs and business stability, to avoid vulnerability to big-project boom-or-bust cycles and the growing instability of farm and other primary product prices. This is why Alberta's premier, Peter Lougheed, is now calling for a new national economic policy involving "co-operative federalism in the fullest sense of mutually agreed upon economic policy and direction".

The idea of co-operation is well understood in western Canada. Indeed the western provinces have found sufficient common ground on which to base a lasting environment for strong co-operation and collaboration. The most prominent rallying point among the western provinces which sparks this co-operative spirit is our desire to pursue the economic destiny which we feel is ours. By having the opportunity to develop to our fullest potential, the western provinces feel this is the manner in which we can make the maximum contribution to Confederation.

Reviewing the history of western provincial co-operation, Dr. Gerry T. Gartner has written in *Canadian Public Administration* that it is becoming increasingly more difficult for a single province to muster the resources necessary to research, plan, and develop policies and programs. "To some

extent, western provincial co-operation is a creature of necessity".

As far back as the first meeting of the prairie economic council in 1965, the western governments have seen the benefits of co-ordinating economic development policies on a regional basis. The one prairie province conference in Lethbridge in 1970 focused on wide constitutional, political, social, economic, and regional development issues. When the Western Economic Opportunities Conference was held in 1973 the west was ready to present Ottawa with a single regional position on agricultural, energy, and transportation policies that transcended their diverse political ideologies.

The Western Economic Opportunities Conference was not, of course, a flaming political, or economic, success. But it showed westerners themselves, as well as Ottawa, the shared common interests in the west. All four provinces want greater interprovincial trade and a larger role in Canada's export of manufactured goods. They want an efficient, economic, and stable grain handling and shipping system. They want a shared power of determination in federal-provincial cost-sharing programs. Undoubtedly the future of Canadian federalism will depend, in large part, on the resolution of these problems which threaten national unity.

Because of gains through co-operative economic analysis, it is distressing to note that similar progress has not been made on issues that have a social theme. Dr. Gartner and other analysts have concluded that the least effective co-operation is found in the social area: social policy, cultural policy, educational policy and justice. Topics such as social service costs, native problems, billingualism, school curriculum content, and corrections and law reform have been discussed by the western premiers, but little in the way of co-operation has resulted. This is unfortunate because the spectacular economic growth of western Canada is obscuring deep social problems. The evidence is mounting to convince anyone who still needs convincing that economic growth alone does not make a healthy or beneficial society.

Consider just the situation in Alberta which is the cutting edge of western growth. In 1976 Alberta led the nation in the rate of both drugs and sexual offences and in violent crimes. Drug offences jumped 55.8 per cent over the preceding year. The rate of sexual offences, 60.57 per 100,000 population, was well above the national rate of 46.07.

Social problems are by no means confined to the criminal element. Though Alberta is one of the most blessed spots in the whole world, the divorce, alcoholism, abortion, and suicide rates are the highest in the country. There is discrimination against native peoples. Welfare rolls have soared. Major transportation bottlenecks have occurred in Edmonton and Calgary. Real estate prices and rentals have risen at unconscionable rates. Farmers are alarmed at the rate at which prime farmland is being gobbled up by housing and industrial developments. There is a desperate shortage of accommodation for senior citizens. Four thousand people a month are migrating to Alberta in search of jobs; and because the western boom is principally technological, not labor-intensive, many unskilled and semi-skilled remain unemployed, thus swelling the demand for social services.

● (1712)

In the midst of boom, there is not enough money for social services. What a paradox! Is it any wonder that family breakdown has become the most serious social problem of our time despite new-found wealth? As the *Edmonton Journal* drily observed:

> We have not been very successful in coping with the negative aspects of economic growth.

It is imperative that we upgrade the quality of life in western Canada by more attention to the social factors affected by economic boom. The problem is not wealth; the problem is people: people being increasingly excluded from what should be the real benefits of wealth while a few are increasingly favored. It is undeniable that people in all walks of life feel excluded from work, from status, from identity, from meaningful living.

When I talk about "quality of life" I am not talking about some vague comfort. I mean those areas that are regarded internationally as social indicators of the quality of life: health, individual development through learning, employment and quality of working life, leisure, command over goods and services, physical environment, personal safety and the administration of justice, and social opportunity and equality.

In the development of Canada so far, the accent necessarily has been on building and growth. Our success has been measured in the production of goods and services. But the conditions of modern society have changed dramatically in the past few years as a result of the technological and cultural explosions. Technology has brought many benefits—communications and transportation are just two examples—but it has also been a chief source of anxiety and spreading frustration that characterize modern life. The acquisition of more goods has not by itself made us a happier people.

Affluence makes sense only if it leads to increased social justice and personal fulfilment. In this way economic growth may become a means to the end of an enhanced quality of life. We are not without human concern in our institutions including this one, but we frequently express it in the wrong way. We add on humanizing factors to public policy rather than starting from the base of the human being, his rights and dignity. Our social security policies in pensions and unemployment insurance allocations are a prime example of this "adding on" humanization. In other words, we create a system which generates casualties and then add on another huge system to compensate the casualties.

These disorders stem from a distortion of values. The value of the human being is measured by his ability to buy, and hence consume. Those who are materially poor have failed. Measuring the worth of persons by their income level and buying power encourages social discrimination that compounds that harm. A subtle discrimination segregates rich and poor in housing developments, schools, law enforcement and health care. It is easy to enunciate a clear principle of justice:

every member of the Canadian society has a right to a share of the national wealth sufficient to enable him to participate fully in society. But it is very difficult to put this principle into practice while there is so much public confusion and resentment of the present social security system.

A more human society in Western Canada cannot be brought about solely by the relentless march of technology any more than by unfettered individualism. It can only be brought about by an orderly co-operative approach in which the individual and special interest give way to public concern for the common good. As Harleigh B. Trecker points out in "Goals for Social Welfare", 1973-1993,

> The individual must be seen and understood in society in a much more complete way than in the past. The intervening act of helping must focus not only on the individual but on the interaction of the individual in his groups and in society. Many of the pressures on the individual are societal in origin and no amount of working on or with the individual alone can relieve these pressures. Society must be changed.

We have to begin somewhere. The new west, because it is a dynamic that will affect all of Canada, is the place to start. I am calling for the development of an independent organization that will not only analyze the economic factors of growth in the four western provinces and the north but will promote sound social policies. It must speak courageously of values and desirable social objectives, but remember that resources are not unlimited. It must remain non-partisan but skilled in the work of governments which have the final responsibility for public economic and social policy. The organization must have enough financial support to operate with a high degree of professional competence.

In short, the time has come to co-ordinate systematically all the data concerning energy, construction, agriculture, transportation, investment, housing, education and population so that a clear picture emerges of what is happening to society in western Canada. Then, as my motion proposes, this complete picture would serve as the basis for federal and provincial government policies to ensure integrated economic and social development in the west.

Here I wish to pay tribute to the Canada West Foundation, a small, independent group of business leaders formed four years ago in Calgary to conduct research programs into western problems and to stimulate greater public awareness of the future of the west. Headed by Arthur J. E. Child, President of Burns Foods Ltd., the Foundation concentrates on an orderly development of the resources of the west. It has so far completed eleven research projects and its study of the energy and mineral resources of Canada is the definitive work on the subject. In process now are studies on agriculture, water resources and coal. Valuable though it is, Canada West Foundation, as Mr. Child himself has described it, is "an elitist organization" because it is small and highly specialized. Nonetheless, it is not a closed organization and its executive director, L. A. Thorssen, recognizes that a wider approach is necessary for material and human development and says: a co-ordinated and well-planned, total Canadian strategy could provide all Canadians with an enhanced quality of life.

The aims of the organization I envisage are contained in the name I am proposing: a Western Canada Development Centre. For me the word development signifies not only things but persons. Development means not only acquisition but victory over social scourges; the growth of knowledge, an expression of culture. Development is a whole. It is an integral, value-loaded, cultural process. It encompasses the natural environment, social relations, education, production, consumption and well-being. The development I seek for western Canada is an integral humanism. This requires the involvement of business, churches, universities, ethnic groups, credit unions, social agencies and others.

● (1722)

I should like to refer to one example of a human problem looming in the west. An economic boom has traditionally meant jobs. The trek of the unemployed to the west is well under way, but the chief characteristic of the new boom is that it is capital intensive and not labour intensive.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member, but his allotted time has expired. He may continue with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Roche: Mr. Speaker, I thank hon. members for their co-operation. The major projects require more than $1 million of investment for each job created. Because of the boom, people are trekking west for jobs only to find that it is a capital intensive boom and not the kind which creates many permanent jobs. Construction jobs to start up resource extraction are short lived. No wonder the Alberta labour movement wants permanent secure jobs which will allow the work force to live the kind of meaningful, dignified, and orderly community life which we all have the full right to expect. I believe the answer to this problem is found in the housing construction industry, which is the greatest source of long term jobs.

Family formation and earning power are strong factors in the west. What is needed to stimulate the housing industry is better mortgage financing and more government action to make land available for housing. There is a joint responsibility of private enterprise and government to do an in depth assessment of the kind of industrial growth which will support future breadwinners and be good for family life. That is one example to indicate the integration between economic and social development. On one hand, the economic factors which have led to this boom are studied and, on the other hand, what the boom does to family life is studied, as well as what should be done to help family life achieve the true benefits of the boom.

In this new economic era the west will be challenged as never before to create secure jobs and to maintain stable communities. Public participation in the work of the Western Canada Development Centre is therefore essential. This can best be promoted through the publication of an annual report on the west by the development centre, which would provide the basis for an annual public conference to enable a flow of ideas and reactions concerning western growth to reach gov-

ernment leaders. Parenthetically, should the west really have to depend on the eastern based *Financial Post* to hold a conference in the west to tell them about themselves?

It is possible to tap the knowledge and wisdom of a wide range of individuals and organizations in western Canada whose common goal would be to promote the development of the new west as a centre of excellence. Canada West Foundation could indeed be a core group. The information already acquired on the people, land and heritage of the west by the Canadian Plains Research Centre at the University of Regina would surely be a valuable academic basis.

With a credible community base, a flow of funding should be available from the federal, western provincial and northern governments, business, labour and academic bodies. It is in the interests of all these groups to continue and enlarge the process of co-operation which was begun early in this decade. It is especially in the interest of the federal government for such a western Canada Development Centre to come into being because in the future our confederation will undoubtedly see wider sharing of jurisdiction between Ottawa and the provinces. The west wants not only a marked reduction in interference by the federal government but a shift westward in decision-making on public policy. As the west becomes a stronger component of Canada, our entire country benefits. The improvements in the quality of life which will come about through integrated economic and social planning in the west will benefit surely our whole people. The role of the federal government, then, is to leave the management of those centres to the local people.

The complexity of modern government has often been called a jungle. Here is a way to promote co-operative federalism, at the same time as restoring the belief of people that they can share in creating their own future.

Some hon. Members: Hear, hear!

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, I congratulate the hon. member for Edmonton-Strathcona (Mr. Roche) for his very thoughtful and excellent presentation on the subject of his motion before the House today. His speech reflects his very genuine and deep concern for the improvement and betterment of human opportunity in western Canada, as well as elsewhere in the world. His speech was very worth while, although it was somewhat in a different direction than I anticipated when I looked at motion No. 12. Perhaps that is a reflection of our experience in this place where we tend to look more at hardware and economic aspects of development.

The debate which is ongoing now as to whether there should be a pipeline and, if so, on what terms, etc., is an important aspect of the development in western Canada, from which flow many of the social problems that were highlighted, pinpointed, ant outlined so clearly in the hon. member's remarks. He touched upon problems common to all prairie provinces, as well as British Columbia. Perhaps these problems are more common to Alberta, and if some of my references stem from my somewhat better knowledge of Saskatchewan than Alberta, I am sure the hon. member will understand that.

The hon. member is attempting to provide a format for a human resource development effort which will parallel the natural resource development taking place in the new western Canada. He elaborated by giving a number of specific examples of that. One point which clearly comes to mind with respect to Saskatchewan—and perhaps to a lesser proportion and extent in Alberta and Manitoba—is the growth in the population of Indian, Metis and native people in northern centres all across the northland of the prairies. These people are seeking jobs and economic opportunities on their own home ground. Despite all of the economic activity ongoing in western Canada, the federal and provincial governments have not yet been able to incorporate those people into some of that economic development. There are problems concerning different value systems, traditional lifestyles and so on. All of these things tend to complicate the situation.

Society has tended to resort to the modern day solution of more welfare and more income support, which is not the correct direction. Many of the present day leaders of the native people are very much aware of that fact and are looking to the federal government, provincial agencies and other agencies for the correction of that particular direction. Whether it is through an agency such as that proposed by the hon. member or not, I hope something is achieved.

● (1732)

I support the objectives and the theme put forward by my hon. friend, although I expected his remarks to relate more to hardware and economic aspects. I am not convinced that the western Canada development centre he proposes is the best route. Having said that, I have no better alternative to offer. I suppose some of my reservations stem from the fact that I have watched both federal and provincial governments for a number of years, and I tend to be a bit cynical when we set up more and more structures, agencies and frameworks. We have many of them in place now, and one problem referred to at the conclusion of my hon. friend's remarks was the problem of a jungle of agencies, whether they be governmental, intergovernmental, private or whatever. The public is confused by the wide variety and scope of agencies. Hence, my concern is whether another major agency covering a broad range of activities and interests would highlight the problems and zero in on them. Would it work fast enough and soon enough? Perhaps an expansion of some of the present agencies would be beneficial.

I recall that the Saskatchewan Research Council at one time was looking very hard at whether it should expand into the social side of things as well as looking at research only from the point of view of economics, pipelines for solids and other topics which had been studied and worked on by both the Alberta and Saskatchewan Research Councils. They were trying to decide whether there should be some mixing of the social problems referred to in this debate. That was explored

but was not proceeded with, unless that has been done in the last year or so.

As far as the agency being a western Canadian agency is concerned, I support that. As a matter of fact, at the present time the federal government, the Minister of Transport (Mr. Lang), the western premiers and western farm groups are considering the advisability of establishing a prairie rail authority which would handle some of the functions which are now in the hands of the Canadian Transport Commission. In other words, it would bring a better regional flavour and hopefully a better regional appreciation to the problems of rail and railroads in western Canada. If that idea goes forward, there is a precedent in that respect, perhaps not in the same sense that Judge Hall and his commission reported on, but something close to that idea, although expanded somewhat. Here again we have the concept of a former all-federal agency being broken down to look at western Canada alone.

The pipeline debate indicates the very timely nature of this motion. My hon. friend outlined a number of other energy related projects, the magnitude of which is very difficult for most of us here or most Canadians in the west, in the east or in central Canada to comprehend fully. If we are going to proceed with such a centre, I am convinced that it must be a top notch, high calibre institution comprising very capable people who have earned their credentials elsewhere. This is necessary if their work or pronouncements are to have any real effect. Anything less would be of no real value. We have had enough ministerial committees, subcommittees, ad hoc committees and so forth. Some of that is necessary on a time to time basis, there is no question about that; but if this agency is to do the job my hon. friend holds out for it—and I share his objectives—it has to be an agency with some real statute. Of course, that will not happen overnight. That will take some time to develop, but I suppose a beginning must be made somewhere.

Perhaps there is a lack of private, independent spokesmen or agencies in the social field. We can look to the Science Council of Canada, to the Economic Council of Canada, or to the Conference Board. There are a number of agencies in the economic field, but there is not a long list of primarily social agencies, at least any which have any tremendous clout. There are federal energy regulatory bodies, provincial energy regulatory bodies and so forth. As everyone recognizes, the track record of those bodies with regard to energy supplies over the last few years has certainly not been good. The entire energy picture in this country was clouded, first of all, by the OPEC cartel of several years ago which brought about dramatic increases in prices which, in turn, brought about bickering and fighting between the federal and provincial governments about who should get all or most of the tax revenues from the various resource companies. That has tended to cloud the whole question of energy development in the country over the last few years.

Again I compliment the hon. member for raising the social side of the whole question. As far as western regional matters are concerned, I think we have done not too badly. We can look back to the PFRA of the 1930s. We can look to the Prairie Economic Council of 1965. I was with the provincial government of Saskatchewan when the first meeting was held. It was interesting to see premiers of diverse political views at that time—and that has not changed very much since—continuing that work and that liaison. We can look to what has resulted from those beginnings. We now see the premiers of the prairie provinces getting together. The PFRA and the concerted efforts of those years were seen again last year when it did not take the various governments and federal authorities very long to zero in on the 1977 drought threat which faced many parts of western Canada. The machinery was there. Work experience and the idea of getting together to tackle problems were not new to anyone.

Another agency which has come along but perhaps has not yet zeroed in on the social side of development in western Canada or, indeed, elsewhere in Canada, is the federal Department of Regional Economic Expansion which, as hon. members know, was set up in 1969. DREE has zeroed in on specific industrial enterprises and assistance in terms of job creation. It has gone a considerable distance. The general development agreement is now signed with each province. We can go from there and point out specific things, such as a coal agreement with respect to British Columbia and a steel agreement related to Saskatchewan. The development of Ipsco has been timely because that company is now in a position, if there is further expansion, to take advantage of some of the opportunities which will be coming to western Canada if the pipeline project is proceeded with. That is another example of federal-provincial co-operation. It is the result of effort and study on the part not only of provincial and federal governments but also of other groups and agencies located in the prairie provinces. I think we should give some credit to officials in the Department of Regional Economic Expansion for developments in this area in recent years.

● (1742)

My hon. friend referred to the conference that took place in Lethbridge. I believe the mere fact that people came together and discussed the various subjects that came up without concern about provincial rights and so forth is a good omen. The Western Economic Opportunities Conference was mentioned as well. That was also the product of hard work and effort on the part of everyone concerned. Of course, like the conference that took place just last week, it could be called either a success or a failure, but I believe the WEOC which took place in Calgary in 1973 was a good beginning. A number of good things came out of that conference and action is being taken in many areas, such as transportation, agriculture and the western Canada northland agreement in the three provinces. These are what we might call "hardware" programs even though some are related to energy. But they create a climate for co-operation.

I should like to turn to my personal concern about whether an agency of the type suggested by my hon. friend will ever be established. I think we need to hear from the provincial governments and their agencies as well as the Canada West

Foundation as to whether they support this concept or would rather expand existing machinery. I cannot help but be a little concerned about establishing a sort of blanket agency. I think something with clear-cut objectives would have more chance of success. I support the concept in principle, however, although I think it needs further consideration about whether it is the correct route to follow. I commend the hon. member for bringing the motion forward and I hope the idea can be pursued not only in this House but in other fora.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, there is a sense in which the debate this afternoon is typical of the kinds of debates we have in private members' hour. The hon. member for Edmonton-Strathcona (Mr. Roche), a member of the opposition, has put forward an excellent idea and backed it with a very effective speech. The hon. member for Battleford-Kindersley (Mr. McIsaac), a member for the government, has found no course but to agree with the ideas put forward. In fact, his speech was also a very good one in which he strengthened the case; but in the end he says he is not sure that we should let the motion pass because, in his view, it sets up another body or agency. I suppose that means that my hon. friend from Edmonton-Strathcona will get praise for the rest of the afternoon but that at six o'clock the motion will not be passed; it will be talked out.

Not only do I think the motion is a good one and that the hon. member for Edmonton-Strathcona made an excellent speech, but I believe the House ought to pass the motion this afternoon. I emphasize that even if it were passed it would not set up the development centre. All it would do is to express the opinion of the House. It would be up to the government whether it acted on that opinion.

As for the criticisms from across the way to the effect that the motion seemed to talk too much in terms of hardware, I emphasize that the gist of the motion was to have an institute that would be concerned about policies to ensure integrated, economic and social development in western Canada. The whole proposal is concerned with the quality of life as opposed to the hardware that dominates the way we live.

I am reminded of the debate we had seven days ago on the motion presented by the hon. member for Grenville-Carleton (Mr. Baker)—one that used to be presented from time to time by the former member for Malpeque, Angus MacLean. In that case, he was concerned about a certain aspect of life, namely the environment; he was concerned because of what it does to the quality of life.

This afternoon the hon. member for Edmonton-Strathcona is likewise concerned about the quality of life. I thought his dissertation was first rate when he tried to find a balance between the material and the spiritual, between whether we should try to get individuals to become perfect or reform society to make it possible for us to become individuals. I subscribe to the philosophy he presented. If I might be so presumptuous as to sum up what he said, he was saying that man cannot live by bread alone, but man cannot live at all if there is no bread, and perhaps there has to be a quite a bit of bread if we are to have the kind of life that is possible today.

As the hon. member for Battleford-Kindersley pointed out, there are plenty of agencies that deal with so-called hardware matters—the Economic Council of Canada, the Conference Board in Canada and various research bodies. The country is full of them. But there are not very many instances where studies are made, under government auspices, of what our economic development is doing to the quality of life of human beings in this country.

I belong to a generation that long ago was deeply concerned about the indignities human beings were suffering because economics went completely haywire. I think I can say for that generation that in our younger days we were determined not only to solve the economic problems but to build the kind of Canada in which human beings would not suffer the terrible indignities and heartbreaks that we went through in a decade, four or five decades ago.

I believe that today, even with the greater affluence that is around, mixed as it is with unemployment, there is a subconscious realization that we have to build not only railroads, pipelines, transportation and all the rest, but also a real quality of life. It would not hurt us in this House this afternoon to pass a motion saying that, in our view, the government ought to consider setting up a western Canada development centre to be concerned about the quality of life in this new and growing part of the country. I am pleased with the speech my hon. friend made this afternoon. I support his motion.

Mr. Arnold Malone (Battle River): Mr. Speaker, my remarks will be brief because, like the hon. member for Winnipeg North Centre (Mr. Knowles), I should like to see this motion come to a vote and pass. All three parties have expressed the opinion that this is a very reasoned and responsible motion, with a well thought out and researched speech delivered by the hon. member for Edmonton-Strathcona (Mr. Roche).

• (1752)

It would be appropriate for me to try to qualify what are a couple of misconceptions put forward by the hon. member for Battleford-Kindersley (Mr. McIsaac). I want to commend him because his reply to the motion was responsible comment and his reasoning was one that we on this side of the House would want to applaud. He said that one of the things in this country which we do not need is a proliferation of agencies; that is not a direct quote but the gist of his remarks. It is also the mutual feeling of the majority of members in this House.

There is a misunderstanding of what the hon. member for Edmonton-Strathcona is trying to propose in motion No. 12 today. First of all, he is asking the government to give consideration to establishing such an agency, which would be an all encompassing group, but in essence its input would be from the grassroots and from the conferences the agency would hold throughout the provinces. In other words, it is not an attempt to establish something that is bureaucratic in nature, but rather is information collection for recommendation to governments at all three levels.

Because that is the principle, we are not looking at something we can really refer to as being of bureaucratic nature. It is not an attempt to establish some new branch or department of the government. It is not an attempt to develop a several tiered bureaucracy. It is simply a case of trying to establish an agency which sets up a mode of communication through which the people of western Canada can touch bases with governments at all levels.

I have several pages of notes, but I do not want to delay a vote on this issue. I just want to illustrate one example of the importance of what the member for Edmonton-Strathcona has been saying. We have talked about the pipeline labour pressure. We predict they will be there with the pipeline coming from Alaska, the Yukon and the province of Alberta and with it its accompanying influx of labour. Fort McMurray is a town in the province of Alberta. Fort McMurray is a wealthy town with a lot of money per capita. There is a very high ratio of males over females. It is also a place no one really calls home. In the supermarkets, stores and hotels of Fort McMurray, people when they meet and greet each other ask: "Where are you from?" The answer will be that they are from Oklahoma, Texas, Ontario, and so on. They are not from Fort McMurray. Many of these people have lived there five, six and 10 years, but they do not think of it as home. The result is a community with a lot of money, and unbalanced sex ratio and a high crime rate. It houses one of the busiest police forces in Alberta. That is one example of an economic boom taking place without concern for the social stress that it will cause for a community.

I would like to conclude by asking that all members of this House cease speaking at this time and let come to a vote a very worthy and justifiable motion, one that should receive the consideration of this House.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I would also like to compliment the hon. member for Edmonton-Strathcona (Mr. Roche) for the second point which he stressed in his dissertation, that being the quality of life. Many of us in this House do not consider that question as much as we should. I congratulate him for his continuing interest in an area which I consider important.

Someone said to me a short while ago: "There is an interesting situation that is happening in this world, Mr. Anderson. We have aircraft which can fly at twice the speed of sound. One can fly from Paris to New York in four hours and save five or six hours in travelling time. What is the point in getting there that fast if when you arrive you have no purpose in being there early?" In other words, we have developed a society where technology perhaps has outpaced our values in life. As a result, some things happen in society as a result of our not paying attention to the quality of life which the hon. member has stressed.

I agree with the comment which the hon. member for Battleford-Kindersley (Mr. McIsaac) made that there has been a long history of co-operation in western Canada. There has had to be, I suppose. It was the situation of necessity being the mother of invention. It is also true that the west has not had the same amount of economic clout and attention which central Canada has had for a number of years. I can understand why that economic clout has not been there. The day is coming where the centre of gravity in this country will move to the west. The potential of the west is being realized. The hon. member is right in pointing out that as a shift occurs there must be more attention paid to the area which has not received the same amount of attention from various groups—the Economic Council of Canada, for instance.

In the province of British Columbia we have a grassroots situation where regional districts are being funded by DREE. Economic advisers are paid for by the federal government so that at the regional level as well as at the municipal and city level there are people making decisions in small communities which are appropriate only to their own area. Councils, regional districts, municipalities, provinces and the federal government are all becoming involved in a variety of economic chores and economic decisions which each one has to make in its own sphere of activity. At this point is it wise to bring in a further group?

I am not speaking against this suggestion, but I am saying we have these groups established at the present time. Should we have another body involved in economic decisions in western Canada? The hon. member for Edmonton-Strathcona realizes the difficulty we have in getting provinces to agree with the federal government. We are aware also of the sometimes confrontation situation that exists between provincial and municipal governments. And now, in the case of British Columbia, we have regional districts, which is another form of government.

I wonder if, in view of the good intentions of the proposals in the motion the hon. member has put forward, he has a solution—

Some hon. Members: Question.

Mr. Alexander: You are talking it out, sir.

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member. The hour allotted for the consideration of private members' business has expired. I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

Mr. Wally Firth (Northwest Territories): Mr. Speaker, in my earlier remarks on Bill C-25, I referred to the Lysyk report. I asked questions regarding the second stage inquiry. Evidently we are not going to get this. The second study to be conducted by the pipeline monitoring agency is not the type of second stage inquiry that the Canadian people, specifically those in the Yukon, were promised.

The second question I asked was what had happened to the strong, unanimous recommendation that, in order to avoid prejudice to a just settlement of the Yukon Indian land claims, pipeline construction should not proceed before August 1, 1981. If those in the government and the people to my right have their way, construction will begin prior to that. Indeed, judging from their remarks, many of those to my right would like to see the building of that pipeline start tomorrow morning. Settlement of the land claims will not be accorded the priority and urgency they deserve.

Third, what happened to the $200 million heritage fund which was recommended by the National Energy Board? We did not get that. Instead, the people in the Yukon got the right to borrow up to $200 million. They will have to pay interest on that loan. I do not know what the people in the Yukon can expect other than, as I mentioned earlier, the building of this pipeline through their territory and not too much good along with it.

There is provision in the legislation for the establishment of an agency to monitor construction of the pipeline. Such an agency was called for by the Lysyk inquiry and by the leader of my party when we supported the Alcan proposal in principle last August. At that time we demanded as much public input and scrutiny over the project as possible. However, the monitoring agency which this bill proposes is not at all what we had in mind.

What we will get is another government body responsible to a minister. We will get a group of bureaucrats in Ottawa & Calgary who will operate beyond the scrutiny of parliament. What we will have is a very powerful instrument in the hands of the government, with a very limited appeal procedure which stops at the Federal Court.

What is missing from this legislation is far more important than what is included. We do not have the grassroots participation of those in the Yukon in the monitoring agency. We do not have massive participation on the part of the Yukon people or on the part of people along the route of this pipeline.

● (2012)

There is no public involvement in the establishment of the conditions and terms of this agency. Instead, there is token participation on the advisory council. I am afraid as much attention will be paid to the advisory council as was paid to the recommendations of the Lysyk inquiry. I ask: How is this agency going to protect the rights of Yukoners? What steps will be taken to prevent environmental damage? How will the agency be staffed?

Will the government appoint as commissioner a person who has good understanding of the northern people and of the land of the north as well as having proven administrative capabilities? I think, for example, of Mr. Stewart Hodgson who is presently Commissioner of the Northwest Territories. I believe the government should have a talk with him and find out whether he would agree to take this position. If he did, it would create a vacancy in the administration of the Northwest Territories. The government could then move to bring in legislation whereby the position of Commissioner would be up for election. This would mean a greater degree of autonomy for the Northwest Territories. If the present Commissioner would like to head up this monitoring agency, I think he would do a good job.

What of native claims? The legislation makes no mention of them. During the debate in the Commons on August 4 and 5 last, concerning a northern gas pipeline, my party moved an amendment to the motion before the House as follows:

> That no pipeline construction precede a fair settlement of native land claims.

That is still our position. As things stand, the Yukon Indians are being asked to negotiate under duress. I would draw your attention, Mr. Speaker, to a statement made by the United States secretary for energy on September 23, 1977:

> The Canadian government has made a clear public statement that settlement of native claims in the Yukon will neither delay the project nor increase costs.

I need not repeat the recommendation of the Lysyk inquiry with regard to native claims. As recently as January 25 of this year I sought to move under the provisions of Standing Order 43:

> That this House is of the opinion that the government should begin negotiations immediately with a view to settling the land claims of the Yukon native Indians in principle prior to the commencement of the construction of the proposed northern pipeline.

Again I strongly urge the government to reach a settlement in principle with the Yukon Indians as soon as possible. This should be done not only quickly but efficiently and to the satisfaction of all parties. I cannot help thinking of the recent first ministers' conference which was held here in Ottawa recently. Although major topics were under discussion, northerners were not represented at the conference. The government continues to treat the northern territories as colonies to use as

Ottawa sees fit. The elected councillors in the Yukon and in the Territories are not treated by the government as governments but as an administrative extension of the federal department concerned. This is not satisfactory to the people who live in the north.

Finally, since the government and hon. members to my right are determined to build this pipeline regardless of the adverse effects the project will have on the Yukon, I can only say that the bill in its present form is a shameful piece of legislation. The long term effects will be seen in the years to come and I am not at all sure they will be anything to be proud of. Surely, legislation could be brought down which would be responsive to the concerns and needs of northerners. My hon. friends and I will continue to speak out on their behalf.

Has the government really thought about the way in which the lives of the people in the north will be affected by the Alcan project? There are a number of guarantees which should have been written into this bill. My leader has been talking about one of them across the country for months. I refer to a guarantee of jobs. Guarantees should have been written into the legislation ensuring first priority for the people of the north—and here I am talking not only of the population of the Yukon but of those who live along the Mackenzie Valley. Arrangements should have been made for the shuttling of workers between the Mackenzie, the Western Arctic, the Arctic in general and the Yukon. Travel facilities should be upgraded. Improvements should be made at a number of airports. We need more VOR's as soon as possible to improve the safety of navigation, particularly one at Mayo and another at Fort McPherson. Also, I think it is necessary that the Alaska Highway be paved. The United States should be asked to defray a good deal of this expense because Alaskans make a lot more use of the highway than does the Canadian public. The highway will be used very heavily during the construction of the pipeline.

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I can assure you and the House that although I have not been in the chamber for much of this debate I have been following it very closely and have read many of the speeches which have been made. I listened to most of the debate on the northern Canadian pipeline last August and I was particularly unimpressed by the ability of some hon. members to sit on the fence to determine what decision would be made, so that they could rely on their ability to be in a position to criticize. I recall in particular the speech made by the hon. member for Yukon (Mr. Nielsen). After he had finished I found myself wondering whether he was for or against a pipeline.

Mr. Nielsen: That was the way you used to be in caucus!

Mr. Horner: I listened to the hon. member for the Northwest Territories (Mr. Firth). He was against the bill. He thought it was a terrible agreement. Then he ended up by saying he wanted to have the jobs. Well, it is hard to have the jobs without the project.

[Mr. Firth.]

• (2022)

I sympathize with the hon. member for Yukon because in his speech to the House of Commons he demonstrated beautifully the difference that exists between one who is in the opposition and one who is in the government making decisions. He likes being a member of parliament and he would like to take part in making decisions, but he does not really want any of the responsibilities involved in making the decision as to whether or not a pipeline should go through the Yukon. That was clearly evident in his speech made in August.

The main thrust of his speech to the House was to require the pipeline authorities to report to a parliamentary committee every three months.

Mr. Nielsen: That is what you once wanted.

Mr. Horner: In my opinion, Mr. Speaker, we have had too many regulations and controls in the private sector in the past number of years.

Some hon. Members: Oh, oh!

Mr. Horner: I have consistently attempted to remove many of the regulations and controls and to let people get on with their work. The government has made the decision that there will be a northern pipeline going through Canada delivering American and Canadian gas. Parliament can question that decision, but surely requiring pipeline authorities to report to a parliamentary committee on a quarterly basis would only hinder and handicap the building of this pipeline. Certainly, once the pipeline is built, if the hon. member for Yukon wants to set up a task force to inquire into whether or not the pipeline is well built and whether or not overruns were necessary, he has the right to ask for it and it is within the jurisdiction of the government to grant such a request. But I do not see the necessity for the business community, the financial community and the pipeline authorities to run to parliament every three months asking: "Mother, is it all okay?" I want to say to them: "It is your responsibility to build the pipeline. Build it under the criteria established and we trust you will do a good job".

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. The minister has the floor. I suggest we all listen.

Some hon. Members: Hear, hear!

Mr. Horner: The agency we are setting up will do an admirable job in policing the work and ensuring that the pipeline is built to the specifications laid down in the agreement.

With regard to the speech made in the House by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), my only regret is that I was not present in the House to hear it. I would call it one of those terrific speeches of which the hon. member has been capable during his long career in politics in the last 40 or so years. He was at his best in that speech. He

lamented the fact that we in Canada were the little guys, that those terrible Americans, our enemies, were the big guys and there was no way we could make a deal which would benefit us, the little guys. If they were hard bargainers, he said, then you would know because they would have stolen your shirt, or something like that. It was a typical speech of the kind he used to make in his early days in Saskatchewan when he was premier of that province. He continues to be afraid of development, fearful of being the small participant who might eventually be robbed by the big guy.

His party speaks of creating jobs. No other province in Canada lost more jobs than Saskatchewan when the hon. member was premier of that province in the early days of his premiership. They left in droves. I cannot believe he was particularly concerned about jobs at that time. Nor does he seem to be concerned about them now. He is still, as he was in those days, a tremendously entertaining speaker, a very concerned member, but has little confidence in Canada and Canadians and in our ability to deal with those who may appear to be bigger than we are.

I read the speech of the hon. member for Lambton-Kent (Mr. Holmes) with regard to native claims. I looked through it carefully in search of his solution to that difficult problem, but I failed to find it. He dealt with the subject but failed to come up with a solution. It is easy to complain about a problem. It is far more difficult to find a solution to it. I admit the problem is a difficult one.

Last but not least I come to the hon. member for Oshawa-Whitby (Mr. Broadbent). He has been crying out in the House for jobs, more jobs, yet his party cannot even say whether or not they are in favour of the pipeline agreement. The NDP must make up its mind. Do they want to see development, do they want to see Canada make the best of what we have available so that we can enjoy some of the benefits that jobs can bring?

The hon. member has tried his utmost to create a climate of insecurity and instability with regard to the building of the pipeline. He lamented at length the small Canadian content in the project and spoke about the big steel corporations in Canada not being capable of meeting world competition. Yet if we give the big steel corporations a chance to make a profit, he will be the first to claim on the hustings that they ripped us off in some way or another. His lamenting is discouraging investment in Canada, and yet it is investment in this as in many other projects that is needed to create the jobs to employ those who need work today.

Let us look at this decision to build the pipeline. There is no question in my mind that one of the reasons for choosing the Alcan route is that it would make more jobs available to Canadians.

Mr. Nielsen: That is not what you said in Inuvik.

Mr. Horner: I am telling the hon. member why the decision was made. If he does not like to hear it, he can go back to the Yukon.

Some hon. Members: Hear, hear!

Mr. Horner: There is no doubt in my mind that one of the reasons the Alcan route was chosen was to ensure that the maximum number of Canadian jobs would be provided. I am certain that Canada has both the management and the engineering capability to carry out this project as well as other such major projects. Major contractor groups in charge of design, procurement and construction and major pipeline operating companies are available in Canada to perform these tasks. More practical pipelining and northern experience is available in Canada than anywhere else in the world.

The magnitude of the projects and the anticipated difficulty of construction provide a significant opportunity to Canadian industry. The proven capability of Canadian firms in the international marketplace would be enhanced by their successful completion of this project. I should emphasize the last sentence, because it is important for us all to contribute to the successful building of this pipeline now that we are about to embark on it. It can only benefit our nation if we can assure the world that we can undertake projects of this magnitude and succeed in carrying them out.

Mr. Nielsen: Put on your hard hat, Jack.

Mr. Horner: The hon. member suggests I put on my hard hat. Let me inform him that I am a competent welder and could well be in the Yukon making big money in that capacity.

Some hon. Members: Hear, hear!

Mr. Nielsen: You've got a hard enough head for it.

Mr. Horner: There has been much talk about Canadian content. The hon. member for the Northwest Territories spoke about the 200 man agency which will be set up. I should like to assure hon. members that the machinery division in my department will be working in close conjunction with that agency to ensure the maximum Canadian content in the pipeline project.

Mr. Alexander: How do you ensure that? I want to hear it, Sir.

• (2032)

Mr. Horner: Countervailing duties could be imposed on those imports which benefit from export credit subsidies from the exporting country. A regulation promulgated only in the last year or so permits Revenue Canada to impose countervailing duties in such cases. In this regard I am particularly referring to DISC and the advantage a competing company may have in bidding on pipe for this job in Canada. We could set that advantage aside. In essence, I think that was what the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) was worried about.

Action under the Anti-dumping Act could be taken in cases where exports into Canada are financed under more favourable terms than are available to the foreign manufacturer for its domestic sales. Under regulation (11A) of the Anti-dumping regulations, credit and other financing terms can be taken into account in determining the normal value, export price,

and, hence, the margins of dumping under the meaning of the act.

It should be noted that neither (11A) of the Anti-dumping regulations nor the imposition of countervailing duties for reasons of export financing subsidies appear to have been tested as yet. Moreover, the anti-dumping option would really only come into play after the fact, which renders its use, other than as a threat mechanism, somewhat ineffective.

Let me say too that the northern gas pipeline project is primarily intended to deliver gas to U.S. customers. Therefore, there should be little or no subsidization of U.S. consumers through the mechanism of financing the construction of the pipeline. It is not in the interests of the Canadian and U.S. governments to subsidize their own consumers in respect of energy costs at a time when it is the policy of both governments to emphasize energy conservation and discourage energy use wherever possible. For the United States to provide concessional financing through the Export Import Bank on the grounds that the transit pipeline is in another country would be contrary to the policy objective.

The main section of the northern gas pipeline to be built in Canada is being designed to accommodate—this was spoken about before and I am attempting to cover those things which were not covered as yet—2.4 Bcf of Alaskan gas and 1.2 Bcf of Canadian gas to the southern markets. The Prudhoe Bay supply will represent approximately 5 per cent of U.S. consumption. Canada is currently producing about 8.5 Bcf's a day of natural gas, 2.7 Bcf's of which are exported to the United States.

An hon. Member: What does "Bcf" mean, Jack?

Mr. Horner: You should know. The total system, excluding the Dempster lateral, will consist of some 4,700 miles of pipeline, 2,000 in Canada, 700 in Alaska and 2,000 in the lower 48 states. On that point, let me point out quite clearly what the 56-inch diameter pipeline really means. From the Alaska-Yukon border it is estimated that the line will be 48 inches in diameter, .54 inches thick, a distance of 265.6 miles with a total tonnage of 191,917. From Whitehorse to James River the pipe will be 56-inch diameter, .54 inches thick for a distance of 1,080 miles with a total tonnage of 912,000. The pipeline from James River to Monchy—and this is a point I would like to bring to the attention of those who are concerned about 56-inch diameter pipe—will be 42-inch diameter, .473 inches thick for a distance of 394.6 miles with a total tonnage of 218,486.

I might add for the benefit of those yapping jackals over there that—

Some hon. Members: Oh, oh!

Mr. Alexander: On a question of privilege, Mr. Speaker.

Mr. Horner: —the Stelco steel mill at Camrose is quite capable of rolling—

Some hon. Members: Oh, oh!

[Mr. Horner.]

The Acting Speaker (Mr. Turner): Order. I suggest we listen to the minister.

Some hon. Members: Hear, hear!

Mr. Alexander: Did you hear what he called us?

Mr. Horner: I might add, Mr. Speaker, for those who appear to find this whole subject matter rather humorous, the 42-inch line from James River to Monchy, a distance of 394 miles, could quite conceivably be rolled at the Camrose steel mill. Camrose being in the new constituency of Crowfoot, of which I am the member, naturally I am interested in that.

Some hon. Members: Oh, oh!

Mr. Horner: From James River to Kingsgate the pipe diameter is estimated to be 36 inches, .405 inches in thickness, a distance of 281 miles with a total tonnage of 114,457. One can readily see that there is something in the neighbourhood of 700 miles of the 2,000 miles of pipe in Canada less than 56 inches in diameter and which could quite conceivably be rolled by some of the smaller pipe rolling mills, one in Edmonton and the other in Camrose, as I suggested.

An hon. Member: Who wrote this, Jack?

Mr. Horner: Wouldn't you be surprised. The hon. member for Calgary South (Mr. Bawden) flatters me by suggesting that I am reading a speech this well. That is a compliment, because—

Mr. Knowles (Winnipeg North Centre): You can't read!

Some hon. Members: Oh, oh!

Mr. Horner: Because I can't read, you are right. I suppose that, because it is flowing from me so well, this tends to make the hon. member think I am reading, but it is just that I know the subject that well.

Some hon. Members: Oh, oh!

Mr. Horner: The interesting thing to me, which I wanted to point out, has reference to the manufacturing content of this pipeline. As I just pointed out, about one-third of the pipeline, in fact about one-half if you add it up, will consist of pipe less than 56 inches in diameter.

An hon. Member: Say that again.

Mr. Horner: About half of the length of the pipeline will be less than or about 56 inches in diameter. The total rolling of the pipeline will represent only 58 per cent of total manufacturing involved in constructing the pipeline.

An hon. Member: How much of it is going to be laid?

Mr. Horner: I would like to think that the hon. member would realize that if you are building a pipeline the whole distance has to be laid before it can be used.

Some hon. Members: Oh, oh!

An hon. Member: That's a little difficult for them to understand.

Mr. Horner: There are many other component manufacturing parts that go into the building of a pipeline which should be of great interest to Canada in that they will create a great many jobs in many parts of Canada, some as far away from the pipeline as Nova Scotia. I am thinking particularly of compressors, valves, pipeline fittings and other things. The main line compressors will amount to something over 7 per cent of the total manufacturing bill of the pipeline itself. There are also generators, compressors and turbines required to move the gas, all of which are within the capability of Canadian manufacturers to make. We also require refrigeration units for that part of the pipeline which has to be in the permafrost area. We also require coating on the inside of the pipe, which can and will be done in Canada. We require coating on the outside of the large diameter pipe, and Canadian manufacturers have the capability of doing that. This will also be done in Canada.

Mr. Benjamin: "Liberal sugar coating".

Mr. Horner: The hon. member suggests that these are both "sugar" coatings. I suppose in the mind of someone inexperienced they are something like that, but they are far more permanent than a little bit of sweetness. The pipeline and the manufacturing of the pipe means a great deal to Canada. The pipe manufacturing accounts for approximately 58 per cent of the total manufacturing bill. It is one more thing the Canadian steel industry is capable of doing.

● (2042)

The total amount of tonnage required will be 1,436,000 tons of steel rail. That steel rail will be required to construct the line with 56-inch pipe. If one refers to the summary of the Canadian primary iron and steel industry, which was prepared by my department seven weeks ago, one will realize that only accounts for 3.5 or 4.1 per cent of the projected Canadian steel consumption. That should give hon. members some idea how large the Canadian steel industry is, how competent it is, and how well it can meet the challenge presented to it by the pipeline bill.

Concern has been expressed as to whether our industry is competent and can compete pricewise. I should like to put some figures on the record in regard to that.

Mr. Woolliams: Sure you do!

Mr. Horner: I know the hon. member for Calgary North (Mr. Woolliams) will be interested. I should like to refer to a document entitled "Historic Price List Relationships For Canadian and U.S. Pipe Mills". With respect to September 1977, 42-inch diameter by .5—

Mr. Woolliams: By five what?

Mr. Horner: By .5 inches. I thought everyone was versed in the terminology. I am sorry if I take it for granted that hon. members opposite are as well informed as myself. With respect to September 1977, 42-inch diameter by .5, the Stelco price was $551 per ton and the American price was $646 per ton. Of course, I am rounding these figures off. With respect to the larger pipe, the same difference exists, but it is very difficult to get. Also it is very difficult to get prices from the United States on larger sized pipe because they do not have the capability to roll any pipe larger than 48-inches.

I wanted to draw that to the attention of hon. members to indicate that the Canadian steel mills are competitive with the American ones. Certainly we are prepared to meet that competition. If those who are vitally concerned with the cost of production of steel had looked at the iron and steel industry profile prepared by my department, they would see a table outlining the cost of production. If anyone wants to check my figures, he can turn to page 6 which indicates that Canadian iron ore scrap is indexed at 22.5 and the United States scrap is 23.3; the cost of energy going into making that steel is indexed in Canada at 17.35 and is indexed in the United States at 17.65; labour in Canada is indexed at 23.1 and in the United States is indexed at 27.04; the amortized capital is indexed at 36.81 in Canada and at 31.94 in the United States. Canada falls short in the amortized capital area. This is affected by the amount our steel mills are used in comparison to the American ones, as well as the fact that our mills are new and the ones in the United States are somewhat old. The Americans have lower amortization costs with respect to the manufacture of steel because their mills are used to supply a larger market, are a little older and do not have the same high cost of capital charged against the making of steel.

Those figures indicated that Canada can compete. We have a number of pipe building mills which can compete. Those informed on the subject matter regarding the rolling of large diameter pipe will realize that Stelco may be short of pipe steel. However, this shortage could be offset by the Algoma steel mill in Sault Ste. Marie.

I look forward to the pipeline going ahead. As the hon. Minister of Energy, Mines and Resources (Mr. Gillespie) pointed out, Canada will benefit a great deal from the construction of the pipeline. It will provide us with an access to Delta gas. Our gas will be brought down from the Delta cheaper than the American gas will. With respect to the benefits alluded to by the hon. member for the Northwest Territories, the pipeline will increase substantially the tax bases of the Yukon, British Columbia and, to a certain extent, Alberta.

Mr. Nielsen: You will not let us have them.

Mr. Horner: The hon. member indicates that we will not let them have them. We are advancing $200 million on that tax base.

Mr. Nielsen: A line of credit.

Mr. Horner: One interesting thing about this pipeline in relation to the Alyeska route is that the Alyeska route was taxed at a depreciating value.

Mr. Woolliams: With Japanese pipe.

Mr. Horner: I am not talking about the pipe. I wish the hon. member for Calgary North would listen. I was referring to the tax base.

Mr. Woolliams: You mentioned there was never a pipeline built—

Mr. Horner: I said that there had not been a pipeline built with Japanese pipe recently in the province of Alberta. If the hon. member would return to Alberta and inquire about that, he would find out that is true. I was dealing with the difference between this pipeline and the Alyeska route. The Alyeska route pays taxes on a depreciating value. This pipeline will pay taxes on an increasing value, because an inflationary factor is built into the capital cost of the pipeline and taxes are charged accordingly. There is no question this pipeline will bring substantial long term benefits to Canada and will bring some immediate benefits to the Canadian manufacturing industry.

From time to time I have heard hon. members opposite express concern. If the House gets on with the job, and the bill reaches committee stage, some advance contracts could be made with the steel-making empire of this country in order for them to commence rolling plate and pipe. We want to see jobs created in this country. We want to see immediate action to create jobs in this country. If hon. members who are demanding jobs in this country want to do something concrete, they could pass this bill. In later years they could look back and realize they knew the bill would create jobs. There are a large number of people unemployed. We should get on with the job and pass this bill. It should be passed through committee stage quickly. All suggestions and advice will be listened to in the House of Commons during the oral question period from time to time. The minister in charge of this pipeline will be more than willing to listen to constructive advice which hon. members opposite may want to lay down.

● (2052)

Mr. Arnold Malone (Battle River): Mr. Speaker, it is very exciting for me to be able to participate in what is obviously an historic debate.

Mr. Horner: I can't hear anybody talking.

Mr. Malone: This will be the largest project in Canadian history. It will be bigger than the St. Lawrence Seaway. It will be bigger than the construction of the CPR. It will be a very great project for Canadians because it will contribute to the prosperity of this country.

I am privileged this evening to follow the Minister of Industry, Trade and Commerce (Mr. Horner), that gentleman who made Judas look like an amateur. Many of the things I want to say tonight are things with which the minister cannot disagree. We know that the pipeline will extend prosperity to Canada. I also know that is the position the Minister of Industry, Trade and Commerce will take, because on January 8, 1976 he stated:

Stopping (Trudeau) is the duty of every Conservative in Canada. It is the task of every Canadian who cares about the freedom and prosperity of our land.

The minister obviously is concerned about the prosperity of our country. In his speech tonight he said that hon. members on this side of the House, in asking for a parliamentary committee to review the project from time to time, are really trying to obstruct the private sector of this country. I was appalled to hear that because the minister knows very well that this party has been attempting to restrict the government of this country and its heavy hand. In this regard I would like to quote what the minister once said about this government and its high-handed tactics. On a previous occasion the minister likened the Prime Minister (Mr. Trudeau) to Napoleon, but he also saw a similarity with Hitler. He stated that on January 15, 1976.

Mr. Alexander: Did he say that about the Prime Minister?

Mr. Andre: Shame.

Mr. Horner: Mr. Speaker, I rise on a question of privilege. The hon. member has just quoted something which I have never at any time said. I have always denied saying that. I cannot keep up with the kind of garbage hon. members opposite keep repeating. There is an indication that hon. members read my speeches, and I am flattered. I do not mind their reading my speeches, if they can show me what I said and where I said it. I would like them to read the end of every speech I have ever made in this House, because when I was in the opposition I offered constructive solutions to the problems of the day. But I have never said what the hon. member just quoted me as saying.

The Acting Speaker (Mr. Turner): Order, please. I suggest to the minister that that is a matter of debate and not a question of privilege.

Mr. Alexander: That is just what I was trying to say. You have no question of privilege, sir.

Mr. Harquail: You are not Mr. Speaker.

Mr. Alexander: I did not say I was. The minister said that, and he knows it.

Mr. Horner: I did not.

Mr. Alexander: You did.

Some hon. Members: Oh, oh!

Mr. Malone: Mr. Speaker, I would like to make the point that our party would like to have a parliamentary committee which could review from time to time—

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Battle River (Mr. Malone) has the floor for the purpose of making a speech, and I suggest hon. members listen.

Mr. Malone: I would like to point out why there is a need for a parliamentary committee. Here again I find that the Minister of Industry, Trade and Commerce is in complete agreement, because he stated at a Toronto press conference on January 13, 1976 the following:

> Trudeau considers Canada a nation of spiritless, helpless and faceless people in his game of national socialism.

It is because of that national socialism that we distrust the government opposite, and that is why we want a parliamentary committee. The Minister of Industry, Trade and Commerce fully agrees with the kind of position we are taking. In case there is some doubt that he is convinced that we need a parliamentary committee to review monthly or quarterly, I would like to point out what is recorded in *Hansard* on page 6662 for June 11, 1975. At that time the minister said:

> In the past six or seven years we have seen a tremendous shift in the Liberal Party's philosophy, a shift away from belief in the individual and a shift towards governmental involvement in the individual's business. The Liberal Party thinks that the government should interfere as much as possible in the individual's business and no longer be content to play the part of referee.

Mr. Alexander: Did he say that?

Mr. Malone: We have been asking for a parliamentary committee which could review the progress of the pipeline and report back to parliament on a monthly or quarterly basis. The reason for that is that we want to have some control and some checks on the government itself. Tonight the minister confused his thoughts with the stable thoughts he had some years ago. He told us that we are trying to muzzle the private sector. The whole purpose of this proposed parliamentary committee, which has been recommended by the hon. member for Yukon (Mr. Nielsen), is to free the private sector from the heavy handedness of a locked up and secretive cabinet, with which we know the minister himself fully concurs. On that basis I ask again that a parliamentary committee be set up.

It is unfortunate that some sanctimonious members are attempting to filibuster this bill. I refer to members of the New Democratic Party, who state that United States companies need this legislation prior to the end of March. We know that that is the situation, but filibustering this bill will cause more jobs to be lost. If the pipeline does not go through, the New Democratic Party's holding out for extra guarantees will result in no jobs at all. If this bill is not passed through the House quickly and through the committee stage as a result of the filibustering of the New Democratic Party, that party will set an example of gross irresponsibility. Having that party involved in major money matters is like sending a tom cat to guard mice.

By their actions the Liberals have dangerously delayed this bill, and I want to emphasize "dangerously". The Liberals have risked the destiny of Canada with the political game they have been playing and with what I submit they have been attempting to do with this bill. It was drafted and prepared before Christmas. The bill was not brought to this House until just this past week. I submit that what the Liberals were attempting to do was to bring this bill in late in the hope that, because of its complexity, the Conservative Party would, in an attempt to get answers, debate it long enough that there would be a risk of losing the pipeline.

I submit that the Liberals might play that kind of politics in the hope of demonstrating to the people of Canada that we on this side killed the bill. We have news for them. We are not going to shirk our duty. We are going to study this bill, but we are not going to filibuster. We will let this bill pass as soon as we can, but the government knows that it must go to the committee, that there must be a report stage and third reading, and that if it is not passed by the end of March this pipeline might never be constructed. One of the facts to which this government must face up is that, because of its delay in introducing this bill, it has risked losing the largest project ever in Canadian history. I think that albatross has to rest on the necks of members of the Liberal party, and it will certainly be theirs to wear if this bill is passed too late and if that pipeline is not built. The Liberal party hoped we would drown the bill in our own oratory, but I assure the House that that will not be the case. The project is too big. It means too many jobs. It means too much hope, too much opportunity for Canadians.

● (2102)

While the official opposition will not neglect its duty, it will be putting up only a few speakers who will not speak for long. The partisan political engineering of the Liberal party will be their own albatross—theirs to wear if this pipeline is delayed.

In my role as ground transportation critic for Her Majesty's loyal opposition I have a few specific comments to make in that domain. First of all, I should like to refer to the Foothills gas studies which indicate that the Welland-Stelco pipe may well be shipped through the Panama Canal to Alaska, rather than overland by rail through Canada. The reason for this is that overland rail transportation in this country is far too expensive. It may be a surprise to many people in central Canada to learn what the west has always known—that Otto Lang does not seem to know anything about running a railway.

The Acting Speaker (Mr. Turner): Order please. I would suggest to the hon. member that he refer to a member of this House by this title or his riding, and not by name.

Mr. Malone: Mr. Speaker, I appreciate your admonition very much. I shall never use those foul words in this House again.

The report that Stelco is considering shipping pipe to the north by way of the Panama Canal gives the reason as the high cost of rail transportation in Canada. If there is any truth in this report, then U.S. steel production at Baytown, Texas, being closer, would have a distinct competitive advantage.

We must recognize the advantages of water routes over railways. In this connection the following information may be useful. The most recent statistics issued by the Canadian Transport Commission show that in 1973 users of railways paid 74 per cent of the cost, users of highways paid 64 per cent of the cost, users of civil aviation paid 31 per cent of the cost, and users of marine services paid 19 per cent of the cost.

With respect to your comments of a few moments ago, Mr. Speaker, I should like to say that the Minister of Transport (Mr. Lang) knows nothing about running a railway when he has a user-pay system where railway users pay 74 per cent of the cost and marine service users pay only 19 per cent of the cost. With these costs we are liable to lose the chance to ship steel by rail across the country and see it go instead through the Panama Canal, that being the cheaper route.

The lesson is simple, Mr. Speaker. First of all, let us pass this bill and then let us have an election so that we can get a government that will allow Canadians the opportunity to afford Canadian products.

This is an expensive project, Mr. Speaker. We note that it is going to cost $10 billion and could run up immense interest costs through borrowing on the foreign money market. Today, we have an 89 cent dollar which the Minister of Industry, Trade and Commerce (Mr. Horner)—Your Honour will note that I did not use any abusive language that time—says is good for us even though we know it is costing us a tremendous amount of money just to pay interest on our foreign debt. We must remember that even if this is to be a Canadian project it will involve an infusion of foreign capital and that we will have to pay for the money that we have borrowed with a cheaper dollar.

The Progressive Conservative party demands that the bill include effective monitoring capability of the proposed pipeline agency by parliament so that the Canadian content requirement might be met. We expect that the agency would make available to parliament both monthly and quarterly progress reports, outlining the specific Canadian content objectives of the agency and its progress in achieving such objectives. We note with concern that the aforementioned government report on Canadian content concluded that Foothills' commitment to Canadian content could be achieved only if the government instituted appropriate guidelines, controls and monitoring. Mr. Speaker, we believe that but we also believe that those monitoring controls must be out in the open. That will only happen if we have a parliamentary committee make the decision, not if it is left to cabinet.

The decision on the size of pipe was solely the responsibility of the National Energy Board. I appreciate that and have no quarrel with the fact that they decided on 56-inch pipe, as this will be of benefit to Canada. Naturally I think that the community of Camrose will benefit from some of the spin-off coming from the main pipeline. It is also important that plants in Camrose, Regina, Edmonton and Welland be given the opportunity to produce pipe. I am sure that the pipeline will be a real boost to the economy of the country as a whole.

Before I conclude I should like to comment on some aspects of the Alaska Highway. The Liberal government has been derelict in its duty in regard to this highway and has shown a miserable lack of vision when it comes to the north and its resources.

The Alaska Highway was built in nine months in 1942. For years Canada was blind to the potential of the north and failed to recognize the potential to the economy of resources and tourism in that part of the country. It was a former government under the right hon. member for Prince Albert (Mr. Diefenbaker) that built the "roads to resources" and started paving sections of the Alaska Highway. A former Prime Minister, Mr. Pearson, referred to that program as the government spending money in the Yukon like a drunken sailor—"building highways from igloo to igloo." That was being short-sighted, Mr. Speaker. Today, we have a major highway there and plans for a major pipeline. Before the highway is paved there will undoubtedly be changes in its route.

Pipe will not be laid in the Yukon before 1981. Meantime the government should study the highway in the Yukon immediately and consider its route before it is all paved. It does not make sense for a pipeline to dictate where the highway should go, nor does it make sense for them not to run parallel. Had the previous plan been followed, the Alaska Highway would be paved today; but as it is not, there is still time to survey and reroute it if it is considered necessary.

For the information of this government, Mr. Speaker, tourism makes money. Our present tourism deficit is approximately $2 billion but we could attract many American tourists were it not for that dusty, rocky road. A paved road through the Yukon would bring many more American dollars to this country.

There are others in my party who want to speak this evening. I conclude by emphasizing that the pipeline should be an investment opportunity for all Canadians. I believe in the concept of equity participation. An example of this is Alberta Gas Trunk Line, in which the people of Alberta were allowed to buy shares. We do not need another Crown corporation; this government already have so many that they cannot count them all. The people should be allowed to participate in a venture like this by subscribing for shares. When Alberta Gas Trunk Line put their shares on the market they were soon oversubscribed.

• (2112)

I note the Minister of Industry, Trade and Commerce is still talking quite a bit. He may want a seance with Mackenzie King. I would like to give one more quote to the Minister of Industry, Trade and Commerce. I note tonight there is a significant change in his position. On September 20, 1977 in a press interview with the Calgary *Herald* he said that—

—his department will ensure Canadian companies have the inside track on bidding, as well as insisting on a high degree of Canadian content in the manufactured goods used on the project . . . intends to play an integral role—

Mr. Horner: Right on.

Mr. Malone: We discovered that the minister in his negotiations did not in any way ensure that Canada would receive any guarantee of content. Now the pipeline debate is before us and we have to take it as it is. The Canadian content requirement came as a result of the National Energy Board's recommendations or by chance. The minister is here to applaud that the luck happened to go his way. He is not to be applauded for anything that he did. Let us hope that the minister's luck

continues. This bill must pass and the pipeline must be built. We need some assurances in committee, and we will be seeking them at that time.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I want to assure all hon. members at the outset that my intervention this evening will be a brief one. There are people who are more expert than I in the technicalities of building pipelines in this country.

An hon. Member: Not on your side.

Mr. Young: There have been some very good speeches from this side, and particularly the one made by the Minister of Industry, Trade and Commerce (Mr. Horner) who has just spoken.

An hon. Member: I used to say that too.

Mr. Young: Let me hasten to assure some of my detractors on the other side, Mr. Speaker, that I do not pretend to have full range of knowledge concerning pipelines which they may have. However, let me point out that I have been a pipeline layer. I have worked in trenches. It may not have been an oil or a gas pipeline, but a few years ago I did spend—

An hon. Member: You are the Art Carney of the Liberals.

Mr. Young: Mr. Speaker, there is a chap on the other side who shoots from the lip far too fast. I have spent some time in the trenches laying pipe in this country, whether it be water or services piping, and I know what it is like to be in the trenches and to work outside in temperatures at eight or 10 degrees below zero.

In this debate on the pipeline issue there are those on the other side of the House who have been saying for so long there is too much control, too much government intervention in the lives of people in this country. To me that is ironic. For suddenly the NDP are saying: "Come on, government, you must guarantee our workers these jobs and you must guarantee a certain amount of Canadian content. You must reach into our lives and pocketbooks and guarantee our livelihood for us". I find it strange that people who, on certain days of the week, do not want controls, on other days, when we debate the pipeline, such as today, do want controls, guarantees and everything else handed to them.

An hon. Member: We want jobs for Canadians.

Mr. Young: We are all interested in jobs for Canadians, Mr. Speaker. To those who spend so much time badgering for job guarantees for Canadians, I say I have yet to hear them talk about the ultimate cost to Canada if it was to provide those guarantees, what it would amount to in terms of contracts to be signed as well as involvement in the livelihoods of Canadians. Even those with the least amount of common sense in this House, looking at the question of guaranteeing work, putting an absolute guarantee on these jobs and on content, would see that the first thing that would happen is that the lid would blow off the cost of the pipeline. The moment a guarantee went into the jobs, the content or whatever, you could well expect that the cost would substantially escalate. Everyone would want to grab the biggest piece of the pie that they could. There would be no control left. How long would it be before the cost of that pipeline would double or triple?

The government has said to workers and to companies in this country: "There is every opportunity for you to obtain work on this pipeline, there is every opportunity for you to supply Canadian goods which go into the building of the pipeline and there is every opportunity for Canadians to come off the unemployment rolls and secure jobs in building the pipeline or making parts for it. But to do that you must stay competitive."

This pipeline is not only important to this country between now and 1982, 1983 or 1984. What will happen to our economy when the pipeline is completed and when we begin to ship the oil and gas? We have to have a sound economy, and we cannot continue to do so if, during the course of building the pipeline, wage rates, the cost of equipment, goods and so on completely skyrocket and get out of line. This will destroy the prosperity not only of people who work on the pipeline or who make products for it, but the rest of the economy as well, because so much of our economy is fed by the energy which is delivered to run plants that produce other products.

All of us in this House have a common interest in Canadian plants doing work and in Canadian workers getting jobs to build a pipeline. Everyone is I am sure very hopeful that the maximum benefits to Canada will result from the building of the pipeline. It is a joint project between two countries, and when you have a situation like that no one country can expect it to go all one way. I have a lot of confidence in what the Canadian worker can do on the pipeline and what good Canadians can produce for the pipeline. When I look at the cost of the pipeline and see that two-thirds is taken up in building the United States portion and about one-third in building the Canadian portion, I would like to think that Canadians could be competitive enough, and are competitive enough, not only to bid for, build and work on the pipeline in Canada, but that they will be able to look forward to bidding for, building and working on a portion in the United States as well.

Mr. Deputy Speaker: Order, please. Does the hon. member wish to ask a question or rise on a point of order?

Mr. Blackburn: Mr. Speaker, I am sorry but the hon. member indicated that his speech would be short.

Mr. Deputy Speaker: Will the parliamentary secretary allow the hon. member to ask a question?

Mr. Young: Mr. Speaker, I would appreciate its being asked at the end of my remarks, if the hon. member would allow me two or three more minutes.

We have a good deal in this pipeline. If we manage to stay competitive and manage to build the Canadian section of the pipeline with no more than 35 per cent cost overrun beyond

our present projections, we will virtually have the Canadian side built and maintained for nothing. That is a good deal for this country and a compliment to the hon. House leader who negotiated the arrangement. We also receive an insurance protection fund for the Yukon and the northern territories which is far greater than what Dean Lysyk expected would be coming forward.

It is important that the Canadian people understand one thing. The gas Canadians will eventually receive via the pipeline once the Canadian section is built will be twice as important to us as the gas which will be shipped to the Americans in the lower 48 states.

I am afraid I am competing against the rest of the House. I beg their indulgence for about two minutes. That gas being shipped through the pipeline to the United States will be sufficient to serve 5 per cent of their energy requirements. Canadian gas shipped through that pipeline to the Canadian market will supply 10 per cent of Canadian energy requirements. Therefore, the gas going through the pipeline will be twice as important to us as that going to the United States. If our costs go up through the building of that pipeline as a result of letting them get out of control and not remaining competitive, the ultimate effect will reflect twice as hard upon the Canadian economy as the American economy. That is something we cannot stand and do not need.

● (2122)

I will sum up by asking a few short questions of my friends from the New Democratic Party. For weeks they have been saying there must be a flat-out guarantee of jobs for Canadians, of Canadian content going into the building of the Canadian pipeline, and of Canadian workers being employed. Has anyone yet heard the leader of the NDP or one of his spokesmen offer corresponding guarantees in return, not just to this House, but to the Canadian people? They are asking for guaranteed jobs for Canadians and a guarantee that Canadian pipe will go into the pipeline. Has anyone from the NDP yet said to the Canadian people they will guarantee workmanship going into the pipe? Has anyone yet said that they will guarantee to keep the cost of the pipe down, guarantee delivery on time and guarantee workmanship? I have not yet heard one guarantee corresponding to the guarantee for which they ask.

Not one of us would hire a doctor, plumber, lawyer or any artisan to do work for us, saying that we will give him a blanket guarantee, without asking in return for a guarantee of workmanship, quality and delivery. We would also like to be assured that workers will not go out on strike, so that the job will be done on time. No one in the NDP has offered a guarantee like that in return for the guarantee for which they are asking. The best guarantee, the best way to achieve that, is to leave it up to the free enterprise system. When you have people competing for the jobs, wages and the products going into the pipeline, the best result comes from allowing the free marketplace to prevail.

[Mr. Young.]

I agree it is necessary to put on controls so that the Canadian competitor has a fair and equitable chance. We do that by setting up the control and review agency as expounded by the House leader. That is the guarantee of control. It ensures that Canadians get a fair deal in this pipeline project.

I find it strange that our friends in the NDP who purport to act for the little guy, who represent the workers of this country, have less faith in the ability of the Canadian workman, less confidence in his competence and desire to do a job, than the president of the steel company. I find that very strange.

I said I would be short, Mr. Speaker.

Mr. Deputy Speaker: The hon. member for Brant (Mr. Blackburn) wishes to ask a question which will be accepted by the parliamentary secretary.

Mr. Blackburn: Mr. Speaker, I am not going to get into polemics. There is one question I wish to ask the hon. member for Niagara Falls (Mr. Young). He talked about competition with regard to equipment and contracts for the pipeline. He made a very fine case for free enterprise competition among the various steel corporations.

How can he reconcile what he calls a good, healthy, free competitive market for pipeline material, which in turn means jobs for Canadians, when steel companies in Japan, West Germany, Italy, and indeed the United States through DISC, have decided advantages and in some cases are very heavily subsidized by taxpayers through government aid? If he can say that our steel companies are in the same competitive position as those in Japan, West Germany, Italy and the United States, I will accept his argument. I want him to substantiate his charge that it would be a free competitive—

Mr. Deputy Speaker: Order, please. The hon. member is making a statement, not asking a question.

Mr. Hnatyshyn: Put a question mark on it and sit down.

Mr. Young: Mr. Speaker, during the course of my remarks I stated that I believe the Canadian steel industry is competitive. I believe Canadian workers can do the job. The companies can turn out the products, whether it be Stelco, Ipsco, or the myriad of smaller companies that will in fact be making parts that go into the pipeline. I believe they are competitive.

In my remarks I stated that it is essential to create a situation where the free enterprise system would prevail. We must ensure that everyone remains competitive and that Canadians remain just as competitive for the long run improvements in our economy as the short run improvements. I also said that I am not naïve about what goes on in the world, that there is international commerce, trade and competition and that it is necessary to have a control mechanism, a watchdog body or review agency. We have in terms of the legislation set one up which can look at the bids as they come in. It will ensure that Canadians get a fair chance to bid competitively and equitably on the materials that go into the pipeline; that is set up by the control mechanism. Since the

permits given are conditional on the proposal made and the proposal says we are trying to reach at least 90 per cent Canadian content, we will watch the progress in that regard. We will ensure the companies do their utmost to do that. We will ensure they are not faced with unfair competition.

Hon. Alvin Hamilton (Qu'Appelle-Moose Mountain): Mr. Speaker, my speech tonight is on how to make money. I have listened to some very fine speeches in the House, all dealing with the amount of Canadian content, the man working in the steel mill, the man who makes the valves, pumps and so on in Quebec or the Atlantic provinces. That is all good material to be talking about. However, for too long this House has forgotten the main objective that this pipeline gives us.

As I said in August, I speak with great sadness on this subject because never has there been a crime committed against the Canadian people greater than the crime that the Liberal party of this country has committed on the subject of pipelines over the past 25 years.

Some hon. Members: Hear, hear!

Mr. Hamilton (Qu'Appelle-Moose Mountain): I am old enough to remember, as is the House leader, that when Canadian companies tried to build a pipeline from the Peace River in British Columbia to service Canadians who lived in the city of Vancouver and needed a few extra thousand cubic feet of market to make that pipeline a paying proposition, they got that market. They got it because El Paso came in from the United States and said: We will buy that extra 200,000 cubic feet if you will give it to us for 50 per cent less than Canadians pay for it. The men who formed this company took all the risks of building that pipeline through high mountains—the highest mountains a pipeline has ever been built through—and did it without any protection from the government of Canada. Before they could get that extra sale they had to accept a price of 22 cents a thousand when Canadians closer to the source had to pay 33 cents.

● (2132)

Some hon. Members: Shame!

Mr. Hamilton (Qu'Appelle-Moose Mountain): Moreover, the Liberal government of that day sat here and did nothing when that same American company asked for 50 per cent of the shares in addition as a sweetener to the low price they were paying. It finally got 25 per cent. So great was the outrage among those of us who were beginning to take an interest in these matters at that time that an attack began to develop on the federal Liberals, culminating in the debates surrounding the trans-Canada pipeline which was the Liberals' next great hurdle.

The head of the Department of Trade and Commerce at that time believed that Canadians were not competent to finance a pipeline or to build a pipeline or even to run a pipeline. And almost all of the trans-Canada pipeline, which ran from the border of Alberta and Saskatchewan right down to the heartland of our industry in Toronto and Montreal, was built; not only with American financing by way of bonds but with American equity money. Finally, toward the end of that campaign, to get the government to speak up for Canada and Canadians they finally allowed Canadian citizens to buy a few million dollars worth of equity. If you bought a $100 bond they would let you buy five shares at $10 apiece. The issue was oversubscribed many times; we never even found out by how much we had oversubscribed it. These are memories of the sell-out of the Canadian people to the Texas buccaneers by those who sat on the other side of the House in 1956.

Mr. Paproski: That includes you Allan!

Mr. MacEachen: I was so far away on the backbenches you couldn't even see me.

Mr. Hamilton (Qu'Appelle-Moose Mountain): When I heard the Minister of Industry, Trade and Commerce (Mr. Horner) stand up and read a statement prepared by people who had given him a lot of figures to quote, it was hard to realize that the minister comes from a proud political family, a family proud of its services to this country, proud of being devoted to principles for which they have always fought. Better the hon. gentleman should have been back out in Crowfoot trying to save himself than be associated with a group of people like those around him now on an issue such as this. I felt very sorry for him. I felt very sorry for his family which for four generations has fought for the fundamental principles which have put this country together. I was sorry he had to make a speech like that. And all he could do, with the name-calling which went on across the House, was to lose his temper. I do not blame him, thinking, as he must, of all the men who have gone before him and carried his name. Birds of a feather must flock together. The "same old bunch" all over again.

This bill, as has been explained by the minister, carries out, in effect, one of the duties of the National Energy Board, namely, to give a certificate of convenience and public necessity to this pipeline. It has been made very clear to us that primarily we are talking about a pipeline of convenience intended to move American gas to Americans. It is true that a few cubic feet will be supplied to towns in Canada along the route of the line. We are doing this as a good neighbour should to provide a convenience for our American friends. They were ready to assist us, too. In 1966, just 12 years ago, we wanted to build a loop in our major pipeline across from Manitoba into Ontario passing through their territory. We got a pipeline through there. But notice what they did: they asked for and got, as they thought was their due, 50 per cent of the equity. This brings me around full circle to where we stand tonight.

This bill suffers from the fact that it was not brought in last fall when it should have been brought in. Had that timetable been followed, we could have used the power of this House by putting in one or two conditions which would have helped this Canadian consortium composed of Westcoast Transmission and Alberta Gas Trunk. This consortium could have used some help. The Canadian portion of the line was going to cost less than $4 billion. To many people this looked like a big

project. But Canadians can carry it without too much sweat if we pull together. We could have helped this Canadian company to get the necessary financing if we had done certain things for which there is a precedent.

During this debate almost every speaker for the official opposition has mentioned the technique—that is, equity. A great majority of people, I am afraid, do not understand the significance of equity when it comes to pipeline financing. I think it can be best understood if one realizes that the people who put up the equity must wait for a return on their money; the first charge on the earnings of a pipeline company goes to pay off bond holders. We have in place, thanks to the government of my right hon. friend from Prince Albert (Mr. Diefenbaker), the National Energy Board Act of 1959 which provides that in future a National Energy Board shall lay down conditions which ensure that a private company operating a pipeline is working in the interests of Canada—and those interests include many things, among them financing.

Where do we find in this bill any mention of conditions laid down with regard to the financing of the pipeline to make sure that Canadian content where it really counts—ownership—will be protected? There is nothing of that kind in the legislation. It never crossed the minds of members sitting on the treasury benches opposite, those great minds still living in awe of C. D. Howe who thought Canadians were not brainy enough, not gutsy enough, not sufficiently well financed to build a pipeline. This group of people opposite, this crowd of nitwits, are surrounded by experts who know nothing about anything, as we saw tonight by that speech given by the minister.

An hon. Member: Experts anonymous!

Mr. Hamilton (Qu'Appelle-Moose Mountain): The Department of Industry, Trade and Commerce, had it known what it should know—because at one time pipelines were within its jurisdiction—should have provided the minister with a series of speeches setting out all that had been done during the negotiations with the Americans and with the private companies to show, above all, that they were backing up this Canadian company and securing for Canadians the first opportunity to finance it.

I do not intend to examine the whole of the financial structure of Westcoast or Trans-Canada Pipeline or Great Lakes in detail. I have lived through the events connected with each one of them. Now I am living through the fourth one. And when I see a government which has not learned from these mistakes, when we have to work with a government which has no shame, a government which will not take advantage of the possibilities open to it, I can only shake my head. The real value of a pipeline is not in hardware. It lies with the person who owns it. It lies with ownership of the equity shares.

The Conservative party from time immemorial has been the only party which clearly states that our objective is to have Canadians as individuals owning this country.

I congratulate the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas). Thank goodness that, with all his experience and knowledge, he had enough brains to come to the House and say he supports this equity approach, that he does not support doctrinaire socialism, not when it comes to his country. He gave his promise in 1953 in Saskatchewan as a premier that so long as he was premier he would see to it that the oil and gas companies, which had promised to develop that province, would never be nationalized or socialized. He has lived long enough to see doctrinaire socialists break his word. He has seen how Saskatchewan has been put on its back. But here he stood up and said that equity is worthwhile.

● (2142)

He supported the hon. member for Yukon (Mr. Neilsen) who said that we must have some parliamentary control, not so much over the companies but over this crowd of people who have a record of 25 years of selling out the Canadian people at every opportunity they get. There has been no greater demonstration of this than in the pipeline fiasco over the last 25 years.

Fortunately for this country the National Energy Board Act is in place. Fortunately for this country, even though the National Energy Board has been emasculated by the officials of the Department of Industry, Trade and Commerce who have not given the board an opportunity to carry out its full functions, the board is still there, even though it has been pushed around and interfered with by this government. When the board sets its rate of return on the rate base for this pipeline for the partners in Canada, it will make certain that the rate of return on equity is based on the full amount of money borrowed plus the amount of equity. That is called the rate base. So the money that equity gets, if they want to get more money, depends on the size of the rate base.

It is true that the National Energy Board over the years has assumed that when the pipeline is built and is operated it will not be a risky enterprise but a success, and they do not give a rate of return that is as high as it used to be when interest rates were 6 per cent. I am simply pointing out that sooner or later the National Energy Board will discover what is the true function of setting the rate of return, namely, some relationship to competitive risk costs around the world. Today if you want to know what risk money draws, you should go and look at countries such as the United Kingdom. They have been developing the North Sea fields at great speed, which got them off the economic hook. What rate of return did that socialist government in name offer to private industry to develop the North Sea oil? They offered approximately 25 per cent on the rate base.

The effective rate base we have in Canada, on the basis of most decisions I have seen, is around 14 per cent or 15 per cent. Sooner or later that rate of return has to match the rate of return in other countries. I am simply saying that the only chance Canadians have—whether they live on a farm, work in a factory or work at any other white collar or blue collar job, apart from steel workers, construction workers and a few others—to make any money out of this is if an opportunity is provided them to buy that equity.

The companies that I have mentioned, such as Westcoast and Alberta Gas Trunk, are both Canadian. They know what I am talking about because one of them was gored in 1954 and the other happened to have a government in charge in Alberta which put in statutory terms what we should have in front of us here. Sure enough, the statute of 1954 was replaced. I may mention a few of the changes later, but now I will ask members on the government side to follow the precedent set by the government of Alberta, composed of a mixture of farmers, professional people and average folk such as we have in this House. I should like to read a clause from chapter 37 of the 1954 statutes. It reads:

Capitalization

5. The capital stock of the company shall consist of

(a) eight million Class "A" common shares of the par value of five dollars with no voting rights attached to the shares, and

(b) two thousand and two Class "B" common shares of the par value of five dollars with voting rights attached to the shares.

The ordinary people of Alberta were authorized under this statute to acquire eight million common shares at $5 apiece. All the big companies that were out finding the oil or gas, distributing it and selling it, were allowed 2,000 shares, and the act specifically allocated the number of shares to each class.

People who were expert in financing in those days said the Canadians were not able to finance a pipeline. I happened to be in Alberta on that day, as were a large number of Saskatchewan residents, all of us trying to pass ourselves off as Albertan residents to get access to these common shares. Because the regulations said that first chance would be given to the residents of Alberta if they appeared in person before a branch of the treasury office, which exists in every town in Alberta, or a branch of a national bank.

I found every type of person, working people, waitresses, truck drivers, doctors, lawyers, preachers and even a few school teachers, lined up trying to get access to those shares. The figures are not precise but they are close enough. So heavy was the subscription to the shares available that they had to divide them among all the adults who appeared and each adult received a maximum of 20 shares at $5 apiece. So great was the demand by over 100,000 adult Albertan citizens that they could only give them $100 worth of shares apiece.

That is not the end of my story. I have the financial records of that company up to the last year. After years, those shares at $5 were split four ways. At one time the shares reached a peak of $45 and $50, and they were split five ways. Now they are averaging $14 and $16. So if you still have shares for $5 which you bought in 1954, and you now have four, at $16 apiece they would be worth $64. That ain't bad, Mr. Speaker. That $5 has got you $64 in 20 years. In the meantime dividends were paid and on the $16 share today the last dividend I saw was 60 cents. Sixty cents on one of your four shares is the same as $2.40 on your four shares. Any time you have a hot little share in your hand that you bought for $5, it will give you $2.40 dividend every year. That ain't bad, Mr. Speaker.

When you take a look at the total value of the investment in the pipeline you see that large amounts went to pay the interest and pay off the capital on those orginal bonds. But who got the money? The millions of common people, each of them, got as much as 2,002 shares at $5 apiece. So if you were a big company in those days finding gas in Alberta, you probably got 50 shares at $5 apiece. Those of Class B type were multiplied by four, so there would probably be 200 shares. All the dividends they would get would be on the 200 shares.

● (2152)

I am simply suggesting that we should have done as the Leader of the Opposition (Mr. Clark) suggested last August when we met here and in effect approved the route. The minute the negotiations were over in the United States the government should have brought in legislation including some of these clauses and we could have had financing arranged similar to this precedent. Time has passed and I am sure these Canadian companies have gone out and arranged the financing of this pipeline with other companies. It they followed the usual precedent, with a total cost of roughly $4 billion, $1 billion will probably be the equity and $3 billion the amount of bonds.

Every one of us here, representing, as we do, every Canadian, should be asking ourselves whether these Canadian companies who are going to take the risk of backing up this equity of $1 billion will make any of these shares available to us and to every other Canadian as an individual. That is the question we should be asking. It is too late now to bring in an amendment to this bill and to get it into law, which I hope will be next month, because I am sure the financing has already been arranged.

I would like to see a monitoring committee of this House representing the people. Whether it sits every three months or two and a half weeks is immaterial, just so long as there is somebody representing the people and reminding not only the government but this company of their many promises. The company promised that if it ever got this certificate of convenience it would give Canadians a chance to invest. We want to know how the company financed the project and if it has made the shares available.

I happen to believe that the working man in Hamilton wants the extra 2 per cent or 3 per cent of business this project will bring to him next year. He is the most efficient steel producer in the world and he knows it. He can match any steelworker in the world for price per unit, and he knows that. He also knows he gets better wages than most of them too. He will accept that 2 per cent or 3 per cent of extra income in business next year.

What he would like for the next 30, 40 or 50 years, as long as gas goes through the pipeline—and whether it is U.S. gas or American gas is immaterial—is an opportunity to share in return on equity. Every time the pipeline is repaired or restored the equity life is extended. I do not think one will ever

get the amount of return one could get from the Alberta Gas Trunk because that was a brand new situation.

However, what we should be thinking about here as members of parliament is not just the failures of this government in respect of Westcoast 25 years ago, in respect of Trans-Canada Pipelines 22 years ago, or in respect of the Great Lakes application ten years ago; rather we should be thinking about all the other pipelines we are going to be building over the next ten or 20 years. These pipelines will be built not just to bring gas or oil from our remote areas, and not just to move the products of the forest in gas and oil form from east to west, west to east and north to south, but to move coal. We are going to move coal and a whole variety of products like potash in liquid form. We will have the pipelines. We have the best track record in building pipelines in the world. Above, all let us keep our eye on the ball.

The thing that gives Canadians the deepest satisfaction of all is not just the fact that Canadians own the pipeline but that Canadians get these dividend cheques every three months. One thing that the Americans have taught us is to go after the equity, because that is where you get the money. It comes in year after year after year. Just try to find on the stock markets of the United States or of Canada today any single common stock that has almost a guaranteed return of 15 per cent or more, as will be the case under this National Energy Board power to set the rate of return on the rate base. I hope it will be a lot more than 15 per cent.

In the case of Alberta Gas Trunk Line the regional guys can still get 100 per cent a year. If you get $5 a year including capital gains on a stock worth only $5, that is 100 per cent. Even if the fellow only had a couple of hundred dollars' worth, that is better than anything else he can see or buy. He will never get that again.

Maybe the next pipeline will be built as a brand new venture right here in Canada. Maybe the next time this government will be thinking of Canadians owning these things, and will have brought in changes to the capital gains tax and changes to the deferral of incomes sections of the Income Tax Act. If the government says to a man or a woman that it will defer the tax on up to $1,000 a year if they put the money into a retirement savings plan for their old age, on which the returns are pretty hairy these days, then surely it can allow the same persons to put that money into stocks in respect of which the government cam make sure they cannot lose. If that were done the workers would soon let you know where they stand. A worker knows now that on a fixed pension he is doomed when he reaches the end of his working period. He wants something indexed so it will grow with inflation; his pension will not. This is what the working man in Canada wants, and what a glorious opportunity this government had; but it failed to take advantage of it on this occasion.

I would think that if it has not learned the lessons of the last 25 years there is not much hope that this government will ever learn them. That is why I know in my heart that 50 per cent, 60 per cent or 70 per cent of the people who live in the western part of this country pray every night: "Dear God, let's get rid of this outfit. Please God, no matter how terrible the opposition is, change the government".

Those people know that in the last 50 years the only hope they ever had was during the five years under the right hon. member for Prince Albert. They want another chance to have five, ten or 15 years of growth instead of this "stagflation". This government ran out of steam 35 years ago. It relied entirely on the mandarins of the civil service to direct it. The civil service died in 1948 and hasn't come alive since. It is still hanging on to ways of doing things that are wrong. We took the wrong fork in the road during the war years; we must have a change in government to get back on the right road so that Canadians can restore their pride in their own ability to save for their old age and, at the same time, produce the things that make this country grow and be strong.

Mr. Woolliams: Mr. Speaker, may I call it ten o'clock?

Mr. Deputy Speaker: Order, please.

[Mr. Hamilton (Qu'Appelle-Moose Mountain).]

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

FINANCE—RELOCATION OF CIVIL SERVANTS—EFFECT ON ECONOMY OF OTTAWA AREA

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, on February 14, 1978, I raised a question with the Minister of Finance (Mr. Chrétien) involving the economic situation facing the national capital arising from the fact that property owners and renters in the Ottawa area are facing a double inconvenience as a result of the relocation plan of the federal government.

First of all, many of them are having to travel an extra distance to work, and there are some considerable inconveniences and adjustments there. Perhaps more important, there is an increase in their tax load, which is likely to continue and grow, as a result of the shrinkage of their tax base by virtue of this relocation program, to the extent that there is expected over the next 15 years to be a $500 million loss.

● (2202)

I asked my question in view of the requirement we have requested for a long period of time, namely the grant in lieu of taxes statute which the government promised would be changed and upgraded. The promise is not new. On December 20, 1976 the Prime Minister (Mr. Trudeau) replied to the mayor of the city of Ottawa by indicating that effective action was being taken. In a letter to the mayor of the city of Ottawa on July 18, 1977, the Prime Minister indicated that he was

hopeful legislation would be brought in during the lifetime of this parliament. If I am to judge from the propaganda I hear from the government side of the House, we are getting close to the end of that lifetime. Meetings have been held recently with municipal officials at which the promise was made again. Many people in the national capital region are awaiting an answer as to when this belief will be forthcoming.

Although the question was related to the national capital area, it is a national problem in that it affects every municipality in which there are formidable federal institutions. It hits Ottawa particularly hard because its major employer is the government of Canada. The federal government does not pay a business tax or anything like it. The government of Canada owns 40 per cent of the land in the area. In 1977 the Regional Municipality of Ottawa-Carleton suffered a shortfall in projected revenue of $18 million. As the cost of doing local government business increases, the burden increases.

It is not just a burden on the Regional Municipality of Ottawa-Carleton but also on people who own property and pay rent. The mayor of the city of Ottawa has estimated that the burden on his ratepayers is approximately $150 per household as a result of this. Throughout the townships of Nepean, Gloucester, Rideau and Osgoode it varies, but it approaches that figure.

This problem was brought to the attention of the Prime Minister. Two years ago he responded to it by indicating the legislation was forthcoming. When, in what form and to what extent will this relief be forthcoming? It has been promised. I hope the promise will not be recycled by announcing once again in or around April that relief is on its way. That would cause the people of Ottawa-Carleton to wonder.

The decentralization program, which is a rather perverse form of patronage, coupled with the relocation program has aggravated the situation. The Woods-Gordon report indicates a $500 million loss over the next ten years; an economic crisis which may last 15 years; $13 million in lost office revenues over the next ten years; and property value decreases, as a result of lost revenues, of approximately $30 million in that same period.

Clearly it is a serious problem for Ottawa. It means the tax base of the Ottawa-Carleton region is shrinking; the burden on the homeowner and the renter is correspondingly increasing. The federal government has promised to assist in solving the problems of the area. We would like some action on the promise which was made when relocation was announced. The federal government said it would give us assistance.

● (2207)

I know the parliamentary secretary is not blind, deaf or dumb. He must understand the difficulties which are faced by small business people and restaurateurs. There are problems with respect to buildings. The government of Canada pays something equivalent to property taxes. It pays water rates, police rates and so forth to a fairly large extent, but not in full. There are certain government buildings, particularly cultural ones, which should be brought within the ambit of those property taxes, and somehow the way has to be found within a short period of time to commence the process of rectifying this situation. The government should finally accede to the wishes of the people and local government and bring to our area some equity to match the immense power and influence it has. For many years the government has not been paying its way completely. On behalf of ratepayers and tenants in the Ottawa area, I ask that that legislation be brought forward quickly so that the House and the public can examine it.

[*Translation*]

Mr. Raymond Dupont (Parliamentary Secretary to Minister of Employment and Immigration): Mr. Speaker, the Minister of Finance intends to introduce a bill amending the Municipal Grants Act in 1978. There is no draft bill but the Department of Finance is already working hard and systematically considering the various decisions to be taken before preparing the bill itself. The Minister of Finance has asked his officials to be ready to introduce such a bill at the beginning of the session this fall. The legislation will be retroactive and enforced for the municipal taxation years from January 1, 1978.

The grant program in lieu of taxes is a national program and the amendments which will be suggested by the Minister of Finance will benefit municipalities throughout Canada, including the municipalities in the national capital area. The minister has received representations about amendments to the act from the City of Ottawa, the Federation of Canadian Municipalities and many other agencies.

All these representations are being considered. It will also be necessary to review carefully many technical problems. Everyone understands that these questions will polarize much time and resources in a year that promises to be a busy one. I can, however, assure hon. members that the schedule I have prepared will be followed. The grants in lieu of taxes program was introduced several years ago by a Liberal government and since that time more than 2,000 municipalities across the country have taken advantage of it. The new act will update the program and Canadian municipalities should welcome it.

AGRICULTURE—POTATO ACTION COMMITTEE—PROGRESS REPORT ON STUDY

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, on February 17, I asked the Minister of Agriculture (Mr. Whelan) what has become of the federal-provincial committee which was responsible for setting up a marketing plan for potatoes in eastern Canada. That group is called the Potato Action Committee or PAC and that is the abbreviation I am going to use whenever I mention it. The minister told me that this committee had made recommendations but could not force the provinces to do anything. Fine, and I too agree on the principle that we should let producers organize together and decide on the best means to take to market their product in each province.

In his answer, the minister also stated that because they had refused to establish a marketing board, producers of one of the

provinces are now getting $2 to $3 dollar per hundredweight less than they are getting in Alberta. Without naming that province, the minister was referring of course to my province of New Brunswick. But Prince Edward Island and Ontario are in no better position.

The minister knows as well as I do that it is not the lack of a marketing board which can explain the difference in prices between New Brunswick and Alberta. Do they have a marketing board in Alberta? Unless I am mistaken, the answer is no. Moreover, the minister himself stated before the agriculture committee two years ago that a distinction had to be made between eastern and western Canada. He even went so far as to suggest that two different potato marketing boards were necessary, in order to take fully into account the particular circumstances and markets of both regions. Therefore the minister's argument is a sham. The problems and challenges involved are quite difficult and cannot be met simply by setting up marketing boards. The situation varies from one region to the next. No universal panacea exists in this area. This brings me back to the PAC which was my original concern. Last Friday, the minister did not reply to my question, and I hope his parliamentary secretary can tell us tonight whether this committee still exists, what it is doing, and whether its objectives have changed since its creation in April 1976.

● (2212)

One thing is sure, Mr. Speaker: The PAC will never succeed if the producers are not seriously involved in those discussions. The days when the farmers were presented with a *fait accompli* are a thing of the past. If they do not participate in the decisions, they will refuse to co-operate in the implementation of any proposal, no matter how good it seems to be. Should some provinces be taken to task for not having set up a potato marketing board, for having failed to find a formula that would appeal to the majority of producers? When one knows the sad story of the potato growers in New Brunswick, can the farmers be blamed for being overly careful, for not having reached a consensus? They did reach a consensus in Prince Edward Island; yet, did they get a better price for their produce this year? Not much better than in New Brunswick, and what has happened in Ontario? I shall read to the House what *Farm and Country*, an agricultural paper, published recently, on February 14, under the title "Potato Growers Study Board Idea", and I quote:

> Both American and Prince Edward Island potatoes found their way onto the Ontario market and forced local prices below cost of production.

That is what happened, Mr. Speaker. Is that a healthy situation, when one has to sell below cost? The same newspaper also quoted Mr. Harry Fraser, editor of *Fraser's Potato Newsletter* of Prince Edward Island, and I quote:

> New Brunswick's crop should not be a factor in the Ontario marketing decision. New Brunswick is now shut out of quality markets.

Nothing could be further from the truth, nothing could be more irresponsible. After having read that comment, I cancelled my subscription to that paper. That type of gratuitous statement only leads to chaos. It is said, and the minister can confirm it, that Quebec and Ontario have been increasing their potato production considerably in the past few years in order to be in an excellent negotiating position if ever this happens when the quinquennial production averages will be distributed to establish provincial quotas. Where will that leave New Brunswick and Prince Edward Island whose domestic market situation is worsening year after year? If these two provinces do not have access to the central Canada market, the only solution will be processing, and here we are dealing with problems of another nature.

There is a serious problem this year, Mr. Speaker, just as there was two years ago, four years ago and so on. Cycles come back with the same frequency and potato growers disappear at the same rate. Family farms are vanishing from the picture. The point I want to make here is that marketing in itself will not settle anything. It is only an important starting point. We will have to come to an agreement in New Brunswick and elsewhere. The provinces will also have to agree among themselves, and this will not be easy. We will have to face the other problems of transportation, storage, quality of seeds, inspection, negotiations and arbitration, disease control and so on. If the PAC is always in operation, I hope it will give the leadership which is necessary to the potato industry in order to establish the consensus which all parties concerned are so eagerly seeking.

I think that the federal Minister of Agriculture (Mr. Whelan) can and should show leadership too. It will be a wasteful exercise to blame here and there or at random. Therefore, I urge the minister to stop taking shots at New Brunswick. This province is not the only one in the picture. New Brunswick probably deserves better leadership at the provincial level, and here I agree with him. What should be done is to inspire confidence, to lead the way, and New Brunswick farmers are able to carry out their responsibilities.

Mr. Yves Caron (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am very pleased to answer the questions of the hon. member for Madawaska-Victoria (Mr. Corbin). And I am particularly pleased, Mr. Speaker, in view of the fact that the hon. member for Madawaska-Victoria is one of those in the House who rise the most often to discuss and defend the interests of the potato producers of New Brunswick and eastern Canada. He rises because he has a good knowledge of their marketing problems and a true desire to find a solution as soon as possible, with the help of the federal Department of Agriculture.

● (2217)

As the Minister of Agriculture (Mr. Whelan) said, the Potato Action Committee, to which I will refer as the PAC, as my colleague from Madawaska-Victoria did, made a number of recommendations and proposals regarding the establishment of potato marketing facilities for eastern Canada. The establishment of these facilities has unfortunately been delayed by its dependence on provincial authorities and by the fact that a number of producers and provinces have been unable to de-

velop appropriate organizations in their own field. Following considerable research on this subject at the producer level in the five participating provinces, the PAC got the approval of potato producers' representatives to set up a project, on July 9, 1976, in Fredericton. The essential part of this project is first to establish in each of the five provinces an agency representing the producers; second, a regional agency whose members would be delegated by the provincial organizations. The latter would be a forum and a means of coordination for regional and interprovincial aspects. It is apparent that the formation of a provincial producers' body is crucial. At the Fredericton meeting it was decided to form a producers' committee to help the PAC implement the report of the conference that took place in Montreal in 1975 and the committee at that time in fact became the proposed regional board. The board met on several occasions and is united and supported by provincial and federal officials who work in co-operation with the management of the PAC. At the beginning there was only one potato marketing agency—in Prince Edward Island. Subsequently, considerable progress was made in the development of producers' organizations. I am certain that the hon. member for Madawaska-Victoria will be as concerned as I am about the situation in New Brunswick and Prince Edward Island. During the 1974-75 season those provinces received substantial financial assistance through the work of the PAC, and in New Brunswick marketing remained disorganized, as it has been for the past three years.

And it is that unfortunate fact that is the main cause of the economic problems presently facing potato producers in that province, and also the main obstacle to the PAC and the interprovincial agreement that is being sought. I must reassure the hon. member that the Potato Action Committee is very much alive and active. Its next meeting will take place on this coming March 2.

Mr. Deputy Speaker: Order. I must interrupt the hon. member because I tried to give him a little time but he is taking a bit too long.

• (2222)

[*English*]

EXTERNAL AFFAIRS—ROSEAU RIVER PROJECT—VIOLATION OF BOUNDARY WATERS TREATY—GOVERNMENT POSITION

Mr. Jake Epp (Provencher): Mr. Speaker, today I want to expand on the question I asked the Secretary of State for External Affairs (Mr. Jamieson) on February 14 which appears at page 2833 of *Hansard*. It related to questions I asked the minister many, many times about the position of the Canadian government with regard to the so-called Roseau River project.

The Roseau River project primarily is a channel-widening project of the Roseau River south of the forty-ninth parallel in the state of Minnesota. The purpose of that project is primarily twofold: first, to add additional land through drainage for purposes of agriculture; second, to control flooding in the state of Minnesota, especially during spring runoff.

The effect of the Roseau River project as visualized by the U.S. army corps of engineers would have two influences on Canada which are not acceptable to Manitobans. First, the volume of flow would increase by approximately 25 per cent during peak spring runoff. We have had difficulties with flooding along the Canadian portion of the Roseau River. Second, the speed of flow would increase, especially during peak runoff periods, thus adding to erosion and to the carrying of silt along the river.

As is the procedure of the International Joint Commission, hearings were held in Manitoba in order to get the reaction of Manitobans to this project. The previous New Democratic government generally favoured the project, despite the fact that officials of the department of mines and resources and environmental management in the hearings at Dominion City on January 14, 1976 admitted under questioning that there was a possibility that article IV of the Boundary Waters Treaty could be violated if the project were to go forward as planned by the U.S. army corps of engineers.

Further, after a second study, the International Joint Commission recommended that if the project were to go ahead, the United States would be obligated to pay approximately $3.1 million in mitigating works. This figure was later increased to $4 million. This was not acceptable to Manitoba. The U.S. army corps of engineers was ready to modify the program, namely through an impoundment system whereby dams and dykes would be built and the water would be released during the low runoff period.

My question is simply this. With the change of government in Manitoba, the present Manitoba government, and I as a member of parliament throughout the years that the Roseau has been discussed, have objected to the plans because we see absolutely no benefits to Manitoba. In fact, the amount of money that would have to be paid for mitigating works simply is not sufficient, not even for the known factor projects that would have to be put into place, much less the unknown ones.

Therefore, on February 14, I specifically asked the minister what was the government of Canada's position on the Roseau River project, whether they still supported the position of the government of Manitoba, namely that the Roseau River project had no benefit to Manitoba and in fact had many detrimental effects. The minister replied at page 2833, as follows, and I think it is important to put this reply on the record:

> Mr. Speaker, I would prefer to withhold the answer on that question for at least 24 hours. I had a preliminary discussion with the responsible minister from Manitoba this morning. As soon as question period is over, I will be meeting him at the Conference Centre to discuss these questions, so I might be in a better position to elaborate tomorrow or the next day.

I am not standing here accusing the minister for not having given me the answer. Possibly the parliamentary secretary can explain to Manitobans, specifically the constituents of Provencher and their member of parliament, the position of the government of Canada at this time. Does the government of Canada still support the position of the government of Manitoba, namely that the project should not go forward until all mitigating works are in place and are clearly understood? Are

they also taking the position that, if these mitigating works are not regarded as adequate the recommendation should be forwarded to the International Joint Commission and to our American counterparts that the project is not acceptable? That is the issue and I await the reply of the parliamentary secretary.

● (2227)

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I thank the hon. member for having brought this question forward again so that a further answer might be provided to him.

Discussions with the United States regarding the effects on Canada of proposed flood control works along the Roseau River in Minnesota have been under way since the 1920's. An International Joint Commission report was released last fall on works planned by the U.S. corps of engineers. The report recommended that the project be allowed to go ahead, but that the United States pay $3 million to $4 million for the construction of control works in Manitoba to protect the province from possible increased flood damage. The U.S. has agreed in principle with this recommendation and has forwarded a draft agreement on the question for our examination.

The IJC was, it should be noted, requested to perform essentially an engineering study of the effects of higher flood flows. In its report, the Commission also noted, however, that there might be other significant environmental effects above and beyond the question of flooding.

Last month, the Manitoba government indicated to the SSEA that the province had concerns over this question of unforeseen environmental effects, and that it wished to suspend further talks with the United States on Roseau until the matter had been resolved. The Canadian government is fully aware of the importance of the environmental aspects of Roseau, and has suggested that federal and provincial officials work together to clarify the matter.

We have informed United States authorities that we are currently reviewing the question of environmental effects. We have also requested further clarification of the exact form of the proposed works. The corps of engineers is currently modifying its original plans to reduce wetlands drainage, and there have been suggestions for modification of the whole concept of the scheme. The current absence of precise information on that design of the system makes it difficult for us to assess exactly the project's potential impact on Canada.

Given the forthcoming attitudes of the parties involved in the Roseau question, there is no reason to believe that a mutually satisfactory resolution cannot be achieved. We will continue to ensure that Canadian interests are fully protected.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.29 p.m.

HOUSE OF COMMONS

Tuesday, February 21, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

POST OFFICE

REQUESTED STUDY OF POST OFFICE SYSTEM BY HOUSE COMMITTEE—MOTION UNDER S.O. 43

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a motion, under Standing Order 43, on a matter of extremely urgent and pressing necessity which I am sure will receive unanimous support from both sides of the House. In view of the vital importance of an efficient and reliable postal service to the economic well-being of Canada, and the apparent inability of the government to effect any significant change other than changing postmasters general, a process that only adds to the growing confusion indicated by lost mail, late and disrupted service bringing about the threat of a law suit, decline in house to house delivery, thereby reducing the number of letter carriers at a time of rising unemployment in Canada, continuing confrontationist labour-management relations, and all of this in the face of repeated illegal postal rate increases, I move, seconded by the hon. member for Parry Sound-Muskoka (Mr. Darling):

That the government set up immediately a special parliamentary committee as recommended in the motion put before this House last May 18 to investigate all aspects of the Post Office system and bring in recommendations for urgent reform, and in particular to do this before the postal system collapses completely under the weight of its own incompetence.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

GOVERNMENT ACTION TO ENSURE FOREIGN EMBASSIES FREE OF SUBVERSIVE PERSONNEL—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise, under Standing Order 43, concerning a number of Soviet agents alleged to be operating within the Russian diplomatic service in Canada, according to an RCMP report which at the time it was compiled showed that 28 out of 61 Soviet officials were involved in intelligence work. I am prepared to make public this information today. I move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the Solicitor General state why the government failed to act when in possession of the knowledge that almost 48 per cent of the Soviet diplomatic establishment in Ottawa was composed of intelligence officers, the fact that subsequent removal of those expelled still leaves a minimum of 15 agents in the Soviet diplomatic service and, finally, that the minister outline when the government will expel those remaining and what steps will be taken to assure replacements who are not legitimate diplomats will not be permitted to enter Canada.

Mr. Speaker: Such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

AGRICULTURE

REQUEST GOVERNMENT ANNOUNCE FUTURE DAIRY POLICY—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise under Standing Order 43 to ask for the unanimous consent of the House to present a motion concerning a matter of urgent and pressing necessity.

Considering that a large number of milk producers are in total uncertainty as to what the next Canadian dairy policy holds in reserve for them and that many of them have had no income for several months in the absence of a production quota, I move, seconded by the hon. member for Richmond (Mr. Beaudoin):

That the House urge the Minister of Agriculture (Mr. Whelan) to announce as soon as possible the government's dairy policy for the oncoming months in order to allow producers to adjust their production accordingly.

Mr. Speaker: Order, please. The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, this motion can only be put to debate with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

[*English*]

EXTERNAL AFFAIRS

CANADA-U.S. SEA BOUNDARIES ON WEST COAST—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, under the provisions of Standing Order 43 I rise on a matter of urgent and pressing necessity. In view of the position taken by the Canadian representatives at the Canada-U.S. sea boundaries negotiations with regard to the A-B line in Dixon entrance on the west coast, which would abandon Canadian internal and territorial waters as set by the Alaska Boundary Tribunal in 1903, and in view of the fact that Canada's bargaining position continues adversely to affect our hopes for a fair settlement of all boundaries in the event of arbitration, I would move, seconded by the hon. member for Sault Ste. Marie (Mr. Symes):

● (1412)

That this House instructs the Secretary of State for External Affairs to reaffirm Canada's boundaries in the Dixon entrance and to abandon the concessions made to the U.S. on this boundary.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

TRANSPORT

SUBSIDIES TO NEWFOUNDLAND FOR FERRY SERVICES—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In light of the fact that the Minister of Transport (Mr. Lang) is threatening Newfoundland that Canada will cease to provide the subsidies necessary for the operation of intraprovincial ferry services in Newfoundland to St. Brendan's, Greenspond, Fogo Island, Long Island, Change Islands, St. Barbe-Blanc Sablon and Portugal Cove-Bell Island, to save some $617,000 in subsidies, despite obligations undertaken under the terms of confederation and in exchange for the discontinuance of regular coastal boat services to those communities, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House direct the Minister of Transport to cease browbeating and bullying Newfoundland into taking over ferry services which are the direct responsibility of Canada, and that the minister be directed to cease his terrorist transportation tactics immediately.

Mr. Speaker: The presentation of such a motion requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[Mr. Speaker.]

EXTERNAL AFFAIRS

REQUEST FOR ESTABLISHMENT OF PASSPORT OFFICE IN SASKATOON—MOTION UNDER S.O. 43

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of considerable urgency. In view of the fact that Saskatchewan is the only western province without passport office facilities, and in view of the fact that approximately 12,000 passport applications are received from Saskatchewan annually by the Department of External Affairs, more than justifying a regional office in Saskatchewan, I move, seconded by the hon. member for St. John's East (Mr. McGrath), who represents a province with a similar problem:

That this House requests the Secretary of State for External Affairs to direct the establishment of a passport office in the hub city of Saskatchewan, Saskatoon.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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HEALTH AND WELFARE

ASSISTANCE TO PROVINCES FOR PROGRAM FOR CHILDREN WITH LEARNING DISABILITIES—MOTION UNDER S.O. 43

Mr. Mike Landers (Saint John-Lancaster): Mr. Speaker, I rise on a matter of urgent and pressing necessity, under the terms of Standing Order 43. In view of the fact that provincial facilities for children with learning disabilities are presently inadequate, and in view of the fact that the learning disability of a child is often health related, I move, seconded by the hon. member for Kitchener (Mr. Flynn):

That this House urges the Minister of National Health and Welfare to immediately meet with the provincial ministers of education with a view to offering federal financial assistance to the provinces, so that adequate facilities for children with learning disabilities may be provided.

Mr. Speaker: In accordance with the terms of Standing Order 43, such a motion can be presented for debate at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

ENERGY

NORTHERN PIPELINE—SIZE OF PIPE TO BE USED AND CANADIAN CONTENT

Mr. Erik Nielsen (Yukon): Mr. Speaker, I address my question to the Minister of Energy, Mines and Resources. Media reports state that the United States government is disappointed at the National Energy Board's recommendation that a 56-inch, thin wall pipe be used for the mid-Yukon to mid-Alberta portion of the Alaska Highway gas pipeline. The same reports state that a U.S. embassy spokesman said the initial United States government reaction to the NEB proposal is one of disappointment.

We were told yesterday by the minister, as reported at page 3014 of *Hansard,* that the origin of the suggestion for the 56-inch line "comes from the initiative of United States officials during the December meeting of the technical committee which addressed itself to these questions." How does the minister explain the expressed disappointment of the U.S. government with the NEB proposal of 56-inch pipe, when the minister assures us that the origin for the use of 56-inch pipe "comes from the initiative of the United States"? Where is the truth here?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I can assure the hon. member that the suggestion came from members of the technical committee on the U.S. side. I suppose one could explain it by indicating that there are a number of different interests in the United States: not everyone in the United States who looks at this pipeline will view it in quite the same way. It might also be because there will be significantly more Canadian content in the 56-inch over the 54-inch.

● (1417)

Mr. Nielsen: The minister also told us yesterday that annex III to the agreement relating to cost estimates would require an addendum to include costs for the 56-inch line, and that such addendum, according to the understanding of the government, was a mere technical change. That is what the minister said yesterday. Will the minister now tell us whether the U.S. government has the same understanding, or whether the whole agreement will be opened up, resulting in further inept negotiations by the President of Privy Council collapsing in the face of U.S. demands for more benefits to them and even fewer to Canada as *quid pro quo* for agreeing to the use of 56-inch pipe?

Mr. Gillespie: It is my understanding that this is regarded as a technical change on both sides of the border. But if for any reason the United States takes the position that it is more than a technical change and wants to reopen negotiations, we would have the fall-back position of proceeding with 54-inch diameter pipe.

Mr. Nielsen: The minister is quite agile in avoiding the central issue in these very difficult questions. He told us yesterday that inasmuch as the agreement is contained in the bill as schedule 1, a corresponding amendment would be required to the bill. What he did not tell us is that paragraph 10 of the agreement would require amendment, since that paragraph makes no mention of the use of 56-inch pipe.

The amendment of such a vital provision in the bill cannot be passed off as mere technical change. Has this matter been discussed with the U.S. government? Can the hon. gentleman assure us that his government will stand firm in the face of any U.S. demands for alterations in the agreement, against Canadian interests? Would he, indeed, take the opportunity to require the establishment of the monitoring agency proposed by parliament to guarantee maximum Canadian labour and industrial content?

Mr. Gillespie: We think we have a good agreement and a good bargain: we have no interest in reopening the agreement.

VALVES AND FITTINGS FOR PIPELINE

Mr. Lincoln M. Alexander (Hamilton West): I should like to address a supplementary to the President of Privy Council, the so-called chief negotiator of the pipeline agreement. Two challenges have just been brought to our attention in connection with the recommendation of the National Energy Board regarding the use of 56-inch pipe. The board reports that Canadian companies have little or no experience in making the necessary valves or fittings for 54-inch or 56-inch pipelines, and this would have a significant adverse effect on Canadian content. Has the hon. gentleman considered this report in light of Canadian capability to provide valves and fittings? Has he discussed the report?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): I was pleased to notice that following the announcement regarding 56-inch pipe, the president of Stelco stated yesterday that we could produce it. We foresee no difficulties in connection with pipe of this size. The president of the Interprovincial Steel and Pipe Corporation, of Regina, also expressed his delight and is considering expansion plans in order to take advantage of this particular economic possibility. I say this to put at rest any concern the hon. member may feel about where the pipe is to be produced.

Mr. Alexander: What about the valves and fittings?

● (1422)

Mr. MacEachen: I thank the hon. member for reminding me about valves. I discussed that question yesterday with the associate vice-chairman of the National Energy Board, who is of the view—based upon the knowledge of the NEB—that it would be possible, in the time-frame available, for Canadian firms to get into this business.

Mr. Clark: Possible!

Mr. Alexander: Mr. Speaker, I am glad the Deputy Prime Minister has finally answered my question. Having discussed this matter with the presidents of the respective companies, can the Deputy Prime Minister confirm that we will need at least 12 months to 18 months lead time in order to be in a position to produce the necessary valves and fittings? Is this the conclusion our chief negotiator reached in the discussions he had with the companies involved?

Mr. MacEachen: No, Mr. Speaker. The hon. member misunderstands me. I did not have discussions with the producers of valves and fittings; I had a discussion with the associate vice-chairman of the National Energy Board. It is not the intention of the government, through the pipeline monitoring agency, to produce valves and fittings; it is the intention of the government to create the possibility for private enterprise to do so.

Mr. Alexander: Mr. Speaker, I understand, as a result of reports from the NEB, that we do not have the necessary capability regarding valves and fittings. This would certainly affect Canadian content, because this hardware would have to be imported from offshore. Further, the NEB indicated that because of this situation, producers of this hardware will need some 12 months to 18 months lead time. All I am asking is whether these allegations by the NEB are true. Can the Deputy Prime Minister answer that question?

Mr. MacEachen: Mr. Speaker, I have already answered the question and expressed the view of the associate vice-chairman of the National Energy Board. But because the hon. member has related the question of valves and fittings to over-all Canadian content, I believe I can further assure him by telling him that yesterday the vice-president of Foothills, upon hearing the recommendation of the National Energy Board, stated that he still believes Foothills can meet its target of 90 per cent Canadian content.

Some hon. Members: Hear, hear!

* * *

LABOUR CONDITIONS

ALLEGED CONTRADICTION IN GOVERNMENT STATEMENTS ON JOBS TO BE CREATED

Mr. Derek Blackburn (Brant): Mr. Speaker, my question is directed to the Prime Minister. In a speech delivered on his behalf in Toronto on Thursday, the Minister of Industry, Trade and Commerce stated that jobs in the manufacturing sector, and I quote, "will not be able to make a larger direct contribution to the rise in total employment". I ask the Prime Minister whether the minister's statement reflects government policy. If so, how does he explain to the Canadian people this blatant contradiction with the forecast of the Minister of Finance that 74,000 new jobs in the manufacturing sector are required annually in the next four years, almost four times the annual average in the last four years? How does the Prime Minister explain this grotesque anomaly?

[Mr. Clark.]

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I will be pleased to review the speech made by the minister and see if he has been quoted accurately.

Mr. Blackburn: In the same speech, the Minister of Industry, Trade and Commerce stated quite unequivocally that the proposed Canadian tariff cuts in the current negotiations at GATT will cause the loss of many jobs in the manufacturing sector, particularly—as the minister outlined—in organic chemicals, household appliances, footwear, textiles and clothing. Again I ask the Prime Minister whether he is proceeding with the government's policy in this area. At a time when 1.5 million Canadians are unemployed, this policy will, according to the Minister of Industry, Trade and Commerce, only increase unemployment levels in Canada, particularly in the manufacturing sector.

Mr. Trudeau: Mr. Speaker, as I said in my previous answer, it would be very important for me to see the speech and the context. Depending on whether the minister was talking about proposed tariff cuts by other countries, or Canada's wish for cuts, obviously the meaning would be completely different.

Mr. Blackburn: Mr. Speaker, I ask the Prime Minister whether to his knowledge the present program will, in fact, increase employment by up to 74,000 jobs annually in the next four years, when one considers that in the last four years in the manufacturing sector the annual increase in the number of new jobs has only been 17,000.

● (1427)

Mr. Trudeau: Mr. Speaker, one of the objectives of the premiers and myself at the first ministers' conference last week was to ensure that in the production of goods and services by Canadians, the Canadian economy would be competitive. Also, we agreed that there should be a certain growth path in the area of 5½ per cent which would permit the economy to produce the number of jobs forecast.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE COMMISSION

POSSIBILITY OF ESTABLISHING OFFICE IN TOWN OF GATINEAU

Mr. Armand Caouette (Villeneuve): Mr. Speaker, as a member of parliament is elected to represent the Canadians, and as representations were made at my office with regard to the Unemployment Insurance Commission, my question will be directed to the Minister of Employment and Immigration. Can the minister tell the House whether he intends to have an unemployment insurance office built in the town of Gatineau to serve that area or does he intend to get the proper studies made in order to pass judgment on its advisability?

Hon. Bud Cullen (Minister of Employment and Immigration): I am taking note of the question of the hon. member, Mr. Speaker.

[*English*]

FINANCE

VALUE OF CANADIAN DOLLAR—GOVERNMENT POLICY

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance. As it is now apparent that there has been a distinctive change of approach by the Bank of Canada in its handling of our foreign exchange, with frantic buying by the bank in the marketplace and the loss of tens of millions of dollars in an attempt to maintain the dollar at a value around 89.5 cents, can the minister inform the House what the change of attitude or policy has been? Is it fair to assume that when he said last Thursday, "We do not intervene in the marketplace and we let the value of the dollar fluctuate according to the market situation", that is not necessarily so today?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the policy is still the same. Our operation in the exchange market is limited to maintaining orderly marketing conditions, and will remain so.

Some hon. Members: Oh, oh!

Mr. Stevens: Mr. Speaker, my supplementary question is directed to the Minister of Finance. If what the minister has indicated is true, that the dollar is floating, would he indicate why we have lost almost $2 billion of our foreign exchange reserves in the last year or so, almost one-third of that outflow being in the last six or seven weeks? If we have a floating dollar, as the minister has indicated, why did he feel it necessary to put up a $1.5 billion line of credit with our banks?

Mr. Chrétien: Mr. Speaker, I have nothing else to add. I have made an announcement on the change of policies of the government, and I said in answer to previous questions that the operation at this time is done by the bank in the ordinary fashion. The Bank of Canada intervened to ensure the maintenance of orderly marketing conditions.

Mr. Stevens: Mr. Speaker, again my supplementary question is directed to the Minister of Finance. With the dollar hovering at 89.5 cents today, and with the Bank of Canada having expended approximately $500 million of our reserves so far this month, would the minister indicate if he has ruled out the possibility of high interest rates, or would he at least level with the people of Canada and admit that his government's economic policies have led us to this plight of having to defend the dollar yet our reserves are dwindling day by day?

Mr. Chrétien: Mr. Speaker, I think the hon. member should talk to the five Tory premiers who last week agreed with the policies of the government.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

REQUEST FOR STATEMENT ON ECONOMIC POLICY

Mr. James Gillies (Don Valley): Mr. Speaker, my supplementary question is directed to the Minister of Finance. Given the fact that we now have the worst run on the Canadian dollar in 40 years, does the minister not believe it is part of his responsibility as Minister of Finance to make a statement about the economic policy of this country so there can be some reassurance for people around the world that the government will attempt to do something about this situation? Is the minister planning to make a statement or announce changes in our economic policy?

The judgment of the international community respecting the first ministers' conference was clearly that it had failed; it did not bring any feeling of security or sense of change in this nation at all. When will the Minister of Finance make a statement about the economic policy of this country, in an attempt to reassure people around the world that something is going to be done about our serious situation?

• (1432)

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think I prefer to hear the views of the premiers to the one of the hon. member. There has been a lot of effort to stabilize the Canadian economy. We stimulated the economy to the tune of $3 billion in the form of tax cuts on January 1. We spoke to the premiers for three days last week, and to the ministers of finance the previous week.

Mr. Lawrence: You don't know what you are talking about.

Mr. Chrétien: I think, Mr. Speaker, they have shown a lot more responsibility than we have seen demonstrated from the other side.

Mr. Gillies: Does the minister have no appreciation of the seriousness of the economic situation this country is facing? It is a matter of total irrelevance to me whether the minister agrees with what I say, but the facts are on the table: we now have the worst run on the dollar that we have had in 45 years. Is the government not even prepared to make some sort of statement about the situation, let alone do something about it?

Mr. Chrétien: I think the hon. member does not realize, for example, that in the last two quarters of 1977 the performance of the Canadian economy was about 5 per cent—

Some hon. Members: Oh, oh!

An hon. Member: It is the dollar we are talking about.

Mr. Chrétien: We went from no surplus in trade to a $3 billion surplus last year. We are now in a period of adjustment. We discussed this with the premiers of all the provinces, who represent different types of politicians and parties, and they agreed that we must carry on with the policies we have established for the country.

Mr. Gillies: I have never heard of such a situation in any country that has had a run equivalent to the run that is on the

Canadian dollar today, where the minister of finance has not considered it his fundamental responsibility to explain to parliament and to the people of the country that the government has some position in this situation. It is disgraceful, absolutely disgraceful, that the minister should do nothing about it.

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[*Translation*]

UNEMPLOYMENT INSURANCE COMMISSION

POSSIBILITY OF ESTABLISHING OFFICE IN TOWN OF GATINEAU

Mr. Speaker: Unfortunately, I did not recognize the hon. member for Villeneuve (Mr. Caouette) for his supplementary. The hon. member therefore now has the floor.

Mr. Armand Caouette (Villeneuve): Mr. Speaker, my supplementary is directed to the Minister of Employment and Immigration. As several persons and even the town council of Gatineau feel that there should be an unemployment office in their area, can the minister tell the House whether it is possible one may be built in Gatineau and given some priority by his department?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I have received the representations of the hon. member for Gatineau, and I shall have to examine the situation with regard to the possibility of having an unemployment insurance office at Gatineau.

* * *

● (1437)

[*English*]

FINANCE

VALUE OF CANADIAN DOLLAR—DISCUSSIONS WITH PREMIERS AND AGREEMENT REACHED

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a supplementary question for the Minister of Finance. Is the minister telling the House that there were discussions between the Prime Minister or the Minister of Finance, representing the government, on the one hand, and the premiers of the provinces on the other hand, regarding federal government policy concerning the run on the dollar? Is he telling us that there were discussions with the premiers relative to policy concerning the support of the dollar, and that the premiers explicitly agreed with the policy that the minister is now putting forward in the House?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, at the request of the treasurer of Ontario put forward at the last meeting of the ministers of finance, I invited the governor of the Bank of Canada to attend discussions with the ministers of finance. It is the first time in years that this has happened. I presume that the conversation which the ministers of finance had with the governor of the Bank of Canada has been reported to the premiers. I did this in collaboration with the Tory minister of finance of Ontario.

Mr. Clark: The Minister of Finance can wiggle and squirm and attempt to change the subject as much as he wants, but he told the House of Commons moments ago that there was agreement by the premiers of Canada with the policy of the government relative to the value of the Canadian dollar. I see he is being prompted by the Prime Minister. Will he tell us now whether he has any evidence at all for that assertion—which was not covered in the communique—and can he tell us whether there was, as he suggested—

Some hon. Members: Oh, oh!

Mr. Clark: They can try to shout me down as much as they want, on the other side, but we want to know if the Minister of Finance is deliberately misrepresenting the position of the premiers of Canada. We want to know if there was, as he said there was, explicit discussion and agreement on the part of the premiers with the policy of the government of Canada relative to the support of the Canadian dollar. Yes or no?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I should like to explain very nicely to the hon. member that when we say economic policy, we mean indeed the fiscal policy, the monetary policy, and all the other policies of the government. In my opinion, the hon. member should have understood that, and he might understand in French now what he did not understand in English.

[*English*]

Mr. Clark: Mr. Speaker, in answering minor questions of minor ministers, it is at least discourteous to try to evade or mislead the House of Commons. On a major question, it is absolutely irresponsible for a senior economic minister of this country to do so.

Some hon. Members: Hear, hear!

Mr. Clark: The government of Canada called the first minister's conference to attempt to share the blame with the premiers for the failure of the economic policy of this country. Now the minister is trying to get the premiers of Canada to share the blame for failure of the policy respecting support of the Canadian dollar. I ask the minister whether his department is now considering contingency plans which he might be announcing within the next few days or weeks concerning support of the value of the Canadian dollar?

Mr. Chrétien: Mr. Speaker, if we have to make such an announcement, we will make it in the normal form.

An hon. Member: What is the normal form?

Mr. Chrétien: I would like to tell the hon. member that the premiers have shown much more responsibility than has been shown here in the House in an effort to try to extract from me some comments. I am not very old, but I know that there was a

minister in the Tory administration who speculated on the dollar in the House and who was clobbered for that.

Mr. Clark: This minister, on whose word confidence in the Canadian economy depends, moves from irresponsibility to irresponsibility.

Some hon. Members: Hear, hear!

Mr. Clark: Is the minister prepared to stand in the House now and say that he has any justification at all for implicating the premiers of Canada in supporting the position of the government of Canada relative to the dollar? Did he discuss it with them explicitly, and did they agree? That is a simple question to which a yes or no, clear answer will do.

Mr. Chrétien: For the first time in years, I have instigated a discussion between the governor of the Bank of Canada and the provincial ministers of finance. It was the first time, and it was a very good suggestion which came from the treasurer of the province of Ontario. The governor has explained the monetary policy of the government. This question has not come back and nobody has disagreed with it.

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POWER

NEWFOUNDLAND—FEDERAL ASSISTANCE IN POWER PROJECTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources on the assumption that this project remains under his supervision. Would the minister tell the House whether the government of Canada has approved the Gull Island project submitted to the government in March, 1974, which was a proposal to develop 1,800 megawatts of power on the Lower Churchill River, transmit the power from Labrador to Newfoundland and sell the surplus to Quebec, or through Quebec to other customers, a project for which the government of Newfoundland requested financial assistance from the Government of Canada. Is that project now approved by the government?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The hon. member will be aware of the decision taken by the government of Canada and the government of Newfoundland to form a corporation, namely, the Lower Churchill Development Corporation, for the precise purpose of reviewing the cost and engineering data, conducting marketing studies and a marketing plan for the generation and transmission of very close to 2,000 megawatts of power from the Lower Churchill Falls area back to Newfoundland, on the one hand, and from the site through Quebec to other markets. That was a decision taken by governments; to that extent the hon. member would be right if he said the Government of Canada and the government of Newfoundland had taken a decision in principle to move forward with this massive project in the national interest.

• (1442)

Mr. Crosbie: A supplementary question, Mr. Speaker. This is a most important question in terms of jobs and economic development in the Atlantic provinces. Last week the first ministers said they had agreed on investment and job creation immediately that would include certain projects such as Gull Island hydro and the Saskatchewan project. The minister issued a weasel-worded release on the same date which stated that the minister and the Premier of Newfoundland both emphasized that, while they are hopeful that Gull Island and other suitable projects will be found economically and technically justifiable, the very large investment requires careful review, market investigation and negotiation of sales agreements.

Which is correct, Mr. Speaker? Is it the release issued by the minister which says nothing is agreed, or is the minister committing the government of Canada to go ahead with this project? He cannot be right both in his release and in his statement to the House. Thousands of people in Newfoundland who are unemployed want to know the answer. Is the project going ahead this year? Is it approved by the government of Canada?

Mr. Gillespie: Mr. Speaker, it was made very clear in my first answer to the hon. member that the Premier of Newfoundland and the government of Canada agreed that the project should go forward and that work needs to be done. The hon. member may feel, when we are looking at a $2 billion project, that we should just sign our names and forget it. There are some rather important questions that have to be updated, however, such as the engineering costs involved, rather important questions with respect to markets, and some rather important questions about how that power will be wheeled through the province of Quebec.

The hon. member may think these are weasel words. I would ask him if he would put the same question to the Premier of Newfoundland, because it was the Premier of Newfoundland who joined with me in making that announcement.

Mr. Crosbie: A further supplementary question, Mr. Speaker. The person who has the big hammer in this situation is the government of Canada, with its billions of dollars—and that is who I put the question to. I will ask the question again. This is a proposal which was put forward in March, 1974, so the minister has had three years to look into its feasibility and cost.

Is he now prepared to commit the government—as the Prime Minister pretended to last week—to go ahead with this project, or is it still in doubt because these investigations might show it cannot go ahead? What is the situation?

Mr. Gillespie: Mr. Speaker, I am sure if the hon. member were to cast his mind back over events, he would realize that the Premier and the government of Newfoundland decided they were not prepared to go ahead with an offer then placed on the table by the Government of Canada. That offer of

something like $353 million is still on the table with respect to the transmission of power from the Lower Churchill.

The hon. member might also remember that the Newfoundland government was not able to work out an arrangement with the government of Quebec respecting the recall of power, and decided to go to the courts. He might also remember that during that time we were pressing for movement on the part of the Newfoundland government to get the Gull Island project running. It was only last week that the government of Newfoundland decided they were prepared to go ahead even though the issue of the recall of power from the Upper Churchill had not been decided upon.

AMOUNT OF FEDERAL FINANCIAL ASSISTANCE

Mr. James A. McGrath (St. John's East): Mr. Speaker, may I put a supplementary question to the Minister of Energy, Mines and Resources? Apart from the $5 million seed money the government of Canada is prepared to offer to the new federal-provincial Crown corporation, is the minister prepared to revise—on the basis of the inflation that has overtaken the project in the past two or three years—the original offer of $353 million? If that stands, is the minister prepared to revise it in light of present cost estimates? In other words, is that still a firm offer based on 1978 dollars?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think events have overtaken that particular offer. We are not withdrawing the offer: I do not want to be misunderstood on that. I think events have overtaken that offer, but the federal government has said we are prepared to enter into discussions with the government of Newfoundland on the generation as well as the transmission of the Lower Churchill power. The hon. member will recall that the offer until now handled only transmission and did not include generation.

We have also indicated that we are prepared to enter into the development of the whole Lower Churchill complex, both generation and transmission, as an equity partner. The government of Newfoundland has said they want to be the majority equity partner. We have told them that is perfectly satisfactory to us and that we want to get on with this massive project.

GOVERNMENT OFFER ON CLEARING OF GULL ISLAND SITE

Mr. James A. McGrath (St. John's East): Mr. Speaker, it is obvious that events have overtaken the minister and his colleagues in the government. I direct my supplementary question to the Minister of Employment and Immigration. Is the minister prepared to proceed on his offer under the Canada Works Program, or any other make-work program, for clearing the Gull Island site, knowing that this could create a number of badly needed jobs in Newfoundland and the Atlantic provinces?

[Mr. Gillespie.]

• (1447)

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as a result of representations from my colleagues, we indicated that we were prepared to go ahead some time ago with this particular operation and that it is under the aegis of DREE. We have indicated that we are prepared to make funding available of up to $8,100 per job. It is a question of working out the details with the province of Newfoundland at the present time, and my colleague, the Minister of Regional Economic Expansion, is at the negotiating table now, I understand.

* * *

[*Translation*]

UNEMPLOYMENT INSURANCE

BENEFITS TO PERSONS AGED 65 AND OVER

Mr. Louis Duclos (Montmorency): Mr. Speaker, I wish to direct a question to the Minister of Employment and Immigration.

Could the minister advise the House if and when the government will direct the Unemployment Insurance Commission to deal honestly with the 18,000 Canadians who are over 65 years of age and who, after having been granted insurance entitlement in 1975, have been unable after January 1, 1976 to collect the benefits to which they were still entitled, as it was duly recognized later on, and who see their applications turned down now by the commission on the grounds that they have received benefits under the Quebec or Canada pension plans, benefits for which they had applied on the advice of the very officials of the Unemployment Insurance Commission?

[*English*]

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the hon. member has been one of the strongest advocates of this particular position. It was in part because of this kind of representation that we brought in Bill C-52 which brought about some amelioration of the problem for approximately 500 people in addition to those who had launched appeals under this section. The decision of the Federal Court judge, however, indicated that we could not go beyond what the law provided, that is, we could not pay a topping-up of funding from unemployment insurance to those who had received benefits under the Canada Pension Plan or the Quebec Pension Plan. In endeavouring to ameliorate this problem with Bill C-52, we think we have gone as far as we can under the law, given the policy decided by this government.

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EXTERNAL AFFAIRS

CANADA-U.S. BOUNDARY NEGOTIATIONS

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Secretary of State for External

Affairs. It concerns the present status of the Canada-United States boundary negotiations. I hope the minister has received notice of the question. Can he confirm that it is now Canada's position in those negotiations that we are going to abandon, in this respect, the waters six miles south of the Dixon entrance A-B line to the United States? This is a line set by the Alaska Boundary Tribunal in 1903. Have we now abandoned part of Canada's territorial waters to the United States in these negotiations?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, since the negotiations are still proceeding, obviously nothing has been abandoned or gained. The negotiations are in the final stages, as I told the House a few days ago. Additional meetings will be held in Washington within a few days, and I believe there is to be another meeting in Ottawa early in March. Until such time as the two negotiators have concluded these talks, clearly I would not be able to say anything specific on the question.

Mr. Leggatt: A supplementary question, Mr. Speaker. I wonder if the minister could take us into his confidence and tell us if that proposal has been made to the United States. In view of the fact that at the first ministers' conference the government of British Columbia took a very strong stand, both on the A-B line and on the Juan de Fuca trench, which was in direct opposition to the position this government has taken on these boundaries, can the minister advise us whether the government of British Columbia is represented on the negotiating committee in determining the boundaries of British Columbia waters, or are they still unrepresented?

Mr. Jamieson: Mr. Speaker, I find it difficult to square the hon. member's request for information with the fact that he draws conclusions based upon pretty firm assumptions which he must already have. The fact of the matter is—and I hope I can respond to him satisfactorily in this regard—that there is no position of the government of Canada in this matter which is not fully in line with representations from and participation of the British Columbia government and other parties. It is still a matter under negotiation; therefore, obviously a number of items are being discussed back and forth.

● (1452)

I repeat, until such time as we know that those negotiations are successful, I do not think it would be appropriate for me, nor would it be in the Canadian interest, to indicate clearly what matters are being discussed. I should add, of course, that the British Columbia position is transmitted to us in confidence, as are all of these representations.

Mr. Leggatt: Mr. Speaker, I might say that the confidential position of the British Columbia government was on national television at the first ministers' conference. It is obviously confidential to the minister and not the rest of the country.

My final supplementary is this. Has the minister received the assessment of the negotiators for Canada as to the ultimate result in the event of arbitration in these disputes, and can he advise whether there has been some assessment, given the compromise, feet-up position that we have taken on these boundaries? Has he had an assessment yet as to how we will ultimately lose if we go to arbitration?

Mr. Jamieson: Mr. Speaker, I fail to understand why every time one of these matters comes up, hon. members—particularly hon. members of the NDP—assume that we are always the ones to lose.

An hon. Member: That is because you have in the past.

Mr. Jamieson: The hon. member says, "in the past". He is talking about the A-B line as though it has been there a long time. In terms of an assessment, of course there have been a number of assessments made. I can assure the hon. member and the House that the fall-back position of the Canadian government is very well protected in the event that arbitration is necessary. Yet I still believe, as I am sure my colleagues in the United States do, that if we can arrive at a conclusion on this matter which is satisfactory to both sides without having to go to third party or to any other from of arbitration, it will be the better course of action.

But it is wrong, Mr. Speaker, to suggest that there is some kind of speed-up action which could imply that we are prepared to make unreasonable concessions in order to get an earlier kind of settlement. It is, however, very clearly in the interest of Canada and of the United States to have this matter settled; and hopefully settled definitely, as quickly and as amicably as possible.

CANADA-U.S. SHARE OF OIL RESOURCES OF GEORGES BANK

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, I would like to draw the minister's attention to the east coast for a moment with respect to the boundary question. As he is aware, there is great concern in Atlantic Canada over the sharing of the resources on Georges Bank. At the moment, Canadian fishermen are limited in their quotas of fish on the bank, and scallop fishermen are limited on the same bank. There is concern about the fisheries resource.

The question I would like to direct to the minister is as follows: I understand that licences are now being issued by the American government to American oil companies for oil exploration on Georges Bank. Before these permits are issued, I would like to ask the minister this question. Has there been any consultation with him or with the Minister of Energy, Mines and Resources on this matter, and what will be the Canadian share of any discoveries of hydrocarbons on Georges Bank?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, perhaps I could confine myself to the second part of the question, since I answered the first part earlier to the effect that no agreement on fish stocks has been reached.

With regard to hydrocarbons, seabed mining and related questions, once again no agreement has been reached. Further-

more, to the best of my knowledge—unless the hon. member has more recent information than is available to me—the plan announced in the United States some weeks ago, regarding the possible calling of tenders on certain sites in the east coast area has been withdrawn by the United States authorities. Those areas are not now out for tender. That is the last word I have, and I am satisfied that is the situation. However, something may have occurred over the weekend which has not yet been drawn to my attention.

UN DISCUSSIONS ON FUTURE OF SOUTHWEST AFRICA

Mr. Howard Johnston (Okanagan-Kootenay): Mr. Speaker, my question is for the Secretary of State for External Affairs. As the minister returned recently from the UN where a further round of the five-power talks with South Africa over the future of Southwest Africa took place, I wonder if he can report to the House the results of those talks?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, very briefly, I can say the talks moved, but not very much. There are still very substantial and substantive differences between the government of the Republic of South Africa and the representatives of Namibia, namely, SWAPO. However, I believe that the five western countries did put forward some proposals which moved things ahead and succeeded in generating some concessions from each side. Talks are still going on, and perhaps the most encouraging fact is that neither side has yet broken off such discussions.

Mr. Johnston: Mr. Speaker, if the five powers put forward proposals, does that mean the western group is no longer insisting that SWAPO be recognized as the sole voice of Southwest Africa, and does he know whether the South African government has reached any agreement with that organization?

Mr. Jamieson: With respect to the latter part of the question, Mr. Speaker, if the hon. member means an agreement between the government of the Republic of South Africa and SWAPO, no such agreement has been reached. Obviously, if it had, there would be no further problem. Respecting the question of recognition, the position of the five, as reflected also by the majority of the United Nations, is that all the parties concerned in Southwestern Africa should be involved in the terms of the election campaign, and that there should be full and free elections with one man, one vote.

* * *

NATIONAL SECURITY

RUSSIAN INTELLIGENCE AGENTS IN CANADA

Mr. Tom Cossitt (Leeds): Mr. Speaker, I have a question for the Solicitor General which arises from security figures showing that the number of Russian intelligence agents in the Soviet diplomatic service here in Canada since 1970 has averaged between 48 per cent and 50 per cent annually. I would like to ask the minister why the government did nothing concerning the matter until its recent expulsion of the 13 agents. Also, could the minister give all the reasons the government is not doing anything about the rest of those in the Russian diplomatic service who they know are members of the Russian intelligence service?

Mr. Speaker: Order, please. As long as the hon. Solicitor General can give all the information on all those counts within the next minute and a half, I will permit him to go ahead and try.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I really do not know what the hon. gentleman is attempting to accomplish. Last week he made some statements which fall directly within the question of national security. I invited him at the time, if there were any representations he wanted to make relating to matters which came within national security and could be under the supervision of our national security service, to provide me with such information. I am suggesting to the hon. gentleman—and I am repeating my statement—that he is doing the country no service by making this sort of allegation in public. I would invite him again, if he has any information, to offer us his co-operation in that regard.

STEPS TAKEN BY GOVERNMENT TO CHECK ACCREDITATION OF FOREIGN DIPLOMATS

Mr. Tom Cossitt (Leeds): I direct my supplementary question to the Secretary of State for External Affairs. Even though I have the figures, it is obvious the minister will not respect them. Has the U.S.S.R. nominated replacements for those who were expelled? Whether they have or not, what steps will the government take, or is it taking, if such nominations have been made, to ensure that they are bona fide diplomats and that any further trend to allow people into the country as diplomats who are not diplomats is stopped.

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I do not know how many hypotheses are in that question, but I will try to pick them all out. From my personal knowledge, I do not know whether any applications for replacements have been received. I will make inquiries. However, I can say, as a matter of general information—as I indicated to the House some time ago—that in terms of the normal investigation of nominees to replace diplomats from any embassy, but particularly in this case the Soviet Union, we will be very careful to ensure that their services are needed in Canada for the specific purposes outlined in the request. We will also, of course, take the necessary steps to ensure that once they arrive in Canada, they confine their activities to those clearly spelled out in the authorization for them to enter.

IMMIGRATION

INTERPROVINCIAL MOBILITY OF IMMIGRANTS LANDED IN QUEBEC

Mr. Jake Epp (Provencher): I would like to direct my question to the Minister of Employment and Immigration. The minister has now completed an agreement on immigration between the province of Quebec and the government of Canada. With regard to immigrants who have landed in Quebec pursuant to Quebec criteria but do not qualify under Canadian criteria, has the minister received assurances from the other provinces that such immigrants will have full interprovincial mobility? Does he have an agreement from the provinces, and do these immigrants now have the right of interprovincial mobility, as opposed to the statements he made earlier that they might have to wait a period of time before moving from Quebec?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, the question of mobility is written right into the Quebec agreement, as it is and will be in others; specifically, the agreement with Nova Scotia which we have already signed, and as well the agreement with Saskatchewan which we will be signing. We are conducting negotiations with other provinces. It is absolutely essential that in setting up an immigration agreement with any of the provinces, we do nothing to affect mobility, so that this right of immigrants will, in fact, be protected.

● (1502)

Mr. Epp: The minister referred to the agreement he signed with the province of Nova Scotia and the tentative agreement with other provinces; specifically, Saskatchewan. I understand the new act is to be promulgated on April 1. Under the terms of the new act, will the provinces receive provincial selection criteria or will those agreements, as with the Nova Scotia agreement, only confine themselves to provincial-federal consultation, a position this party has taken for a long period of time and has promoted in discussion of the bill? Or will the agreements specifically give each province of Canada, if they so desire, specific selection criteria as the Quebec-Canada agreement does?

Mr. Cullen: Mr. Speaker, every concession and every agreement we have reached with the province of Quebec is available to each of the provinces of Canada. Some of them expressed the desire to move a little slower because Quebec is already in the field with foreign service officers abroad. Some are not interested in getting into the selection criteria at this time. Whatever agreements we may enter into with Quebec, whatever conditions we may impose upon them, whatever arrangements we make with them, are in fact available to all the provinces.

Order Paper Questions

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS TO ADMINISTRATOR

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to Section 17(2) of the Anti-Inflation Act I wish to table, in both official languages, copies of reports sent to the administrator by the Anti-Inflation Board.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 241, 411, 796, 926, 928 and 1,156.

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

[*Text*]

ROYAL COMMISSION ON CORPORATE CONCENTRATION—PERSONS UNDER CONTRACT

Question No. 241—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Royal Commission on Corporate Concentration and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): 1. Twenty-four (1 part-time retired public servant.)

2. 1974-75, Nil. 1975-76, $374,516.32. No retired public servants.

EMERGENCY PLANNING CANADA—PERSONS UNDER CONTRACT

Question No. 411—**Mr. McKenzie:**

1. What is the total number of persons under contract to the Emergency Measures Organization and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Mr. Yvon Pinard (Parliamentary Secretary to Deputy Prime Minister and President of Privy Council): 1. Four (no retired public servants).

2. 1975-76, $102,657. 1976-77, $45,826. No retired public servants.

Order Paper Questions

WOODROFFE DEMONSTRATION PROJECT—PROFESSIONAL CONSULTANTS

Question No. 796—**Mrs. Pigott:**

Have professional consultants been hired as advisers in connection with the Woodroffe Demonstration Project and, if so (a) what are their names (b) what is the category or designation of the consultants (c) what is the fee of each consultant (d) what is the total cost of all consultants hired for the project (e) what is the starting and finishing date for each consultant hired?

Hon. André Ouellet (Minister of State for Urban Affairs): I am advised as follows by Central Mortgage and Housing Corporation:

Consultants—Woodroffe Demonstration Project

Consultant	Category of Work Performed	Fees[1]	Contract Period	
			Starting Date	Finishing Date
Peat Marwick and Partners	Concept Competition	$ 20,000	October, 1974	December, 1974
James A. Murray	Concept Competition	20,000	October, 1974	December, 1974
Robbie/Williams Partnership	Concept Competition	20,000	October, 1974	December, 1974
Craig Zeidler Strong	Concept Competition	20,000	October, 1974	December, 1974
Peter Barnard Associates	Market Research	83,004	January, 1975	February, 1976
Zeidler Partnership/Architects	Planning and Design	306,965	January, 1975	May, 1976
De Leuw Gather, Canada Ltd.	Transportation Planning	27,302	February, 1975	
	Infrastructure Planning	52,872	February, 1975	February, 1976
Stevenson & Kellogg, Ltd.	Operational Control System Planning	26,947	April, 1975	January, 1976
Peter Frood	Social Planning	3,281	May, 1975	August, 1975
Currie, Coopers & Lybrand Ltd.	Land Tenure Study	35,562	October, 1975	May, 1976
Desnoyers, Mercure, Leziy, Gagnon, Sheppard	Urban Design	107,966	October, 1975	Ongoing
Leon Kumove Social Planning Limited	Social Planning	28,334	November, 1975	February, 1976
Hanscomb Roy Associates	Cost Planning and Control	21,700	December, 1974	March, 1976
Soloway, Wright, Houston, Greenberg, O'Grady, Morin	Legal Counsel—Approvals and Rezoning	14,367	January, 1977	Ongoing
Oliver, Mangione, McCalla & Associates Limited	Site Engineering	33,112	February, 1977	Ongoing
	Infrastructure Design	48,070	August, 1977	Ongoing
Sunderland, Preston, Simard & Associates Limited	Planning Approvals and Documentation	18,148	February, 1977	August, 1977
Brais, Frigon, Hanley & Associates Ltd.	Heating and Energy Study	21,473	May, 1977	Ongoing
Canada Permanent Trust	Survey Plans and Processing	400	July, 1977	Ongoing
Sesquaig Incorporated	Recreation Study	4,700	July, 1977	October, 1977
Engineering Interface Limited	Heating and Energy Study	1,053	November, 1977	November, 1977

[1] To December 6, 1977.

ENVIRONMENTAL STANDARDS AND RESTRICTIONS STUDIES

Question No. 926—**Mr. Herbert:**

Are any studies in progress or contemplated into the effect on the competitiveness of domestic production versus foreign imports of environmental standards and restrictions in Canada?

Mr. Mike Landers (Parliamentary Secretary to Minister of State (Environment)): As new environmental standards and regulations are developed, or existing ones reviewed, considerable attention is directed to the related economic impacts. In most cases decisions result from the work of joint industry-government task forces; a number of such initiatives are currently underway.

Because of the complex factors related to international competitiveness it has proven exceedingly difficult to isolate and quantify the impact of environmental measures. However, studies conducted in the U.S., Japan and in Canada concluded that such measures are relatively insignificant and non-inflationary. The OECD considers that environmental standards are not significant in international competitiveness.

[Mr. Pinard.]

Under the government's announced new program designed to promote a more thorough and systematic economic analysis of all major regulations which are primarily social in nature, social and economic analyses will be undertaken to assess the impact of DFE environmental regulations under development.

EYEDROPS AND OPHTHALMIC OINTMENTS

Question No. 928—**Mr. Herbert:**

What guarantees are required by the Health Protection Branch of the Department of National Health and Welfare to ensure that Visine eye drops and ophthalmic ointments imported into Canada are manufactured under the same sterile conditions required of the domestic producer?

Hon. Monique Bégin (Minister of National Health and Welfare): In Canada, ophthalmic preparations must be sterile according to the test specifications of the Standard on the label. Canadian importers of eye drops and ophthalmic ointments are routinely requested to furnish evidence that these products have been manufactured under conditions that are identical to those required in Canada. Failure to supply satisfactory information results in import refusal.

WAR VETERANS ALLOWANCE RECIPIENTS

Question No. 1,156—**Mr. Marshall:**

Are veterans on WVA/CWA allowances receiving income from Workmen's Compensation, CPP or social assistance and, if so (a) how many (b) what is the average income from such source?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): Effective December 31, 1977:

	Workmen's Compensation	CPP
(a) No. of WVA/CWA recipients	1,150	15,783
(b) Average monthly income	$98.55	$96.53

Records of WVA/CWA recipients in receipt of social assistance are not kept because this source of income is not assessed for allowance purposes. In most cases, social assistance terminates when the veteran or survivor is awarded an allowance.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed, from Monday, February 20, consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be read the second time and referred to a special committee on a northern gas pipeline.

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, we have had a very interesting and intelligent debate. I hope I can follow the same track. Seriously, coming from the city of Calgary, which is the oil centre of Canada, I am very proud to take part in this debate today. I think I can restate carefully and correctly this party's policy with regard to this pipeline.

From questions put today by the opposition and answers given by the government, we believe that one of the ways to turn around the lagging economy of Canada is to get on with the building of this pipeline. Everyone is on all fours in that regard. However, we have been presented with a bill and an agreement which forms part of the bill. That needs to be examined. When we are passing a bill in parliament we want to do the right thing for the good of Canada, the good of the industry and, in particular, to start Canada back on the trail from the lagging economy which is being caused by the government's economic policies.

By way of introduction, it is interesting to note that when we are dealing with pipelines we must deal with the whole ball of wax, the oil and gas industry. I have in my hand a copy of a report from the Canadian Petroleum Association which presented a brief some time ago and which I have incorporated into many speeches.

The western petroleum industry, exclusive of refining and marketing, currently spends, and has done so for ten years, approximately $1 billion per year. Over 85 per cent of that money is spent in Canada for goods, services, and payments to the government. Of the major expenditures made for oil and gas pipeline, gas plants, fittings, pressure vessels and pumps, over 80 per cent was spent in eastern Canada, a large part of it in the province of Quebec. The majority of its capital expenditures were made in Canada as a result of tariff protection.

Oil and gas revenues paid to the western provinces have directly, and this is the point I want to make first, benefited all Canadian taxpayers in savings to the federal government in federal-provincial equalization payments. In addition, the federal government is the major recipient of income taxes on the corporate profits of all companies directly or indirectly affected, not only the oil and gas industries but all the tertiary industries that supply the pipes, valves, fixtures and other parts that make up the pipeline of which Canada has good experience building in the past.

I listened to the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), whom I have known for a number of years, dealing with natural gas. He mentioned, and I endorse those figures, that we produced in western Canada five trillion cubic feet of gas in 1976 and five trillion cubic feet of gas in 1977. I remind the hon. member for Nanaimo-Cowichan-The Islands that most of that finding was in the province of Alberta at Suffolk where they drilled over 100 short gas wells and at Elsworth, which is close to Grande Prairie, where they have drilled some very large wells. In that area alone they have found two trillion cubic feet of gas. That is the proven reserves. The reserves in that area will rise to between seven and 15 trillion cubic feet of gas.

Alberta has a surplus of gas. We have heard a lot of pessimism from various speakers in the House that we are running out of energy. There are 3,000 gas wells shut down at the present time in the province of Alberta alone. Hundreds of millions of dollars were spent drilling those. In the Elsworth area alone we can produce one billion cubic feet a day, yet 3,000 of these wells are shut down at the present time. If there were a market at the present time—there is a demand in the United States—with a trade-off, that would net Canada in taxation $1 billion per year to the federal government and a half billion dollars to the provinces. This is all brought about by exploration and development.

As we know, this is a big risk industry. When the federal Liberal government brought in and implemented the white paper on taxation, exploration and development dried up. It was only after the scare of an energy shortage in this country that they listened to the Progressive Conservative party and

changed the tax structure of the nation to encourage exploration and development.

You cannot expect exploration and development to take place if you take 100 per cent of the profits away from the corporate body which is taking the risk. You need to have corporations in this industry because it is big business. It costs a lot of money.

Some hon. Members: Oh, oh!

Mr. Woolliams: I hear my friends to the left. They voted to shut down exploration. The reason I mentioned the development and exploration, as well as the great reserves now built up in Alberta, is because there is encouragement there. Compare the royalty system to the taxation system in Saskatchewan and you get the exploration where the action is, and that is in the province of Alberta.

An hon. Member: It has something to do with resources.

Mr. Woolliams: If you are going to hunt partridge, you have to go in the grass and find them. You cannot stay in the house beside the fireplace. I do not want to get off track on this, but not very long ago some people were saying that there is no oil and no gas, that the pools have all been explored and developed. I have set those figures out to show what can be done on the basis of good economic policies, first in Alberta and now as suggested by my party in connection with exploration for gas and the development of this source of energy.

● (1512)

As to the bill itself, questions were put today by the hon. member for Yukon (Mr. Nielsen) in relation to the approval given by the National Energy Board for the use of 56-inch pipe. I think everyone agrees with that decision because it gives us some assurance that the pipe will be made here in Canada, either in Hamilton or in Regina. It ensures that despite the lack of any guarantee there will be favourable opportunities in Canada. The United States does not favour a 56-inch pipe. The people there would prefer a high pressure pipe. If hon. members would look carefully at the agreement they would see that this decision may mean, as the hon. member for Yukon suggested in his questions, that the agreement will have to be renegotiated. That would be unfortunate, because, as a number of members have pointed out, it is already late in the day; the bill should have been before us very much earlier. Then again, questions were asked by my hon. friend from Hamilton West about the supply of valves and fittings, and we hear it would take about 18 months lead time if they are to be manufactured in our factories. This just cannot be done if we intend to move rapidly so as to improve our lagging economy.

As I say, it has been an intelligent debate, but before I get into committee matters may I say I was shocked when the Minister of Industry, Trade and Commerce (Mr. Horner) lost his temper last night, with my hon. friend from Hamilton West particularly. He was irritated. I have a lot of quotations I could read but I do not want to take up time reading remarks he has made against the Liberal party. But I would like to read something else into the record. Maybe a debate on a pipeline is not the time for poetry, but I thought the hon. member for Nanaimo-Cowichan-The Islands would like to be reminded of this poem—no doubt he is familiar with it. It is called "The Lost Leader". I think it fits the hon. member for Crowfoot very well. I shall not quote it all, and, by the way, I have changed one word. It reads:

Just for a handful of silver he left us,
Just for a ribbon to stick in his coat,
Found the one gift of which fortune bereft us,
Lost all the others she lets us devote . . .
One more wrong to man, one more insult to parliament
Life's night begins, let him never come back to us!

Which means, night begins for him.

After the minister lost his temper yesterday I was reminded of the words of the right hon. member for Prince Albert (Mr. Diefenbaker) when he said "The path of glory leads but to the gravy." Well, they certainly led to gravy but they led also to an emotional disturbance last night, and I am glad *Hansard* did not put his swear words on record because even in Crowfoot it would have looked very bad for the hon. member who, I am sure, is in deep political trouble.

I want to deal with the judicial process set up to adjudicate disputes which are likely to arise from time to time, particularly in connection with clauses 14 and 15 which set aside any judicial review as to native claims, citizens' rights, disputes between contractor and contractor, employers and employees. I say this, and after I have dealt with the agencies which are to be set up, hon. members will understand why. I make the point right now that any process of judicial review is being taken away. the whole matter will be directly under the minister who will have power to authorize these agencies which are being set up to solve all disputes of the kind I have mentioned.

What does the bill provide in this regard? Well, there is to be an administrator described as the administrator of the agency. The administrator will be all-powerful. By "agency" is meant the northern pipeline agency, all of whose powers would be defined by order in council. The agency will be the complete master of the pipeline project, the biggest this country has seen since the building of the "national dream", the CPR.

All appointments are to be made by order in council. Under clause 5, the governor in council has the power to appoint the administrator. The administrator will exercise and perform all the duties and functions of a Czar minister. The minister who is chosen for the job, I do not know who he will be, will be appointed by order in council and he will be the minister responsible for the pipeline. If hon. members read clauses 14, 15 and 16 of this bill they will find that this special minister can be removed by the same process as that by which he was appointed. He can be appointed one day and removed the next to be replaced by another minister. And on the following day a third minister can replace him. Then, according to the rules of the House, should we in parliament see that something is going wrong with the project it might be impossible for us to address

questions to the minister who is responsible for what had occurred.

We have been promised 80 per cent of the content, but I still do not believe this figure will be achieved. It is a promise. There is no guarantee. There is no provision for control. There is only the hon. gentleman's word. I may say I have always accepted the word of the minister, but he is only one member of a government that is wishy-washy—

An hon. Member: He may not be there.

Mr. Woolliams: No. He may retire to a better climate, and I would not blame him. What I say is that we could try to clear up mistakes by putting questions to ministers but we would not be allowed to question a minister who had made the mistakes and who had been replaced. His successor would probably not talk to him. We have seen this happen with respect to the office of solicitor general. What we have before us is a very complex, autocratic approach to a question involving land claims, disputes between citizens, and other important issues affecting the public interest.

As I have said, we must have the pipeline. But surely we could be given a bill which would serve all Canadians better. We want this development because today there are one million unemployed in Canada, more unemployed than there were during the worst depression of the thirties. And no one, as far as I know, has suggested there is a world recession today although there is certainly a depression in Canada.

The minister to whom I have referred will be entitled, under this bill, to exercise all the powers of the National Energy Board. In other words, this agency would not only be all-powerful, exercising its functions by order in council without reference to parliament, but it would take over the powers and functions of the National Energy Board itself. The powers of the minister will be unlimited. It is he who gives direction to the agency. The agency dances to his tune. Moreover, as I say, the minister can be changed from day to day by order of the Privy Council. He can oversee all surveys, enforce the agreement between the United States and Canada, force land expropriations, and conclude land claims settlements, without any right of appeal.

● (1522)

Only on a question of law can there be an appeal to one judge of the Federal Appeal Court of Canada. What kind of nonsense is this? This is all hidden because everybody in Canada wants the pipeline and the employment it would generate to get the country moving again. Canadians are solid thinkers.

Calgary is a city of affluence because of two major industries, the gas and oil industry and the agricultural industry. Coming from Calgary and living in that environment I want to see this pipeline project developed. People in Calgary and Edmonton know better than people in any other city that jobs depend on the development of this project. However, they will think twice before they will give approval to this bill.

We know what will happen in the committee. The Liberal government has a majority in the committee. The chairman is probably appointed by the cabinet, but he gets the nod from the majority of Liberals. The chairman of the committee will say, "Eldon, go ahead with your ten minutes of cross examination", or, "Move your amendment in ten minutes". This is a serious matter. In the committee a member can ask one question of the minister and the minister can talk nine and a half minutes, and that member's time is up.

Clause 14 of this bill grants to the governor in council the right to transfer to a minister—not specified—such of the powers, duties and function of any minister, department or agency and the right to exercise those powers and duties, and there is no right of appeal from the authority of the agency or the minister unless a question of law is involved. The minister can make law, rescind law, change law, legalize the illegal and make illegal the legal. That is the mess we are in.

Clause 15 merely restates that the all-powerful Liberal pipeline czar has the right to dictate to all concerned. Clause 15 states:

> The Minister may, to facilitate the exercise of such of the powers and the carrying out of such of the duties and functions of a member of the Queen's Privy Council for Canada or any department or agency of the Government of Canada as are transferred to him, enter into an agreement . . . and carry out the duties and functions . . .

And be a czar. Clause 16 is even worse. That clause compounds the powers of the governor in council by decrees and edicts. There were no appeals from the decrees and edicts of the dictators in European history, and there is no appeal here either. Regulations can be made to modify any existing regulations under any act of parliament or under any act in reference to any person or corporation engaged in the development. What does that all mean? How can Canadians know the law if some unknown appointed minister, as the hon. member for Nanaimo-Cowichan-The Islands says, makes a decision and modifies the regulations? That is how the legal can become illegal and the illegal legalized. That is what those clauses say.

Clause 14 transfers power but does not give the courts a chance to review the situation. Orders in council can transfer powers from one minister to another. All that can be done without publicity and without any debate in parliament. It can be done by some unknown body, person or group. No dictator had greater powers.

We saw what happened when orders in council created a secret cartel in the uranium industry. Imagine what can be done with the powers granted in this bill! Everyone wants the pipeline, but we want a bill which will build the pipeline and serve Canadians while it is being built and after it has been built.

Clause 15 would allow the transfer of power from one minister to another. Power can be transferred from minister A to minister B, from minister B to minister C and so forth, without question. New agreements and orders can be made, and edicts and decrees can be enforced. Perhaps I should not say this in parliament, but where in hell is there protection of

civil rights in this the biggest project since the national dream? Whatever happened to native land claims? What will happen to claims by other people from Alberta and British Columbia? What will happen to provincial rights? This law by order in council should be nicknamed the Liberal gas law. It gases the natives, the little citizen, corporations and public interests without giving any of them the right to survival with a gas mask.

We want accountability to parliament and to the country. We want accountability to natives and to all the citizens of Canada so that their interests can be protected. What accountability will there be if Canadian firms do not get the steel pipe contracts? What can parliament do about that? What can Canadian citizens, factories, and unions do about it? What happens if Canadians do not get the market for by-products? We heard the wishy-washy answer of the Deputy Prime Minister (Mr. MacEachen). He said he does not know, that it may take 18 months but that it is up to free enterprise to get geared up. I am sure he has much experience with regard to how long it takes to retool a factory, even in the automobile industry.

Let us be practical. If things go wrong and six months from now we ask these same questions—and God help us if this government is still here—will the answer be that there is provision in the bill, that it is the responsibility of the agency, or that things are done by orders in council which can be modified yesterday and varied tomorrow? Will that be the response if native claims are not settled or if Canadians do not get the jobs? We have no control over United States tariffs. How do we know that the Americans will not buy pipe from Japan?

On other projects the United States has used Japanese pipe. Will cheap Japanese pipe be dumped into the United States, and will the United States bid against our firms? The Deputy Prime Minister says we will have to compete. The Minister of Industry, Trade and Commerce did not even know that Japanese pipe has been used to build pipelines in Canada. The hon. member for Nanaimo-Cowichan-The Islands said he would have expected more intelligence from that minister. I have never expected any intelligence from him because I have known him for a long time. If inferior pipe and other inferior products are used, where can we go if there is not a question of law?

What happens if the cost of this pipeline escalates from $9 billion to $25 billion, as the national debt has escalated under this government in the last ten years? What recourse will this parliament have? What appeal will anyone have from decisions of the agency which is to be created as a puppet of the minister, who could change from day to day? How can we be sure of accountability? In my opinion there should be the right of appeal to a court of competent jurisdiction, the Federal Court of Canada, or a superior court of any province.

I am not talking about little disputes as to whether welders should go here or there. I am talking about substantial matters which go to the very meat of whether the pipe is manufactured in Canada or whether Canadian workers get jobs. All these tremendous powers granted to the minister will be bestowed by order in council, and there will be no right of appeal except on a question of law, as set out in clauses 14, 15, 16 as well as in other clauses of the bill. Decrees and regulations must be monitored by parliament in a parliamentary committee from time to time. All orders should be tabled in the House so that Canadians will know the law from day to day, even as it is varied.

● (1532)

It was not long ago that the right hon. member for Prince Albert and Mr. St. Laurent made a deal that there would be the tabling of orders in council created by the Cabinet. The monitoring can be done by a strengthened Standing Committee on Regulations and Other Statutory Instruments, by the Standing Committee on National Resources and Public Works, or by a special committee set up for this purpose, that is, to act as a check and balance on so extensive a power assigned by law to parliament by this bill. We know the difficulties faced by the Standing Committee on Regulations and Other Statutory Instruments with respect to trying to get a reference out of the House as to orders in council. Every year thousands of laws are passed. Only a third of them were published last year. These safeguards must be spelled out in the bill. No other feathery citation would be adequate at committee stage.

In committee we will fight for a quarterly monitoring process which must be embodied in this bill. As wretched a bill as it is, and in that it lacks the necessary guarantees, the basic intention of building a pipeline to serve Canadian and American interests is present. It provides for Canadian interests to be involved and engaged in the building of the pipeline, the rolling of pipe, the manufacturing of fixtures, valves and all other necessary parts. That is what we will ask for in committee. If there is any delay in that regard it will be the government's fault and not the fault of this side of the House.

We have heard many promises, but there is no national energy policy, no northern energy policy, and no policy to settle native claims. The only appeal is to a federal appeal court sitting with one judge. On any other matter—and we are dealing with $9 billion—this court must sit with three judges. In this case, under this bill, one judge answers the questions. What is his power? He cannot vary the order of the agency. He can send it back with a direction. If the agency indicates that it does not go along with that, then it carries on in the same style and way, excercising its dictatorial powers over Canadians.

What protection do people have who own land? What protection is there for their way of life? The bill is polished like a red apple to create the biggest administrative dictatorial Liberal gang: the law makers, the law interpreters and, at the same time, emasculating the National Energy Board. Unless the National Energy Board is staffed with competent help—and it only expects to have 200 on the job—then even the slight influence the Board will have left cannot be put into action.

The hon. member for Yukon put it accurately and adequately. It needs repeating. He said the following:

Enormous powers will be granted under clauses 14, 15 and 16 of the bill. In the years of the Diefenbaker government, a gentleman's arrangement was made. The Deputy Prime Minister will remember this. Orders in council were to be tabled monthly and they were. Since 1963, that practice has been discontinued.

That was caused by the Liberal government. He continued:

Unless you ask specifically for the tabling of an order in council, you never see it.

Even when it is requested, it must be pried out of the government.

He went on to say:

I request from the government, if not an embodiment in the legislation, at least an assurance that once a month copies of orders and decisions of the board and any orders in council made under this legislation will be tabled in this House. In that way we will be informed of the manner in which the regulatory agency is conducting this project.

I believe that under clause 35 of the bill the commission lands would be virtually wiped out. This cannot stand. As the hon. member for Yukon pointed out as an example, the pipeline could be built right through the town hall at Whitehorse and no one would have the right of appeal.

It is parliament that has and gives the power to delegate subordinate lawmaking by way of regulations and statutory instruments. It should remain there. This power is delegated by means of certain provisions of the legislation or acts it passes. To ensure that this delegated power is not misused, by the Statutory Instruments Act parliament established the Standing Committee on Regulations and Other Statutory Instruments. Section 2(1)(d) of the act applies to orders, rules and regulations of all kinds, with certain important exceptions that I will mention later.

The function of this committee is to act as a watchdog. This cannot be monitored under the bill. What watchdog do we have? We have no watchdog.

The second report of the committee reads as follows:

Parliament retains responsibility for the law of the land and to the extent that these detailed rules and regulations are not subject to parliamentary scrutiny, parliament is forfeiting its effective right to settle laws that must be obeyed by the people.

Parliamentary scrutiny of all such subordinate or delegated law is now an accepted part of the parliamentary tradition in the Commonwealth.

But that is not so in Canada. That is what the report indicated. If we ask for a committee to monitor this agency and the powers of the minister, surely that cannot be refused. Surely I, and other hon. members on this side, will be heard. We want this bill as badly as the government wants it. We will listen to reason in committee.

These skeletal provisions delegate excessive power to the minister. Also it is highly questionable whether the subdelegation to the extent allowed under clause 15 of this bill does not contravene the basic legal principle that a delegate may not subdelegate. Blanket delegation of this nature is only permissible, if at all, in emergency situations. If allowed to stand, parliamentary control would be difficult, as would review by the court. There is only review on the question of law. Likewise, it is a matter for serious consideration that the regulation-making powers conferred by this subdelegation would undoubtedly be very broad.

It is a vexed question whether parliament would or could review on a continuous basis, under the Statutory Instruments Act and therefore by a committee, the mass of documentation that would accumulate. The regulations pertaining to this documentation, as we see from clause 16(1) of the bill, may be made before the coming into force of the act. Perhaps they are prepared at this time, without us knowing anything about them. Surely those regulations should be laid before parliament prior to third reading in order for us to have the basic structure. With respect to this area, the bill hands over everything carte blanche to the executive. We are building a house with all the skeletal forms and parts of the rooftop, and at the same time allowing the government to put on the siding and do the interior decorating.

It is important to note, however, that even though the Statutory Instruments Act and the committe are intended as safeguards for the sovereignty of parliament, there is in the act an escape route by way of Section 27 which gives the governor in council the power to make regulations exempting the tabling of any regulation. If we ask for tabling, Section 27 can be invoked and the government can indicate that it does not have to table it. It is secret, like that secret order in council. Surely all hon. members want Canada to become an economically sound nation steeped in the protection of the law.

This is no time to play politics. We are all prone to put forward political ideas at times, but we have endeavoured to give the government some direction. Do not destroy the Bill of Rights, nor the works of the right hon. member for Prince Albert. The Bill of Rights indicates that all laws passed are subject to the interpretation of the Bill of Rights, which lays out some of the civil rights. I am talking about the rights of the native claimants. I am talking about the rights of any land owner, and I am talking about the rights in negotiating contracts between contractors and the government and employers and employees. The Bill of Rights is emasculated by this bill.

● (1542)

Now that I have dealt with the legal aspects of this legislation I want to lay down some philosophy. I have spoken in this House for ten years asking that we get on with this job and establish a special committee. I looked at some of the speeches I made when the hon. member for Eglinton (Mr. Sharp) was minister, in which I asked that a special committee be set up, but nothing was done at that time.

I would like to quote from "The Future of our Industry", a convention paper presented by J. C. Sproule at a meeting of the Canadian Oilfield Technical Society. He said, in dealing with the development of our resources:

It may or may not make good sense to leave undeveloped a country as rich in natural resources as the Canadian Arctic.

The population of the earth is expected to double in the next fifty years and to double again in the following fifty years. Fifty years is a relatively short time. Some of us can remember that long. Many of our children and grandchildren will be here at that time. Meanwhile, we must keep in mind that it was not the

western democracies that are doubling population every fifty years, but is rather the over-populated "have not" countries who will soon be looking for living space. Our surplus living space would satisfy them. If we are not using it, or have not developed it, who has a better right to it than they?

In building this pipeline, in building the Dempster route, and in building the other pipeline and developing our resources, we will be protecting Canadian soil and resources for Canadians for all time to come. Of course we attract many immigrants to this country.

This is a very large project. This is the area it covers: from Watson Lake to the Alberta-B.C. border it is 440 miles; from the Alberta border to Caroline, from Caroline to the Saskatchewan border and from Caroline to the B.C. border, it is 806 miles; from southern B.C. to the U.S.A. border it is 105 miles; and from the Alberta-Saskatchewan border to the U.S.A. border it is 160 miles. On the Dempster route from Whitehorse to Watson Lake, B.C. it is 512 miles, making a total of 2,023 miles if the Dempster route is completed. So you see what lies before us.

Before concluding let me say that this is very important legislation. We are not going to debate it long because we want it to go to committee. We have asked for certain definite amendments to be made to the legislation to protect the native rights, the civil rights of Canadians, the rights of employers and employees in the signing and negotiating of contracts and, above all, the public interest, which takes in the cost of gas, if we are allowed to take that gas, something which we do not yet know, to the communities in the North, because it will be American gas that flows down there.

We are very fortunate to be so richly endowed with all forms of basic energy. History has proven that our industrial progress will be proportionate to our availability of energy. However, in recent years Canada has shown an international trade deficit in energy producing resources. As recently as 1950 we, as a nation, imported more than 60 per cent of all our fuel requirements, but in the 1970's we became self-sufficient.

We have oil and we will find a lot more. We have natural gas in surplus. We have one eighth of the world's supply of coal, and therefore we have energy. Our supplies of energy will determine the cost of energy and how we will conquer inflation. Let us get on with the job and go ahead with the project, but let us build in some safeguards because the people elected us as their members of parliament to guard their interests.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, a few minutes ago the hon. member for Calgary North (Mr. Woolliams) mentioned that this legislation was important and that it was important for the Liberal party to have it passed. Let me point out in my opening remarks that it is not only important to the Liberal party; it is important to the people of Canada as well as to all the provincial premiers to have this legislation passed. A project of this size is important not only to one party. Surely it is important to the people of Canada as a whole.

[Mr. Woolliams.]

May I say that the critics, mainly in the NDP, who argue that Canada should have obtained further guarantees of Canadian content before signing the pipeline agreement with the United States either fail to recognize that such demands would sabotage the whole deal, or else are dishonest with themselves, because there would have been no pipeline and no Canadian jobs, and this debate would not be going on at present, if Canada, in its negotiations with the U.S., had demanded guarantees of Canadian content. As the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) pointed out, they would have been buying a pig in a poke. I am sure the hon. member who is sitting on the NDP benches would not sign a contract not knowing what would be the cost involved.

There is no doubt in my mind that we would have had no pipeline to discuss in the House had we insisted that Canada obtain the majority of jobs on the pipeline and had we denied competitive bids on it. One cannot expect a rational person to sign a blank cheque to the Canadian people, especially in a situation where there is a cost factor which concerns us, that is, of course, the Dempster connection.

It would be hard to argue, if we were only talking about the Dempster connection, that there should be no competitive bids either on the pipe or on materials going into building it, but I suspect that the rationale behind the thinking of those eminent gentlemen who, as I mentioned, are mostly in the NDP, is that if it is American gas that will be going through the pipeline initially, then we should charge whatever the traffic will bear. I am rather amazed at this thinking because I assume that if we were in a similar situation I would not want our neighbours to adopt an attitude expressed in the words "to hell with the cost; the Canadians will have to pay it". I do not think that we, as good neighbours, should take such an attitude, especially when we have assurances from the companies that will be involved in the construction of this important project that they are competitive and that they are not afraid of the United States, of Japan or of West Germany.

Some members of the Conservative party also have expressed their fear, and yet last week we had a conference here in Ottawa at which the provincial premiers of the ten provinces met with the federal government and expressed the belief that the solution to our present economic problems lies in reliance upon the private sector of our economy. Yet day after day I read and hear in the House that we cannot compete with other countries. I wonder whether we have become a nation of mice, afraid to compete with our American neighbours.

This afternoon during the question period we heard remarks made by members of the official opposition regarding the Canadian dollar. Perhaps it is because I am from British Columbia, an export oriented province, that I think there is an opportunity with our devalued Canadian dollars, for us to export our products to world markets and thus pick up some of the trade lost over the years, perhaps due to foolishness on our part.

I believe that opportunities exist if we choose to grab them, but I will certainly not stand up and say, "Poor us, we do not have the guts or the technology to compete in world markets." I say we do, Mr. Speaker. We do not need guarantees that we must use steel at any price to ensure Canadian jobs. Those jobs will be filled by Canadians, but in competition, and not as a result of an arrangement that we sign a contract with the United States in case they compete against us. I do not accept that, and I do not think the people of Canada accept it.

● (1552)

There is an insidious movement in this country to belittle anything Canadian, whether it be this House of Commons or the ability of our companies to compete in world markets. It seems that we have a tremendous inferiority complex which is being encouraged by those who would like to change the system. That is something that I fear personally, and I will fight against it. Canadian companies have said time and time again that they do not need government intervention, that they can compete with the United States and other countries in the manufacture of pipe. The fact that we do not at the moment have companies manufacturing the fittings required is not a great drawback as they will not be needed for two or three years. It just means there will be opportunities for new companies in that area.

Perhaps I am parochial, Mr. Speaker. When the original discussions about a pipeline to transport gas from Alaska to the United States took place I thought that if we did not seize the opportunity to have this built on Canadian soil we, on the west coast, would find ourselves watching a procession of LNG tankers passing from Alaska to southern United States ports. I can assure this House that no one in British Columbia, and certainly none of the political parties in British Columbia, would support the proposition of increased tanker traffic off the west coast. We are all aware of the problems of oil spills in various parts of the world in recent years. British Columbians fear this because the west coast has the potential to be one of the world's greatest sources of protein as a result of the 200 mile limit on fisheries and because of the recently announced $150 million salmon enhancement program. We certainly do not want these resources destroyed.

Even if there were no aesthetic considerations regarding oil spillage off the beautiful west coast, there is a strong economic argument. We do not wish the blights that have occurred in other parts of the world to occur on our coast line. That is why, in August, I strongly supported the proposal for a pipeline.

This pipeline has tremendous prospects for western Canada—for British Columbia in particular and Canada in total, whether it be Quebec or Ontario that will supply many of the goods and services needed. There are tremendous opportunities for British Columbia since 700 or 800 miles of pipe will go through the province. We should use those opportunities well.

Some hon. members suggested that the GATT agreements would not affect a guarantee system and that we should not allow competition on the line. I was rather surprised that some members from British Columbia would suggest that we do not need to worry about the GATT agreements. With one quarter of our national wealth based upon export sales I fear it would be potentially dangerous for Canada to encourage the deterioration of the international trading system governed by GATT. There may be a loophole but, of course, if there is a loophole for us, there will be for other nations as well.

Coming from a province that is rich in resources I would hate to see our export market damaged because we were shortsighted enough to try to weasel into the GATT agreement a guarantee that was not written into it in the first place. I hope hon. members will look well ahead and not let us fall into a situation where we could be discriminated against in future through some legal flim-flam between nations.

In my opinion, Mr. Speaker, the unreasonable terms proposed by the New Democratic Party would have doomed the pipeline agreement, and the charges of a sell-out which they raised would have been borne out. Such an approach would have sold out the $4 billion project at a time when most Canadians would agree stimulus is needed in our economy. I for one would not wish to go before the Canadian people in an election campaign and say that, in order to obtain guarantees, we lost the project, that it was a matter of judgment and our judgment was bad. I suspect the people would say that we did not have to worry about our judgment in the future because we would not be here.

If the Canadian companies which are vitally interested in this project say they can compete, why do we argue about it? Do politicians know better than businessmen whether they can compete? I think businessmen are able to take care of themselves and do not need the assistance of the New Democratic Party.

Opposition spokesmen have suggested irresponsibly that there will be no provisions to ensure that the 90 per cent Canadian input is achieved. The Canada-U.S. agreement asserts that the system will be built so as to "advance the national economic and energy interests and to maximize the related industrial benefit of each country." Legislation now before this House contains requirements about the input of Canadian labour, goods and services in the planning, purchasing and construction of the pipeline in this country.

The New Democratic Party is either unaware or has hidden under the rug the fact that the companies most vitally involved in supplying the pipeline project have not sought absolute guarantees or some assured preferential system for pipeline contracts. Mr. Speaker, the chairman of the steel company of Canada, Peter Gordon, says he is not only confident of Stelco's ability to meet United States competition for pipe in Canada but he indicates that the company may well compete with U.S. suppliers of pipe for contracts on their home ground. To build in guarantees would be to deprive Stelco of the opportunity to compete in the United States.

I wonder if we have lost our senses completely, Mr. Speaker. Just a week ago a conference suggested that the private sector of our economy is our salvation in terms of employment and prosperity, yet time and time again people who supposedly

support that argument suggest that we should interfere a little bit here and a little bit there. I am probably the last of the free enterprisers, Mr. Speaker. The hon. member who spoke before me wants guarantees. He will give the most eloquent speech on free enterprise and government decontrol of the system, and then in the next breath say that these companies should come to parliament every three months and ask, "Am I doing all right?" It is ridiculous, and you know it is ridiculous. Be honest for once.

● (1602)

The New Democratic Party, Mr. Speaker, indicates that Foothills is apparently not competent either, although Foothills has said Canadian content in the pipeline will be 90 per cent. They have constructed pipelines in the west on numerous occasions and have been be able to fulfil the 90 per cent Canadian content. I still hear the "boo birds" say, "My goodness, we must do something to help those poor companies because we know the pipeline companies are telling us fairy stories. They cannot do it, the government must put in a guarantee".

We come back to the same thing, the government must do this and it must do that. We cannot take the word of a company which has been in operation a number of years and which possesses more experience than I have or any other member in this House has. Time and time again speakers on the other side keep bringing this point up as to guarantees of content, guarantees of this and that. I have more faith in Foothills obviously than they do. I have faith also in Westcoast Transmission which has had experience constructing pipelines in British Columbia.

The group of companies recognize, and we in the government agree, that over the past 20 years Canada has developed a number of large and highly efficient firms with the capacity to handle a project of the northern pipeline size. Two of the major companies involved in Foothills, Alberta Gas Trunk Line and Westcoast Transmission, have reported that their own construction in recent years has approached 90 per cent Canadian content. I accept their word. If other hon. members have information which I do not possess that these companies are unable to fulfil these requirements, we would like to know. I have heard no contradiction of the Foothills or Westcoast Transmission statement. They have had no guarantees. They run a competitive market, and I must say I accept their word above the word of someone who is not involved in this business.

The Government of Canada approach goes beyond the realm of good intentions as far as Canadian content is concerned. It should be remembered that the Canada-U.S. agreement stipulated that each government endeavour to ensure that the supply of goods and services to the pipeline project would be on generally competitive terms. Mr. Speaker, I do not think anybody in this country would want a pipeline built on non-competitive terms.

In its report giving Foothills the green light last summer, the National Energy Board said the company should develop its purchasing program so as to ensure that Canadians have a fair

and competitive opportunity to participate in all facets of the project. I stress the word competitiveness because that is all that can be reasonably asked in any market, at any time, that competitiveness be involved. It is also stipulated that the level of Canadian content be optimized as far as is practicable, and that maximum advantage be taken of opportunities provided by the project to establish and expand supplier firms in Canada.

I realize other members wish to speak in this debate, Mr. Speaker. I wish to conclude in this manner that, if we are convinced that it is the private sector of our economy which will provide the jobs many Canadians want, then surely it should be the object of all members of this House, regardless of what side they sit on, to ensure a project of this magnitude goes forward and that the stimulus of $4 billion in 1976 terms does occur within our economy.

It is foolish to discuss whether the regulations should be issued now, later or in between. A report should be made to this House through a committee every quarter. I would like this matter to go to committee and I would like to see this bill passed in order that those people involved in the construction of this project have the lead-in time required.

In Canada there are insufficient numbers of skilled workers should that pipeline construction commence tomorrow. Workers would have to be brought in. We need lead-in time to co-operate with the provinces to ensure that, if there is a shortage of skilled labour in this country, classes are set up immediately in schools so that when the pipeline project does proceed we will have the necessary people to provide that labour for those jobs. This will require the co-operation of the provinces and of the federal government.

Following the conclusion of the first ministers' conference last week I saw a ray of light across the country. Some of the opposition members have not learned what the premiers have learned, that it is more important at this time to get on with the job rather than bringing up straw issues because there may be an election this year or next year. The people of Canada do not want us to play politics with their futures. They want us to do what we were elected to do in the first place, which is to ensure that what is best for this country is carried out. The government has a monitoring position to ensure that it gives every assistance and encouragement to private industry.

Mr. Peter C. Bawden (Calgary South): Mr. Speaker, I welcome this opportunity to say something in this debate concerning the proposal of the Foothills Pipe Lines Company and its sponsors, Alberta Gas Trunk Line of Calgary and Westcoast Transmission Company of Vancouver. I would like to pay tribute first of all to these two sponsoring companies which are prepared to take on the largest single project ever proposed by private enterprise in Canada, in the United States, or indeed anywhere in the world. It takes a lot of personal and corporate courage, a lot of stamina and tenacity to do this, and particularly so in Canada today.

Round one of this contest ended last fall when the government made its decision in favour of the Foothills project to

build the line along the Alaska Highway instead of by way of the Mackenzie valley. I say to the House, Mr. Speaker, that the energies and efforts so far on the part of this group, Foothills and its sponsors, are likely to be minuscule in comparison to the tasks which now lie ahead.

One of the first and most important steps to be taken in our country is the passing of this legislation by parliament. Ministers of the government have been emphasizing the importance of quick passage of the bill which has been introduced. It is typical, however, of this government that an agreement signed by Mr. Schlesinger on September 24 and the required bill passed quickly through the United States Congress. It is now four and a half months later when it is before our parliament. The minister of energy and at times the Prime Minister (Mr. Trudeau) have spoken in Canada about the urgency of energy matters but their actions have never supported their words. This has always been the case in every other matter relating to energy, whether it be northern regulations, agreements with the provinces, or taxation matters.

When I consider the project I have concern about government involvement, not the lack of it, but the over-abundance. This bill and other information available make it clear that Ottawa will be controlling every minute detail of the project. This has been demanded by the New Democratic Party too.

First of all the size of pipe was chosen by the National Energy Board, and thus the key technical specifications and ultimately the capacity of the line has been determined by the government. All of the rates and tariffs on the system and return on investment will be determined by the government. Property taxes on the line will be set by the government and it appears there will be a strong level of intervention over the control of purchasing policies of the company. The financing of the project and every detail of this important aspect will be controlled by the government. The government will be dictating labour policy, where the employees will be recruited from, how they will be qualified and, I presume, how much they will be paid. All of these things will be taken on by the government.

• (1612)

Who in the experience of Canada during the 1970's would have confidence in a government which is proven to be so inept, so slow to arrive at decisions, and so costly in their operations? Just the same, the route of the pipeline, and presumably every bend and twist, will be dictated by government. I applaud the Foothills Company and its sponsors for the willingness they have shown to accept this difficult and onerous demand upon them.

The thrust of the debate and the criticism of the project by the New Democratic Party have been almost solely concentrated on the question of more government control. In addition, this criticism has been demanding in absolute terms that every single man-hour, every pound of material or supplies, every valve, be spelled out precisely as to where it will come from, and at what cost.

The party to my left has in fact taken a stand against the pipeline. This seems incredible in view of the position taken in the past week by Premier Blakeney of Saskatchewan, who is in favour of the project.

Last August all parties in this House supported in principle the proposal of Foothills to build this pipeline to deliver Alaska gas to the United States and perhaps to carry Canadian Arctic gas to markets by way of the Dempster route. The demands being made by the New Democratic Party are unreasonable and impractical. I say this as a businessman who has been involved from time to time in large projects, and I can tell you that it is never possible, especially when pioneering as is the case with Foothills, to be absolutely precise in every detail so far in advance.

The question really at this stage is whether there will be a pipeline or whether there will not be a pipeline. If the demands of the New Democratic Party were to be built into the legislation then it is my view that two problems would occur. The first one would be with the United States. I discussed this entire matter just last evening with a United States Senator. There are some misconceptions in the United States and Washington about this line. There is great concern about the undisclosed conditions imposed by the province of British Columbia.

The matter of gas pricing in the United States itself is perhaps the most important ingredient in enabling Alaska gas to move to the lower 48 states. Suffice it to say, while there was an agreement between Canada and the United States to build this line, we are by no means out of the woods, either in Canada or the United States.

The activities of most businessmen have one important ingredient, perhaps above all others, and in a $10 billion project the importance of bankers and financiers is more significant than in smaller undertakings. It is, however, important in any undertaking. I can say that all investors are fearful of investments which can be severely and adversely affected by bad government decisions, or in fact, no decisions, as well as by government regulation. One important policy which is needed in Canada, particularly as it relates to this project, must be predictable and certain rules where they must exist.

There is an opportunity to restore business and investor confidence, and respect in Canada and in the rest of the world for this Parliament. There is an opportunity to perform a meaningful part of the rescue necessary for Canada's economy. Let us face it, we require a boot strap operation.

This government, which had very little to say or propose at the first ministers' conference, did, however, highly tout energy projects for decades ahead. The problem is that long lead times of five, ten or 15 years are required to put major energy projects into operation. The result is that short term benefits, that is, during the 1970's, will not result from most of the plans that were outlined by the government.

There are one or two important exceptions, however, and at the top of the list is this proposal dealing with a natural gas pipeline from Alaska to the lower 48 states.

If this project is to proceed without government backstopping, attractive and innovative proposals must be offered to investors. I believe that the greatest possible threat to the ultimate construction of the line is the difficulties that will no doubt be experienced when the details of financing are hammered out. This financing is by no means, in my view, a certainty, and thus, we in this parliament must, as far as reasonably possible, give to Foothills and its backers flexibility to work around the horrendous problems that lie ahead of them, not only in the banking but in the logistics, the negotiations with sellers of the gas, buyers of the gas, and with our own government agencies.

A great deal has been said about jobs; there are few in Canada, except perhaps this government, who would not say that this is a top priority. Members of this House, however, must recognize that if the choice is a pipeline or no pipeline, or 5,000 jobs rather than 6,000 jobs, or 90 per cent of the steel versus 100 per cent of the steel, then surely, there is no question that most of the pie for Canadians is better than none of the pie. To a large degree the question is the extent to which we Canadians and parliamentarians are prepared to place our confidence in the Foothills group of companies. If we are not prepared to do this, a decision in favour of those companies and their proposal should have been rejected out of hand last summer. I am a believer, however, that their track record and their stated intentions speak for themselves. It would be impossible to work out this project on the basis that every last detail be spelled out in advance. This is always desirable when relationships are developed between parties, even I suppose now-a-days by way of marriage contracts prior to committing to a spouse. I am convinced, however, that no amount of rules or regulations will be as important as the good will, the integrity, along with the willingness of the parties to co-operate and to compromise.I believe that the Foothills group in this regard has been outstanding. In fact I sometimes have concern that they have gone too far in accepting the demands of government.

On the matter of supply of materials by Canadians, I have some experience as one who has spent more than 25 years in an important segment of the oil and gas industry, not only in Canada but in the United States and in other countries. To begin with, a lot of the work that will be carried out on the pipeline will be carried out by the contractors who are the prime people in such an operation and, of course, many subcontractors.

I might tell the House a little about the pattern of American involvement in our Canadian oil and gas industry in the past. During the early part of the Canadian oil boom, from Leduc and in the years following, a large percentage of the drilling rigs in western Canada were owned by U.S. companies. The drilling superintendents and toolpushers on the rigs were in many cases American. There was a significant ingredient from Texas, California, and Louisiana. By the middle years of the 1950's, however, this changed, and this important part was probably 90 per cent Canadian owned before 1960.

What is perhaps even more important is that these same Canadian companies have carried their expertise as well as Canadian goods, technology, and experience to all corners of the world. A meaningful percentage of the wells drilled in Alaska has been drilled by Canadian companies based right in Calgary. The same is the case in California, Texas, Colorado, and the Rocky Mountain area of the United States. I say most emphatically that in this international industry, if Canadians take a parochial view, they could exclude themselves from a meaningful portion of international oil and gas activities.

● (1622)

When I look at the pipeline contracting group, those who have the expertise, I find names such as Majestic, Bannister, and Price, to name three. These companies have been established in Canada for a number of years and all of them employ Canadians virtually 100 per cent. They are ready, willing, and able to take on the task of laying this big-inch pipeline along the Alaska Highway.

Laying a 56-inch pipe is not going to be an easy task. There will be complications. It is a very large pipe and this size of pipe has never been laid before. It will require considerably larger ditches, different set-ups for welding, and there will be a good deal to be learned about bending and laying as well as new techniques which will have to be developed as we proceed. A supreme effort will be necessary if Canadian contractors are to train personnel. At the present time it is reasonable to predict there will be shortages of well-qualified people, particularly in areas of welding, fitting, and millwright work. Canadians must be trained and the companies should be prepared to fill every job with Canadians. There will, however, be a shortage of good people and an opportunity will thus be provided to every Canadian who really wants to work.

Any delay in the construction of this project would increase the probability of bunching the demands in the labour market. There are a lot of projects ahead and some of them have been mentioned in the past week or so, both by the first ministers and by the Minister of Energy, Mines and Resources (Mr. Gillespie). They include the construction of another Syncrude plant, a heavy oil plant in northwest Saskatchewan, and many other labour-intensive projects. Thus it is important that construction be kept on time and that no delays take place. Otherwise start-up problems will be plagued by labour shortages. Where possible every preference should be given to the employment of local personnel. I refer to the Yukon, British Columbia, Alberta and Saskatchewan through which the pipeline is to run. I suggest that all those in Canada who want the opportunity to work will have the opportunity to do so.

We have heard a good deal about pipe and its supply for the pipeline. A considerable amount of know-how exists relating to pipeline and other oil-related projects, and it is likely that with appropriate lead-time and planning a significant amount of valves, fittings and all other requirements, particularly compressor station needs, can be supplied from Canadian fabricating plants. There is no doubt in my mind that the largest benefit will accrue to plants and manufacturers in central

Canada—Ontario and Quebec. But this project, because of its size, will have a tremendous impact, and a favourable one, on virtually every province in our country.

As we look at the projected activity, the central core it is certain will be Edmonton. Since the modern history of the west was written, Edmonton has been the embarkation point for northern Canada. The Alaska Highway was built during World War II and was staged from Edmonton. It was the base for earth-moving companies during early oil industry days when Swan Hills and Alaska Highway oil activities were under way. It has aviation companies, transportation companies and communication companies, as well as a large pool of trained personnel.

Alberta has built up a nucleus of pipeline and oil and gas engineers and technicians and welders since the first big-inch pipelines were laid in the early 1950's. A number of important Canadian pipeline companies were spawned as well during the 1950's; I think of such names as Westcoast Transmission, Interprovincial Pipe Line, TransCanada, the Alberta Gas Trunk Line, Trans Mountain and others. Their expertise and experience cannot be surpassed anywhere in the world. Most of the half dozen major pipeline contractors now based in Alberta have, over many years, qualified themselves as the best, most efficient, and economical builders anywhere in the world.

Some hon. Members: Hear, hear!

Mr. Bawden: In addition, through construction in northern Alberta, in British Columbia and in the Yukon these same companies have a wealth of knowledge about northern operating conditions. They are experienced in operating at extremely low temperatures, handling difficult logistics, and working with local labour in these areas, as well as touching at times permafrost construction conditions.

In Canada we have developed a number of vehicles specifically designed to serve the oil and gas industry. Some of these will be in heavy demand in the construction of the pipeline. I think of vehicles such as the Nodwell, the Skidoos, the snowmobiles coming from the province of Quebec, air-cushion vehicles and four-wheel drive vehicles especially equipped to deal with northern conditions, all of which will be required when the project goes ahead.

I say, Mr. Speaker, that Canada has not only the expertise to deal with this project. It has the experience, it has the companies, and it betters the qualifications possessed by other parts of the world including the United States. I therefore have no doubt that the Foothills group, which must seek competitive prices for its goods and services, will find substantial savings by dealing with Canadians virtually all the way. I do not, however, feel that any further demand should be placed upon the Foothills group to utilize any Canadian content greater than has already been spelled out by the government.

I listened carefully to the Minister of Energy, Mines and Resources yesterday when he spoke on the matter of Canadian energy supply. It now appears that the government has finally understood the problem. However, nothing it has done has indicated any capacity to deal with it. Obviously, all the potential energy projects which have been outlined are possible for the future. What is needed, however, is enabling legislation to make it possible for investors to proceed with the projects. Tax incentives with respect to tar sands projects, improved regulations affecting northern lands and so on, would provide the proper climate. All these things have been so slow in coming that our future energy supply has been prejudiced.

One of the facts of life, however, is that in the 1980's the price of crude oil will likely rise to $25 a barrel or more. At the same time the price of natural gas will track very closely. This will take place at a time when supplies of oil and gas from traditional OPEC sources will be tapering off, if they are available at all. The world today has become so dependent upon OPEC oil that massive power over the world economy has been transferred to those states. Canada and the United States, which today are the biggest energy per capita users on earth, sharing some 40 per cent of energy consumption, are in a very vulnerable position.

We in Canada are in precisely the same boat as the U.S. We are facing an increasing dependence in the decade ahead on imported energy from the OPEC countries. Alaska's Prudhoe Bay oil, which has been flowing for the last year, will relieve the problem to some degree. Alaska gas and gas from the Canadian Arctic will slow the trend toward increased dependence on imports. But even if rapid decisions are forthcoming with respect to transportation methods, financing and construction, supply of the resources involved is still many years down the road.

The fact is that by the mid-1980's Canada will be importing approximately half of its crude oil despite all the protestations by the government about energy self-reliance. The United States will be importing approximately half its oil, so our problems are almost identical. The development of the reserves in the Canadian Arctic and the considerable reserves in the North Sea will make an important contribution to the free world.

• (1632)

I point out, however, that if we are to have any leverage whatsoever with OPEC countries and with those who set the price, and if we want to be immune from world blackmail, it is absolutely vital that not only do we find reserves of oil and gas but also that we produce the transportation systems to bring them to market. Our frontier reserves are of absolutely no use to us whatsoever if they are locked under the permafrost and if no transportation system exists.

It has been stated many times before that Canada's present economic crisis, brought on by the Trudeau government opposite, might seem small in comparison if one adds the imports of perhaps 1.2 million barrels of crude oil a day in the 1980's at a price of close $25 a barrel. This would represent a further drain on our own foreign reserves in the order of $30 million per day or close to $10 billion a year.

Notwithstanding the animosity the government has shown to investors in recent years, surely there is a strong case to be made for increasing the return to Canadian or even American

risk takers who are prepared to search for oil and gas reserves in our country, versus the alternative of paying exactly the same amounts to those in distant parts of the world where security of supply is so uncertain.

As I look at this proposed pipeline project I hope that in the years ahead we will see shares offered to Canadians. As we sat down with the financial experts who have been considering this it was explained that there is almost no equity market for shares in Canada at the present time, and the reasons are pretty obvious. Through tinkering as well as massive and destructive changes in our tax laws, the government has virtually driven Canadians from the ownership of their own country. There have been some improvements in recent years, but I say they have been far too little and far too late.

In the early 1960's in Australia there was a desire to have Australian participation in their own mining and oil and gas industries. That country made the purchase of shares in resource companies purchased from the treasuries of those companies fuly tax deductible. Literally tens of thousands of ordinary Australians had a stake, and in many cases a meaningful stake, in the resources of their own country. However, it takes bold and imaginative moves, not the picky little things our government comes out with every year or so and, as I say, far too little to get anything moving. It will take bold and courageous moves if problems regarding Canadian investment are to be solved.

On the question of security of supply, which I think is paramount to this whole matter, the Alaska Highway pipeline which will carry natural gas to American markets is almost as important to Canadians as it is to Americans. In the event of a national emergency or of a conventional war—and the Russians are building their conventional weapons at a rapid rate—there would undoubtedly be an urgent demand to devote all energy supplies to our mutual defence effort.

Due to Canada's complacent role in defence matters during the Trudeau years and because of the weapons capabilities of the United States we would have to turn to our neighbours to a large extent for our total defence and weapons needs. This means that we Canadians, in spite of our cold climate, would be faced with turning our thermostats down, perhaps to the freezing level, so that our protector, the United States, could undertake our mutual defence responsibilities. It is very much in our interests, therefore, that the United States properly manage its own energy policies. At times I have been concerned about whether the United States has done that or maximized its energy policies.

This Alaska energy artery is an important and vital contribution to the mutual defence needs of Canada and the United States. In addition, any alternative consideration, such as tankers to carry natural gas down the west coast, as is presently the case with Alaskan oil, in the event of war would be a disaster.

It must be remembered too that while 50 per cent of our oil needs during the 1980's will be met by imports from OPEC countries, this oil will be largely from Iran and the Middle East, thus traversing the sea lanes of southern Africa. This security of supply is related to our ability to keep these routes open as much as it is to the willingness and ability of OPEC nations to continue supplying us with oil. The disastrous policies of the western and oil consuming nations, including Canada, relating to South Africa and Rhodesia add significantly to the uncertainties of our oil supply routes in the future.

As I look at the question of our relationship with the United States, I come back to 1941 when the Portland Pipeline was constructed from an American port to Canada as a war measure to supply Canada's Montreal refineries. This avoided difficulties as a result of the freeze-up of the St. Lawrence and the limited season, and it avoided a great many problems for Canada. This line, which travels about 160 miles through the United States, has carried, as recently as 1965, up to 550,000 barrels of oil a day, and it is presently putting through almost 400,000 barrels a day.

During the war when Canada was faced with oil supply problems the United States undertook to supply our domestic oil needs from its own short supply. There was one simple condition: that Canada ration on the same basis as the United States rationed its citizens.

At the present time a large portion of Canada's oil and gas from western Canada travels through the United States by way of the TransCanada Pipelines for gas and the Interprovincial Pipe Line for oil. There are further elaborate plans under way between our two governments to construct joint oil storage reservoirs on the east coast of Canada. The Alaska Highway pipeline project is just another element in this important master plan, but the point is that when the shoe was on the other foot and we were constructing pipelines to suit our needs and to preserve our security, the United States was there and co-operated willingly.

I would like to comment on the complex regulatory agency which the minister has proposed and he stated will be staffed by 200 people. It is interesting that this figure is precisely the figure given in this House by the then minister of finance at the time the Anti-Inflation Board was established. Within two years the staff of the AIB exceeded 900. The cost estimates of the AIB doubled in the first two years.

I think the government must place itself in the position of not asking what the Foothills group can do for it but what it can do for Foothills. If it does not, Foothills may fail. The pipeline may never be built. This massive and difficult undertaking will require a degree of industry and government co-operation never before seen in our country. In addition, the arranging of financing will be a massive undertaking. It will be difficult to accomplish, and some say even dicey in the outcome.

When I look at the bill before the House I believe that the greatest single potential obstacle to the project's going ahead may well be the unwillingness of bankers to produce a blank cheque to cover the costs of the northern pipeline agency. If the government's freewheeling spending patterns are any indication, this could be one of the largest, most uncertain and unfathomable costs in the total project.

Hon. members and others must ask themselves if they would invest in or lend to a company which hands blank cheques over to this government. I will be proposing an amendment in the committee and a formula to limit the amount of cost which can be charged to Foothills for the activities of the regulatory agency.

The Minister of Energy, Mines and Resources, and the Deputy Prime Minister (Mr. MacEachen) have made much of the Dempster connection. I say that there is an excellent chance that the Dempster lateral will never be built. I agree, however, that at the present time it is a good standby. It is perhaps the only standby alternative we have, but the Dome Petroleum Company, which has followed a courageous exploration course in the Beaufort Sea, appears now to have the reserves which could present a threshold level to construct what was originally proposed as the Mackenzie Valley pipeline. Notwithstanding this, however, it is also likely that early deliveries from this area will be by tankers, which require less than the threshold volumes required for a pipeline.

In conclusion, the proposal put forward by the Foothills company is simply for a transportation system. It is the transportation of energy in the form of natural gas, and the customer is the United States. This task is not dissimilar to the provision of transportation by other methods such as rail, ship, or air. In this case it is over a land bridge between states of the United States.

• (1642)

Transportation is big business in Canada, and so is the pipeline business. The latest years for which comparative data are available in this country indicate that pipeline transportation of oil and gas yielded revenues of $1.3 billion. This was 16 per cent of the combined revenue of the transportation of all goods by air, rail, ship and truck transport. Pipelines are nothing new in this country. In fact they have been around for more than 100 years. Today Canada has nearly 100,000 miles of pipeline, compared with some 60,000 miles of railroad track.

The Interprovincial and TransCanada systems are respectively the world's longest oil and gas pipelines. These and other pipelines have provided Canadian engineers with tough challenges and the opportunity to pioneer technology. For instance, the Trans Mountain Pipe Line which carries oil from Edmonton to Vancouver, traversing both the Rocky Mountains and the coast mountain ranges, still today represents a remarkable engineering feat.

I believe that the contribution in dollars and cents to Foothills, a transportation company, for the task of transporting American gas is sizeable and impressive. Commencing with the first full year of the Foothills Alaska system, and excluding Dempster, it is projected that the company will realize a net profit of $170 million after tax. Total cash flow before tax and before depreciation will be in the order of $500 million per year. This is some 10 per cent of our present balance of payments deficit. The Government of Canada will collect in the order of $150 million per year in federal income taxes from the Foothills Company. Thus, over a period of ten years the income collected by the government will approach $2 billion from the company, and the contribution to Canada's balance of payments will be in the order of $50 billion.

When we have an opportunity to pass a bill in parliament to assist an enterprise of such tremendous importance to Canada as this, we had better not pick and debate matters which are insignificant in the total and may well contribute or result in the downfall of the entire project. We have an opportunity to demonstrate to the world that Canada is capable of undertaking the largest pipeline ever undertaken and completed in the world, in terms of dimension as well as total dollars. A positive and helpful approach is required on the part of parliamentarians and the government. A vital step is required by the Trudeau government to indicate to the investment community world-wide that the follies of this government are a thing of the past.

We have the opportunity to establish Canada's credibility as a country in which to invest. We have an opportunity to assist our neighbour and protector, the United States of America. That country is our largest trading partner. We can contribute significantly to our mutual energy and defence security.

Therefore let us move forward and not bicker over the division of the pie as to who receives 5 per cent or even 10 per cent more, one way or the other. Let us ensure that the pie is baked and the project goes ahead.

Some hon. Members: Hear, hear!

Mr. Derek Blackburn (Brant): Mr. Speaker, I enter into this debate for a number of reasons. Before getting into the context of my address, however, I should like to make a few corrections to some of the comments made by the hon. member for Comox-Alberni (Mr. Anderson) earlier this afternoon. In fact he rather flattered me and the New Democratic Party, as he devoted almost his entire speech to criticizing what some of our members have said. When that happens on the government side of the House, then I know a lot of what has been said by members of the New Democratic Party must be correct, and government members must be somewhat worried.

He mentioned the problem of guarantees, which has arisen in a number of debates. Yesterday the hon. member for Niagara Falls (Mr. Young) indicated that we cannot have built-in guarantees that all material and manpower will be Canadian. My party is not demanding a guarantee that every person working on the job and every piece of material which goes into the project be Canadian. If one looks at the current world situation, it is patently obvious what we are concerned about. Of course one area is jobs. Top priority for jobs has to come from Canada. There must be Canadians working on that pipeline. That is paramount.

The other area is: when we are talking about guarantees we are not talking about unfair competition. We are not saying that Canadian corporations, whether it is Stelco, Ipsco or some other small producer, should be given a carte blanche opportunity to fleece the Canadian government, Foothills, or any other

manufacturer or contractor involved in this project. We want to caution Canadians. Other countries such as Japan, Italy and Germany produce steel. In those countries steel corporations are heavily subsidized by their governments. Therefore we may end up in a situation where there is unfair competition and very unfair bidding when it comes to the pipeline and the various material components which go into it. This is what we are concerned about.

We are not asking for a special status for Canadian corporations in order for the price to be bid up in their contracts. We are not asking Canadian workers to demand exorbitant labour wage rates. We are asking for fairness and a close look at how corporations in other countries bid. That is our basic concern. I attempted to make that clear yesterday when I asked the hon. member for Niagara Falls a question at the termination of his speech.

Also we are very concerned about the environmental impact. I will have a great deal to say about that later on. As well we are concerned that some hon. members in both the Conservative and Liberal parties are criticizing and condemning the New Democratic Party for being opposed to the pipeline and, for some reason or other, being anti-American. Both of those criticisms are absolutely wrong. Members of the New Democratic Party are not anti-American. But when Canada enters into a deal with the wealthiest nation in the world, which saves that nation $6 billion, because it is not necessary to liquify gas and take it down the container route to the American west coast, and when it is indicated that the best deal possible has been negotiated, there is a question in my mind as to whether that is so.

After negotiations on September 23, 1977, Mr. Schlesinger, who is in charge of United States energy, indicated that the agreement is particularly advantageous to the United States by providing a ceiling on every aspect of potential United States liability, while creating new incentives for efficient construction on a portion of the project which would normally be subject to exclusive Canadian jurisdiction. That type of statement makes me somewhat suspicious that perhaps we did not get the right deal. Be that as it may, we are not opposed to the co-operation the government has entered into with the United States. We are concerned about the nuts and bolts, literally and figuratively speaking, of the entire operation. After all, this is the greatest financial undertaking of a project in the history of our country.

● (1652)

Whether or not the Liberals or the Conservatives have read their history, we know what happened when the other great project was being undertaken in this country back in the latter part of the nineteenth century, and what a hosing the Canadian public took at the hands of the CPR. What we are saying today is that we do not want the next generation or the generation after that to look back and say, "The men and women sitting in the House of Commons in the year 1978 sold us down the river". We want to prevent that kind of thing from happening. We want a fair and equitable deal with Foothills and with the investors, and we want fair and equitable wages to be paid. We want the pipeline to be built, but we want to make sure that at least that portion that runs through Canada has top Canadian content and will benefit Canadians.

There is one thing we must keep in mind. I think many Canadians at present are under the illusion that this is a totally Canadian operation, that we will bring Canadian gas from the northwest to Canadian consumers. I am amazed at some of the phone calls I receive. Let us put it on the record that, initially and perhaps for the next 20 years, this project will be basically an American project, not Canadian. The project is to bring American natural gas through part of Canada to the United States. We are providing a service. We should have bargained in a much harder way with Mr. Schlesinger and with the U.S. government.

It is interesting to note that in the past three or four years the cost of natural gas to the consumer, to the home owner, and to the person who rents an apartment, has skyrocketed, and yet we have an over supply of natural gas in this country. The most reliable estimates say that we have enough natural gas to last us into the 1990's. What we are doing right now is providing a land corridor for U.S. natural gas to come through Canada to the U.S. I want to make that point very clear. If and when we need Canadian gas we will have to look again at the Dempster spur to find out whether or not we will build a pipeline at that time and to make sure that we can supply our own consumers with our own gas.

A few moments ago I mentioned the environmental aspects of the operation, of this giant project. Environment means two things: it means the physical or natural environment, and it also means the human environment.

I can recall growing up in northern Ontario. We lived in Sault Ste. Marie at the time of the great uranium boom at Blind River and Elliot Lake, Lake Lauzon, in that area, and I can recall the terrible social and economic upheaval at the time of the boom when hustlers and hucksters operated and the cost of a hot-dog shot up from 10 cents to 25 cents. Prostitutes walked the streets, taxi drivers doubled their fares, and houses of ill repute popped up all over the place at Blind River and Elliot Lake. The crime rate soared and the murder rate soared. The police force consisted of only two policemen in those days.

I remember my father talking to the chief of police who said he was literally afraid to go out in his patrol car on a Friday or Saturday night. At that time the cost of food and rents soared. The President of the Privy Council (Mr. MacEachen) will remember that when the pipeline was built in Alaska, the net or real income of people who lived in that corridor dropped because prices became inflated as a result of unscrupulous individuals who moved into the area to exploit the people who lived there.

The other aspect which is very important is native land claims. This is a very important subject which has been postponed for so long that it has almost become part of our history, and a very tragic part at that. I suggest to the minister that we should not proceed with the pipeline until we get at

least a memorandum of understanding from the native community. I am not suggesting that within the next few months we can settle all the land claims, but I think that there should be some agreement made before the first bulldozer goes in, although I understand that many of them have already gone into the area. I believe that native land claims are paramount at this time.

We all know what our forefathers did to the natives in that part of Canada. They stole their land, they squatted on it, they assumed title to it, and before they knew it it was theirs. This is why the native people of the Northwest Territories today will not tolerate that kind of intrusion and will not tolerate the shacktowns that develop during the building of a pipeline so that in 10 or 15 years' time they will end up with virtually no land at all. We have to keep that in mind.

Another thing we must ensure is a strong local labour content in the building of this pipeline. I am not suggesting for a moment that it is possible to supply all the experts from the Yukon or from the Northwest Territories, from northern British Columbia or indeed northern Alberta. What I am suggesting is that on-the-job training programs should be started, not six months from now or a year from now but right now. Those should be on-the-job training programs both in theory and in practice so that the native people there will have a fair chance in competing for the jobs that will be available in the construction of this tremendous project. Unless we do that we will create the same bitterness, the same hatred, and the same misunderstanding that were created in the process of many other projects in the history of our country, such as the CPR, the Elliot Lake development, and so on.

May I call it five o'clock, Mr. Speaker? I will continue after the supper adjournment.

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Ethier): Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn)—Urban Affairs—Distribution of CMHC funds by MPs; the hon. member for Brandon-Souris (Mr. Dinsdale)—Post Office—Suggestion postal rate increases postponed until legislation introduced; the hon. member for Sault Ste. Marie (Mr. Symes)—Request for assurance Canadian steel exports to United States not hampered by trigger price system.

• (1702)

[*English*]

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, public bills, private bills, and notices of motion.

PRIVATE MEMBERS' PUBLIC BILLS

[*English*]

The Acting Speaker (Mr. Ethier): Order No. 2, the hon. member for Matane (Mr. De Bané). Stand by unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I ask for the unanimous consent of the House to proceed with consideration of Bill C-224.

[*English*]

The Acting Speaker (Mr. Ethier): Hon. members have heard the proposition put forward by the parliamentary secretary. Is it agreed that all bills prior to Bill C-224 stand by unanimous consent?

Some hon. Members: Agreed.

* * *

CRIMINAL CODE

AMENDMENT RESPECTING ABDUCTION OF CHILDREN

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I rise on a point of order. There was all party agreement that a certain subject matter be referred to the Standing Committee on Health, Welfare and Social Affairs during the second session of the Thirtieth Parliament. The subject was child abduction. I therefore move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

That the subject matter of Bill C-221 from the second session of the 30th Parliament, an Act to amend the Criminal Code (Abduction of child), standing in the name of the hon. member for Surrey-White Rock (Mr. Friesen), and referred during the second session to the Standing Committee on Health, Welfare and Social Affairs, be again referred to the standing committee.

The Acting Speaker (Mr. Ethier): Order please. I would have to seek the unanimous consent of the House because it is difficult to propose a motion on a point of order. Perhaps we could have unanimous consent. Is that agreed?

Some hon. Members: Agreed.

Mr. Paproski: Mr. Speaker, I am delighted to second the motion on behalf of my colleague, the hon. member for

Surrey-White Rock (Mr. Friesen). I know he will be very pleased when he returns to the chamber later this evening.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I might add that the parliamentary secretary has a letter from me saying I agree to this, and I do.

The Acting Speaker (Mr. Ethier): Hon. members have heard the motion. Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Motion (Mr. Robinson) agreed to and subject matter of the bill be referred to Standing Committee on Health, Welfare and Social Affairs.

* * *

RAILWAY ACT

AMENDMENT RESPECTING ABATEMENT OF NOISE IN HUMP YARDS

Hon. Martin O'Connell (Scarborough East) moved that Bill C-224, to amend the Railway Act (noise abatement), be read the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, I should like to raise an acute environmental problem this afternoon, and that is noise occurring in rather special locations, certain large railway yards concentrated in eight metropolitan centres in Canada. These are known as hump yards. There is one in Edmonton, two in Toronto, and others throughout the country.

The problem is causing polarization in a number of communities, including my constituency of Scarborough East, between the community and the railways. Only in Edmonton are efforts being made to correct it. The CPR in Toronto is doing nothing. The alderman in my constituency receives complaints continuously from residents with respect to the noise. It is a problem that has to be addressed by the federal government since under our constitution railways are a federal responsibility.

Some people may wonder why I raise the question in the form of proposed legislation and not through some attempt at co-operative action. The reason is that there is no federal jurisdiction available over noise. The jurisdiction lies with the province. If the province wishes to do something about noise in the hump yards it is inhibited by the fact that it is the federal government's responsibility, and if the federal government wishes to do something about noise it is stalemated because it has no legal authority.

In face of the failure of the railways to make any attempt to tackle this noise problem I have turned to the only course left, a private member's bill. I hope hon. members will listen to my reasoning and send this bill to the Standing Committee on Transport and Communications.

We should get it clear in our minds what a hump yard is and what the particular noise problem is. A hump yard is a major classification yard where new trains are made up. Existing trains are broken apart and cars are put together in a new fashion.

The particular characteristic of a hump yard is that a man-made hill is built in these yards, perhaps the height of a three-storey building. Two locomotives push cars up this hill two or three at a time. There is a certain noise involved with the whining of the locomotives but that is not the real problem. Those cars roll down the other side of the hill by gravity at quite some speed on their way to any one of literally dozens of tracks where they bump into trains being made up, at speeds up to four miles an hour, forming new trains.

As the cars roll down the hill by gravity, large steels beams about the length of this chamber—in the Scarborough yards they measure 106 feet—rise up on both sides of the tracks and, operated by computer, squeeze in and out against the wheels as they run down the hill. They grip the wheels tightly but the wheels keep turning. They grip, release, grip, release, while the computer retards the speed so that the car will go to the end of the track to its final destination and bump into the train being made up, at exactly the right speed.

It is not difficult to imagine the noise called "wheel screech" as these steel beams rise up and grip the steel wheels of the cars. It is steel on steel. There is a vibration sound, a high pitched screech, which reaches the threshold of pain in terms of decibels. Fortunately, it diminishes over a distance.

There are practical means of reducing this wheel screech. My point is that the CPR in Scarborough does not use the available practical technologies for reducing the noise. It is true that scientists have not yet told us exactly what produces the noise. We do not know if it is the retarder, if it is in the wheels, or if it is the vibration between the two. For our purposes it is not necessary to have the practical explanation of the noise. It is sufficient for our purposes to know that the noise level is intolerable and that it can be reduced by available technology which is not being used.

If the railways, which have the primary responsibility, do not undertake to utilize the available technology on the grounds that they were there first and the homes have been built since, or on the grounds that their major responsibility under the Railway Act is to provide transportation, or that reduction of noise does not eliminate it, then they are not co-operating.

● (1712)

The practice followed by our own federal Ministry of Transport of seeking a co-operative approach between the municipalities, the railways and the departments of environment in the provinces, will not work. It will not have credibility unless there are legal sanctions which can be used.

My bill is a practical means of giving legal power to the Canadian transportation commission—the regulatory agency—to back up the federal government which has no authority over noise at the present time. That is the purpose of the bill.

Let me explain the major provisions of this bill. They are not very difficult. This bill would be an amendment to Section 215 of the Railway Act. It would be known as "Abatement of noise in hump yards". It is focused, not on railway noise in general, but on those eight hump yards in Canada. It would give the Canadian Transport Commission the power, after looking at each situation, to direct the railway company to construct and maintain works for the abatement of noise emanating from hump yard operations which, in the opinion of the commission, caused a severe noise problem adversely affecting the community.

Secondly, the noise must be capable of significant reduction by the use of available technology. Measurements are not mentioned. It says, "Is there a noise problem?" If there is a problem, is available technology not being used? And if there is, the commission could order it to be installed. The bill would provide in the language that is appropriate to a private member's bill since we cannot call for expenditures of funds, that the transportation commission could, if it felt advisable, request the Ministry of Transport to contribute up to 30 per cent of the cost of the noise abatement works in the hump yard.

It also provides that if a municipality is an applicant for noise abatement, before proceeding the municipality would be required to agree that it would participate up to a maximum of 10 per cent of the cost of noise control. There is no authority for the federal agency to direct a municipality to spend money. All it says is if a municipality requests noise abatement works it ought to be prepared to participate in a small way because it controls the zoning which brings residences into the area.

Finally, the bill will provide that research into acoustic problems could be ordered with the federal government sharing, upon the request of the CTC, up to 50 per cent of the cost of new research into noise abatement. That is what it says. It is authority to the regulatory agency which at present has no authority over noise. We know for example that the regulatory agency can order the railways to spray weeds on the railway tracks and to remove weeds, to build fences and other things. It cannot say anything about noise. We are left helpless by the negative attitude shown on the part of the Canadian Pacific Railway. The Canadian National Railways has co-operated.

What technologies are available? For example, sound baffles could be built along the length, 100 or so feet, of the steel beams that rise up on both sides of the tracks, to soften the noise. Tests prove these baffles will reduce the noise by some 25 decibels, which is around 40 per cent of the total noise at the point of the noise emission. That is a significant reduction. Should the railway employ that technology if the community is affected adversely? I think it should. If it does not and we say "Let's co-operate" and it fails to co-operate, where is the lever? We do not have one. My bill simply says put in a lever which will give credibility to our responsibility in railway functions to handle this question.

There are other technologies available, some of them good and some of them not so good. For example, an oil and water emulsion has been sprayed on the wheels to help deaden the noise, which has had some effect. There are other methods described in technical bulletins which are now available. The Burlington Northern Railway and the Westinghouse Brake Shoe company have done significant research in noise reduction in these special circumstances.

We know that railway classification yards, even though they have moved outside of the major urban centres, are now inside as urban growth takes place. Fifteen years ago in my constituency when zoning made possible this railway hump yard, noise was not the serious community concern that it is today. We must face it in today's terms. When zoning was put in for the railway hump yards there was also zoning for residential uses, homes that were not yet built. Houses are now there and the noise problem is with us. I am seeking a way of coping with it. Is the province doing anything about it?

The Ontario provincial ministry of transport and the CPR convened a seminar one year ago on the subject of railway noise. They concluded that it was a matter for a federal authority. We have no authority because of the gap in our legal capacity.

The province of Ontario is currently issuing new regulations covering new homes in the Malvern area and around the hump yard in Scarborough East. These new regulations deal with sound baffles in new communities, in the siting of homes, in earth berms to break the noise and in heavier insulation in the homes. It has been estimated by some that the cost to homeowners and developers will be between $2,000 to $3,000 per home to meet the noise problems of highways and railway yards.

Can we leave the railways without responsibility to act when the province is acting, when the municipality has zoned the area residential at the same time that it is zoned industrial for the yards, and when this new problem of noise emerged?

In conclusion, this bill is an effort to provide the federal authority through its regulatory agency with the legal power to research a noise situation only in the hump yards. I am not taking a broad approach. It may then order remedial works to reduce noise if there is technology available and it is not being used. It may request the government to share in the cost and it may, if a municipality has applied, ask that municipality to share in the cost in a minor way. It may sponsor and pay some costs of research into noise reduction. I hope it will commend itself to my colleagues in the House and that they will agree to send it to the Standing Committee on Transport and Communications where the federal Departments of Transport, Northern Affairs, Environment, the provincial departments and railways can be called to explain their role in the present situation.

● (1722)

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I take this opportunity to thank the hon. member for Scarborough East (Mr. O'Connell) for bringing forth Bill C-224. We have had the same problem in the Edmonton-Calder area for many years. In 1969 and 1970 the same issue came up in the Edmonton-Calder area. There was the squealing of steel on

steel in the hump yard which could be heard within a radius of approximately 30 miles. The unfortunate part of the problem was that most of the boxcars came in at one, two and three o'clock in the morning when people were sleeping. It was difficult to get the culprit, CNR, to do something about it. We did manage to get them to build barriers around the trackage for something in the neighbourhood of three miles. This is the buffer for the area.

Every two or three years, I receive letters from my constituents telling me it is time I started getting after the CNR again because they are not doing their job properly. There is a continuous program of the CNR together with the Department of the Environment, both in the federal and provincial field, which checks the decibel rate as far as this particular hump yard is concerned. I think the only solution is the one the hon. member mentioned. I will not go into it because he has described the whole process.

At one time this was on the outskirts of the city. It is now in the middle of an urban area. This is as a result of urban sprawl. These hump yards should be taken out of city areas, or at least the humping should be done during designated hours such as in the afternoon or right after the dinner hour.

I will not take any more time of the House. I know that all members will give their consent and this will be put through as quickly as possible and sent to the Standing Committee on Transport and Communications. We look forward to speedy passage of the bill. I know the Parliamentary Secretary to the Minister of Transport (Mr. Lapointe) will go along with this because he is in a very reasonable mood this afternoon. I sincerely hope this very important bill will be given speedy passage today.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I welcome the introduction of this bill by the hon. member for Scarborough East (Mr. O'Connell). I must say I welcome even more the statement of support just given by the hon. member for Edmonton Centre (Mr. Paproski). I am happy to make it unanimous, so the bill ought to go through.

Like the hon. member for Edmonton Centre, I am concerned about this problem. There is a CPR hump yard between my constituency and that of my friend, the hon. member for Winnipeg North (Mr. Orlikow). We know what this squeal is. I am glad that the hon. member for Scarborough East has squealed about it in the House. I hope this bill can get through this afternoon.

I see the hon. member looking at me rather quizzically. Usually, when he brings in a bill on a Thursday afternoon, he has trouble, but this is Tuesday. He is wondering what has happened to the New Democratic Party that we are not treating this bill the way we treat Bill C-1001. This is a good bill. We support it.

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I wish to join hon. members who have spoken before me in congratulating the hon. member for Scarborough East (Mr. O'Connell) for introducing this bill. In my riding of Richmond, shunters in a marshalling yard have no consideration for people living in the vicinity and at three or four o'clock in the morning they do as much as they can to wake them up. I suggest a bill such as this will help railway workers and officials think a little more of the public and respect the people living in the vicinity. Once again I want to congratulate the hon. member and I hope the House will adopt his bill as this afternoon.

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, if the question can be put one minute before six o'clock, there is a good chance this bill can be passed.

Mr. Speaker, I thank you for allowing me to speak and I am pleased to take this opportunity to make a few comments on second reading of Bill C-224, which contains amendments to the Railway Act and aims at reducing noise. I am happy to support the bill and I would like to offer my sincere congratulations to its author, the distinguished hon. member for Scarborough East.

I am well aware of the reasons which brought the hon. member to move this bill. I must admit frankly in the House that I have not discussed this bill with the hon. member for Scarborough East, but I will show in my comments that we are of the same mind and that the hon. member was motivated basically by the same reasons that would have moved me to introduce a bill somewhat similar to this one. When you have grown up near a railway, when your father was a railroad worker and when you yourself have worked for a railway during your summer vacation, it is easy to understand the importance and the complexity of the problem that the hon. member for Scarborough East would like to rectify today.

Of course, we could talk for several weeks about noise in general and for several days about noise caused by various railway activities. If we talk too long about this and do not choose to act as soon as possible and do what is required to correct the various sources of noise pollution, we would greatly compromise our credibility as parliamentarians. Some jokers would even accuse us of adding to noise pollution.

I understand very well that the hon. member for Scarborough East wished to concentrate his efforts on only one aspects of this source of pollution even though he could have mentioned many others.

This immediately brings to mind the CPR's engine whistles and the CNR's locomotives. In my home town, Grand Falls in New Brunswick, they wake up the people twice a night between twelve and 6 a.m., practically seven days a week. There are three level crossings in less than a mile, so we may easily understand the anger of citizens waking out of peaceful sleep, babies crying, children in tears in this small town with a 6,000 population.

Mr. Speaker, in this day and age I understand the concern of the bill's sponsor for public protection against the noise from railway hump yards or the unending movement of cars going through automatic retarders. The hon. member brought this particular problem to our attention because he figured this problem could be solved more easily through a bill. He explained a moment ago why we should amend the Railway

Act. As many other hon. members, he has gone through the frustrating experience of trying to put the problem before MOT officials, railway companies and the CTC. He has been confronted with repeated refusals from all quarters, because nobody wanted to take final responsibility for instituting remedies or taking the decision of solving the problem once and for all, and as fast as possible. This is why he had to put this legislation before Parliament. This is why I am in full sympathy with him.

I went through that kind of frustration, Mr. Speaker, when I endeavoured unsuccessfully to put an end to the nightmare of night-time engine whistles in Grand Falls. I could refer to countless letters showing that the legions of Julius Caesar would be needed to overcome the barrage and often fictitious impediments put up by the federal bureaucracy. I understand the hon. member for Scarborough East, after being confronted with that kind of refusals, having used all possible approaches, had to prepare this legislation as a last resort to solve the problem and that of the constituents he is so aptly representing here.

I wonder however if the hon. member would widen the scope of his bill to include all sources of noise pollution from railway operations, which are a real nuisance to the public and this is putting it reasonably.

And to think that the locomotive was invented in 1803, that the noise has not really diminished since then, and that we have not found a way to lessen the noise created by automatic retarders, or to silence those blasted night train whistles, taking into account for security reasons at level crossings: one cannot talk obviously of astounding technological advances, and that is certainly not to the honour of our railway companies or the Canadian Transport Commission which completely wash their hands of this situation.

The hon. member for Scarborough East and myself should perhaps invite the members of the Canadian Transport Commission and the boards of the railway companies to sleep every night for a week near either hump yards or in my native town of Grand Falls which is crossed by two railroads. Perhaps that would shake them out of their bureaucratic lethargy, and prompt them to set up a task force which would examine seriously these and other sources of noise caused by the railways and which, one must emphasize, considerably lower the quality of life of many Canadians, and many Canadian communities. I know of some commissioners who would simply say: But you don't have to live near a railroad, ladies and gentlemen. They are probably the ones who live comfortably in the high-class sections of Ottawa West, Alta Vista or Rockliffe.

The time has come to have the Canadian Transport Commission and railway companies carry out fully their duties and obligations toward the Canadian community.

For too long members of this House had to be satisfied with answers like: It is a known fact that the use of locomotive whistles in certain areas like Grand Falls poses a few problems for the people in the area. This is the kind of dumb answer we get from the Canadian Transport Commission. So there is a whole lot of small but very annoying problems to be solved and it is time that someone dealt with them seriously. The Canadian Transport Commission must stop shunning its responsibilities and stop using arguments like: We are not empowered to change the requirements. Any amendment to those requirements must be made through an act of Parliament.

Is the commission really responsible for those many problems and complaints it receives regularly relating to noise pollution, did it point those problems out to the government, did it discuss them with the Minister of the Environment (Mr. LeBlanc) and the Minister of Transport (Mr. Lang)? Not that I know. If it did, how is it that in 1978, 171 years after the locomotive was invented, we have to put up with the noise made by whistles or automatic retarders in railway hump yards, in the middle of the night to bother everybody? Finally, Mr. Speaker, I would like to take a minute or two to deal with sub-clause (2) of clause 215.1 of the bill introduced by the hon. member for Scarborough East on municipal financial commitments as contributions to the solution of problems relating to the noise generated by railways.

A large and wealthy area like Toronto or Scarborough can afford to pay for part, even a very tiny part, of the cost but several small municipalities across Canada which are too poor and without good taxation resources do not have the budgets to pay for any part of the cost of installation of such equipment, no matter how small it is. Yet the formula presently contained in the Railway Act is applied evenly all across Canada, irrespective of the capacity of the municipalities to pay. Poor municipalities, we are sorry to say, are still going to have to put up with the noise of screechy locomotives for many years to come.

Even if this bill is not referred to a committee of the House for further consideration this afternoon—and I sincerely hope it will be—I think we will have accomplished something useful: we will have identified a serious problem and asked the federal government, its departments, its agencies, its commissions, provincial authorities and municipal governments to use the enormous research resources we have in this country for the solution of the problems we raised this afternoon.

• (1732)

[*English*]

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, I should like to intervene very briefly in support of this private member's bill put forward by my hon. friend and neighbour from Scarborough East (Mr. O'Connell). As stated, the purpose of the bill is to provide for the protection of the public from the noise and inconvenience caused by railway hump yards. I want to make it clear that I am in favour of the bill and that I congratulate my hon. friend for having sponsored it.

I am familiar, in some measure, with the problem which confronts him. I recall the situation which arose in connection with my own private bill last session; the hon. member is attacking a different aspect of the same class of problem. The dilemma is this: The use of railway facilities in increasing and

at the same time communities across the country are continuing to grow. The two trends are not being co-ordinated. In my own case, in Scarborough West, the railway was planning to expand its marshalling yards, a process bound to result in increased noise, greater danger to traffic, higher pollution levels and so on. Yet no notice of this intention was given to the area in advance, just as I am sure no warning was given to people in the neighbourhood of hump yards that construction was due to take place. At least there is a law on this. The Railway Act was amended so that people are now informed of what is about to take place. They have an opportunity to let their objections and concerns be known.

● (1742)

There is a need, however, for much more co-operation between the railways and communities of this country. The present level of co-operation is not satisfactory, as the hon. member for Scarborough East (Mr. O'Connell) and other speakers have said. The railways should not take the position "we were here first", or that their lines were in place before certain communities ever came near them. The railways are performing a public service, and because of that they must interact with the public in the way any major public service should interact.

I support the bill. The residents of Scarborough East and all Canadians deserve every consideration possible, and I commend my colleague from neighbouring Scarborough East for having sponsored this bill.

[*Translation*]

Mr. Charles Lapointe (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I have the unfortunate duty of now speaking until the end of the period. In ordinary language, the tactic of speaking to a private bill until six o'clock is known as killing the bill. The expression is not very pleasant, but I think that for reasons I shall have the opportunity of mentioning later on in my speech, because of the difficulties the application of such a bill would entail, unfortunately I feel that it would not be easy to implement the bill proposed here by the hon. member for Scarborough East (Mr. O'Connell). However I do think that this debate on the important matter of noise pollution in marshalling yards is very important, and that it should be held because, as the hon. member pointed out, some big companies at times turn a deaf ear to the problems of the citizens in a given area, and in this case, the citizens who live close by the shunting yards of railway companies.

The problem resulting from the noise caused by the various means of transport in residential areas is inevitably worsening with the simultaneous growth of transport and urban areas, two phenomena whose coexistence is marked by numerous problems. The considerable efforts made to reduce the noise of airplanes certainly do not have their counterpart in the field of railways, and as the hon. member for Scarborough East pointed out technology is not quite as advanced in that field as it is in that of aeronautics.

However this problem is serious, particularly in some areas like Edmonton as the hon. member for Edmonton Centre (Mr. Paproski) said, or in any other area where you have those hump yards. And the circumstances justify a debate on this matter today, Mr. Speaker, so that those corporations become more responsible and ready to co-operate more than they do now.

As the hon. member said in his remarks, there have been some initiatives or technical adjustments on the part of the Canadian National and the Canadian Pacific to reduce noise in co-operation with the Ontario Department of Environment which has sponsored a conference to study the best means to reduce noise in hump yards but there is no satisfactory solution yet.

However, the seminar held last year has been the occasion of a positive exchange of views that has helped clarify the issue. Mr. Speaker, I think that this seminar is a good example of co-operation between railway company representatives and provincial, municipal and regional officials who met to find a practical answer to a mostly technical problem.

I am also pleased to mention that the hon. member for Scarborough East (Mr. O'Connell) has taken himself a very active part in this research. The hon. member also had many discussions with the Minister of Transport (Mr. Lang) on that important issue and through such forum and dialogues between all interested parties and at every level we should find technical solutions to deal with that problem in spite of its complexity. However, we cannot find a remedy without a better understanding of those real and increasing problems. First we should establish their origin and who is responsible for them, whether the railways, urban centres or urban planning. And I think that by continuing our research in that direction we will eventually end up by finding out the best means to solve these problems. These difficulties arise, Mr. Speaker, in the shunting yards, particularly those related to the industrial use of lands and residential areas when shunting yards and residential areas grow simultaneously and close to one another.

Such situations can happen because urban planning is the prime responsibility of the provinces and the municipalities while railway companies fall under the jurisdiction of the federal government and are not therefore subject to provincial laws. So sometimes—and unfortunately all too often—we witness a lack of coordination when it comes to getting an integrated urban planning system. Consequently, as the hon. member pointed out, conflicts may arise and actually do. Given the fact that planning affecting land is primarily the responsibility of the provinces, they should be in a position to see to it that no parallel development of land takes place when they are incompatible. However, as I mentioned previously, the two national railway companies are not subject to provincial laws. The federal government is then indirectly involved in issues relating to the use of urban land, if we may say so. This is why when he studies a request by Canadian National to obtain permission to build new facilities the Minister of Transport requires that the company back its request by letters from the municipality or municipalities involved as well as letters of authorization from Environment Canada before moving any further toward granting the request. Because of the nature of

their services, railway companies would rather build their shunting yards in industrial areas which are closer to the users of the means of transportation.

However this is not always possible, even in the case of shunting yards which originally were not located in residential areas. Problems have sprung up with the extension of the residential zones as well as with the extension or changes that railway activities have themselves undergone, beyond all expectation. In the present circumstances, we can classify the noise problems deriving from shunting operations into two groups: those that already exist and those that can be avoided if necessary action is taken.

Mr. Speaker, the legislation which is submitted today to the House suggests a legislative solution to the existing problems. The hon. member moved to amend the Railway Act in a way which would give the Canadian Transport Commission authority to direct the railway companies to take measures for noise abatement. The bill also provides for a cost sharing agreement among railway companies, the federal government and the municipalities but there is no mention of provincial financing.

Unfortunately, Mr. Speaker, as I said earlier such federal legislative action would give rise to some difficulties. First, although several groups have suggested various steps to reduce noise in shunting yards and even if there was a symposium on the problem, as mentioned a while ago, current technology is not sufficiently advanced to warrant compulsory enforcement. It would be difficult to compel railway companies to apply those procedures without the necessary technology to do so effectively. If we compel railway companies to use the most recent technical methods, however inadequate they may be, nobody will be satisfied because the problem will not be entirely solved in spite of huge expenses. In short, Mr. Speaker, I think our intervention would be premature and would not allow us to achieve the objective we have set for ourselves.

The responsibility for the real origin of the problem and consequently the measures to be taken to correct it are controversial or at least very complex issues. Railroad companies are the source of the noise but they are not solely responsible for the various decisions which have been made and have led to conflicts between them and municipalities with regard to that ecological factor. So it seems to me that those companies should not be forced to defray the noise abatement costs. Municipalities or provinces, or both, should also accept responsibility for the problems stemming from the coexistence of marshalling yards and residential areas since they allowed that promiscuity. Although this matter does not really fall within its jurisdiction, the federal government should become involved in it to the extent that it encourages the railway companies to discuss their plans with municipalities.

This incentive has now become an obligation through a legislation introduced by our colleague from Scarborough East. From now on railway companies must advise the public of the proposed extension or changes to their facilities. People who live near these facilities now have the opportunity to express their views on these projects. Therefore the noise problem of hump yards in residential areas will be reduced because the railway companies will have to discuss their projects as well as their possible effects with municipal authorities.

CP Rail went deliberately further in the pursuit of this spirit of co-operation by sponsoring the conference which was held in May 1977 and by spending, without being forced to do so by any legislation, $1 million to replace the equipment of Agincourt hump yard in order to reduce the noise caused by wheels. Mr. Speaker, I think we should express the hope that the spirit of co-operation which was shown at Agincourt by CP Rail will be pursued and accelerated, as requested by the hon. member. Railway companies have often shown their willingness to take appropriate steps to reduce the noise nuisance from which the people who live along the facilities suffer, provided municipal authorities are prepared to co-operate, to share the cost and to admit that the noise problems are not always due to railways.

Many factors are involved in the impact of a noise level on a community. The importance of each factor varies in each case and all the effects are not known yet. Furthermore, Mr. Speaker, unanimity has not been reached as to what noise levels are acceptable in one residential area or another. It is less than likely that a legislation or a standard might be equally applied in all cases. For example, it would be extremely difficult to draft a general list of standards which would apply in any situation. The other solution proposed would be to give wide ranging authority to some regulating body as the Canadian Transport Commission.

However, this body would not have the necessary authority to control all parties involved. For example, the commission could give orders only to federal bodies but not to the provinces or their bodies responsible for planning and problems related to land use. Considering these technical and jurisdictional uncertainties, it would be difficult to achieve this objective through legislation. The Canadian Transport Commission does not have the necessary authority to order provinces or municipalities to spend money, although, I believe, these are partly responsible in land use conflicts.

For the Canadian Transport Commission to consider the participation of a municipality, it would have to conclude beforehand an agreement with the railway company and the municipality concerning the cost sharing procedures. According to the bill, the commission can order a municipality to spend money only if it is one of the parties having filed a request. The other solution would be the establishment of a cost sharing fund similar to the fund for relocating railroad tracks or railway crossings; this solution is proposed in the bill.

This solution would entail the establishment of evaluation, budgeting and project control procedures and coordination with the provinces and other interested parties. But in the past the provinces have not approved cost sharing programs such as the fund for relocating railroad tracks and railroad crossings because it forces them to spend money in areas which are not in their priorities. Taking into account the dissatisfaction of the provinces towards the present sharing cost fund, it is not likely that such a procedure might be used. It seems, Mr. Speaker, that a federal legislation is not the ideal solution to

the problem raised by the hon. member today. We should rather endeavour to do research on the control and reduction of noise levels and to obtain better co-operation from the parties concerned. Of course, the federal government has a role to play in this area.

[*English*]

• (1752)

Mr. Paproski: Mr. Speaker, I rise on a point of order. I realize the hon. member will have a difficult time attempting to talk this bill out, in that he has only two minutes left. He is trying to indicate the he would like to do something for us, but because the minister disallows his doing so, he will not pass this bill or put it into committee for further study. We will pursue this further. We will go after the minister to make sure he gets a hump yard in Saskatoon-Humboldt so that he can see how the people of that area like it.

[*Translation*]

Mr. Lapointe: I do not think that you have been very generous to give my hon. friend leave to rise on a point of order on this subject. I do not think it was a point of order, however I was pleased to hear his remarks. I must say, Mr. Speaker, and I explained this at the beginning of my speech, that I intended to speak till six o'clock.

[*English*]

Mr. Knowles (Winnipeg North Centre): You are not talking it out. You are reading it out.

[*Translation*]

Mr. Lapointe: Perhaps we could do without the remarks of our friend from Winnipeg North Centre (Mr. Knowles) at this time, as we are getting closer to six o'clock. I would like to tell the hon. member from Edmonton Centre that when a bill such as this one is put forward we should seek of course whether it can be implemented within the administration.

[*English*]

Mr. O'Connell: Mr. Speaker, I rise on a point of order. During the course of his remarks, the hon. parliamentary secretary mentioned, as an illustration of the co-operative attitude of the CPR, that it was spending $1 million in those hump yards to restore the tracks. I realize he does not want to leave the impression that they were spending that money on noise reduction. It is simply a standard replacement of worn out tracks. It has nothing to do with the question in hand with respect to preventing noise. They should not be given credit for rehabilitating the yards in any sense. We would object to that.

The Acting Speaker (Mr. Ethier): Order. The time allotted to the consideration of private members' business has expired. I do now leave the chair until eight o'clock p.m.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

Mr. Derek Blackburn (Brant): Mr. Speaker, as I was saying earlier in my address to the House this afternoon—and I want to re-emphasize this at this time—contrary to what some members on the government side may think, the NDP is not opposed to the pipeline. We are not opposed to most of the agreements that have been entered into. But we are deeply concerned about Canadian content, the not unreasonable guarantees that Canadian workers get the biggest share of the work market, and because it is a Canadian enterprise that Canadian corporations get a fair chance at bidding on contracts. As I said earlier, we do not want to see the Canadian taxpayers fleeced through some kind of phony guarantee situation whereby Canadian corporations, large or small, can inflate their prices and overbid on contracts.

Let me reiterate for a moment what I said before the supper break. We have a strong suspicion—in fact, it is more than a suspicion; we know—that steel corporations and other manufacturing firms related to this kind of huge project are heavily subsidized in countries such as Japan, West Germany and Italy. We want to make sure that our own companies and corporations, and flowing from them the workers of Canada, have an opportunity for fair bidding. There should be some kind of control mechanism built into this legislation to make very sure—I do not know exactly how this could be done internationally, but at least it is something for the government to consider—that we as a government know whether or not a corporation in Japan, Italy, West Germany, England or any other country, is giving us an honest bid; and by that I mean wage rates, interest rates and productivity rates that are relative to Canada. Unless our government knows exactly how the competitors have arrived at their figures, Canadian corporations and hence their employees will be in jeopardy.

There is one point I wanted to raise before the supper adjournment regarding a few comments that were made by some of my friends in the Conservative party about letting the free enterprise system operate in this project, letting the independent corporations compete and letting the chips fall where they will, in the hope that Canadian corporations will get a great deal of the work and the contracts. However, I did not hear any member of the Conservative party—I may be wrong—mention the fact that when Canadian corporations, great or small, find themselves in financial difficulties, it may not be their own fault. In fact, in many cases in the last two or three years it has been the fault of the government.

When they find themselves in financial difficulty, Mr. Speaker, where do they go? They may go to their bank or they may go to their shareholders and stockholders; but ultimately if they are in trouble they come to the government, whether it is the federal, provincial or municipal government. They come to the public purse and say: "Unless we can get some financial assistance from the various federal or provincial programs, we will go broke, we will go into receivership".

I am not personally opposed to this. If a company is potentially economically viable but is running into hard times within a few months or perhaps a year and a half, in such cases I think it is the duty of the country to assist that corporation. But what I dislike about what I have heard from some members of the House in both the Conservative and the Liberal parties is that one would think that the only people who come running to a government agency, whether it is for welfare, unemployment insurance or the Industrial Development Bank, are the down and outs, people who have been laid off or who are on welfare. I want to state now for the record that personally I am not opposed to government hand-outs to business which will assist the business to remain viable; but I am opposed to hearing only one side of the story, which is what happens very often in the House.

● (2012)

A few years ago this party coined the phrase "corporate welfare bum", and I know it hurt a lot of people. I do not want to refer to the corporate sector or to any individual as a corporate individual bum. I just want to point out that when corporations or individuals find themselves in trouble these days, they go to government. As members of parliament we know that, because they come to us for assistance.

Earlier this afternoon I spoke of the social problems that will affect people living in the Yukon. I do not profess to be a specialist in the social environment of the Yukon but I have read something about it and I have been there. When I was in my teens I saw what happened at Elliot Lake, Blind River, Spragge and Cutler and other places in northern Ontario during the uranium boom. I also saw what happened after the boom when the economy dropped to nothing. During the boom hucksters and hustlers came in, made a fast buck and the cost of living went up. That is one thing that I hope will not happen to native born Yukoners and people from southern Canada who have made their homes there.

This bill should provide for some kind of agency not only to monitor the cost of the pipeline but to monitor the cost of living and social effects of the pipeline on the Yukon. I sincerely hope we will also go a lot further in settling land claims before the pipeline gets under way.

We have heard a great deal about the financing of the pipeline. Members on both sides of the House agree that this is an important matter and that we should get on with it. But I emphasize that we must be cautious. We must not march into what could be a huge, horrendous undertaking without certain guarantees for the Canadian people. I am not talking now in terms of narrow nationalism. I suppose the fashionable word today is nationhood, or love of nationhood, as propounded by the Prime Minister (Mr. Trudeau). Love of nationhood refers not only to Quebec but to Ontario, the maritimes and certainly the Yukon. We must make sure that the people of the Yukon understand they are an integral part of this country and that people from southern Canada are not going north to exploit them, to rip the shirts off their backs, whether they be native born Inuit or others living there.

We must make it plain that we are there for two reasons: first, to develop a gas pipeline to deliver United States gas to that country through Canada. The second reason is that eventually, perhaps 10 or 20 years hence, the pipeline might benefit Canada even though we have an abundance of natural gas at the present time. In my riding consumers complain that their natural gas costs have been mounting in the last two or three years. I do not think that even the economists can understand that unless it is because of the cost of delivery via the TransCanada pipeline.

When we talk of a pipeline, Mr. Speaker, we talk of development, development which will affect most Canadians. I hope it will provide needed jobs and an opportunity for investment in our country for those people who have the money. Unfortunately, the vast majority of Canadians do not have the money to invest. For that I blame this government which has been in power since 1963. That is the main reason that the majority of Canadians do not have money to invest. Members of the government can talk all they like about being proud of this country, investing in this country and all the rest, but people just do not have the money to invest in a pipeline.

The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) made an excellent speech in the House last evening. It was a business oriented speech. I stand to be corrected but, in effect, he said: "My speech is based on making money." He did not mean making money himself, of course. He went into all the arguments of how a pipeline could be financed. He spoke of the average Canadian taking pride in developing this great undertaking. If my memory serves me correctly, one thing he omitted to mention, however, was that probably 80 per cent or 90 per cent of Canadians will never have the opportunity to contribute financially to the pipeline and get a decent return on their investment. It will be left to a few people, groups of people, consortiums or organizations, to make money if there is money to be made. And I am quite

sure, Mr. Speaker, that there is money to be made eventually in this undertaking.

The Deputy Prime Minister (Mr. MacEachen) says that the government is committed to maximizing the economic benefits of the pipeline to Canada. Mr. Speaker, if the government wants to do that why are there no provisions for Canadian content or Canadian jobs in the negotiated agreement with the United States or in this legislation? I know the word "guarantee" is a nasty one to free entreprisers and to entrepreneurs except when it comes to guaranteed loans from the government; then it is a different story.

I think this is endemic to this country. On the one hand we want to develop our great resources, but the financial imput comes from a very few people and the benefits go back to a very few people. The increase in the price of gas and oil today is an example. We are supposed to have an abundance of gas. However, we are told to be patriotic about it. The New Democratic party is criticized for being anti-American and against the pipeline. Mr. Speaker, we are not. This party is for the people of this country. We want a share in that as much as anybody else. We must address ourselves to that point and that point alone.

● (2022)

We are not intending for a moment to hold up this legislation. It is very interesting to note that we are being labelled in the press as the party which is filibustering; I am not pointing my finger at any specific colleague in this House. Granted there are only 16 NDP members in the House, but if you look at the list of speakers there are just as many Liberals and Conservatives speaking in this debate as there are New Democrats. So I hope the press will realize that it is not we who are filibustering this bill. We want to extend to this House constructive criticism. We do not want to stop construction of the pipeline; we want to make sure there are basic guarantees that will benefit Canada. What is wrong with being patriotic either at this time—or, for that matter, at any other time in the history of our country—when we are being torn asunder vis-à-vis Quebec and the rest of Canada?

What happens after the pipeline is built? It is not for me to delve into the financial details because I am not an expert in economics. There may be 2,000 to 2,500 people working on this pipeline, but what happens after it is finished? Is it going to be the same old story? Are we to have the same old shanty towns we had before in other parts of Canada? Are we going back to the days of Charlie Chaplin and the gold rush—the dog eat dog approach to the development of this country? It makes great poetry. Charlie Chaplin became a hero in the short time he lived in the Yukon. Surely today we can organize ourselves better as far as the social and personal implications are concerned.

I hope, Mr. Speaker, that those who ultimately become powerful in regulating the development of this pipeline will make sure that the human aspect is taken into consideration, and I am quite sure the Deputy Prime Minister (Mr. MacEachen) shares this point of view. I hope that by regulation, an act of parliament or by changes or amendments to this bill, there will be guarantees not only of Canadian input but guarantees against human exploitation. To me this is just as important as manufacturing pipe and creating jobs.

When it is all over the people of the Yukon and the northern part of British Columbia will still be there. They will have to live with the remnants of a boom era. If that boom era is similar to what happened in other parts of Canada, such as Elliot Lake and Blind River, then the toll in human terms will be almost unbearable.

I spoke for approximately 15 or 20 minutes before the supper break and I will not take up too much more time. The New Democratic Party does not want to prolong this debate. We will have amendments to present in committee. This pipeline will be the greatest development this country has ever known, both in financial and human terms. I hope we do not end up with the same kind of package which our forefathers ended up with respecting the CPR—a sellout to the pioneers of this country. I am referring to the western pioneers, of course. I hope the day will not come when the people of the Yukon and northern parts of Canada will say: "You sold us down the river", or in this case "down the tube". I hope we will use this development as a unifying force in the country, not as a divisive force.

I hope we will also be able to benefit Canadians. Let there be no mistake, Mr. Speaker, we have nothing to fear from the United States. They are close friends. Geographically they are along our border. Seventy-five per cent of all Canadians live within 100 miles of the United States. Americans are tough bargainers. American businessmen respect toughness in negotiations and bargaining. I believe we have not been tough enough in negotiating this agreement with the United States. Mr. Schlesinger and other members of Mr. Carter's cabinet believe they got a better deal than we did. You cannot have respect for somebody who caves in. You cannot have respect for a relative or a neighbour who says: "Fine, go ahead, we will take this, you take that", and so on. I am not trying to be a prophet but I predict that in the long run Canadians will realize in seven or 10 years that this was not the best of deals, although I am not saying that their comment will be that it was the worst of deals. If we are not tough with our friends to the south, then as the Toronto *Star* said in its major editorial with respect to foreign ownership, I believe in yesterday's edition—this does not relate to this bill but I think it is cogent—"We can do better on our own".

This comment means we must make it abundantly clear to our friends to the south that we are second class North American citizens. We have resources. We have oil, natural gas, water, timber and all kinds of base metals. We have to bargain on an equal basis. Just because Americans outnumber Canadians 10 to one in population, and because their economy is bouncing back because of government intervention, something the Canadian government has been extremely reluctant to do, we should not take second place. We should bargain as North Americans sharing a continent, and making sure we get

as good a deal as they do. That is the way we must bargain respecting this pipeline. I believe my time is up, Mr. Speaker.

The Acting Speaker (Mr. Ethier): Order, please. I regret I have to interrupt the hon. member but his allotted time has expired. The hon. member for Don Valley is rising on a point of order.

Mr. Gillies: Mr. Speaker, I rise on a point of order. I would like to ask unanimous consent of the House to revert to motions to permit the Minister of Finance to come to the House this evening and discuss the very important announcement which was made at seven o'clock tonight. The announcement stated that the Government of Canada is to borrow money from abroad to stabilize the Canadian dollar and that it is drawing down the $1,500 million credit they had established with the Canadian commercial banks.

This action on the part of the government is probably one of the most significant that has taken place in the last decade in Canadian history. It is a matter of great urgency that the Minister of Finance make a statement tonight before the markets open tomorrow. I ask for unanimous consent that this matter, important to every Canadian, be brought to the attention of the House this evening.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Ethier): Order, please. Hon. members have heard the question. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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

● (2032)

Mr. Alan Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): Mr. Speaker, after that little interjection, I guess we can get back to the business at hand. I was interested in the remarks of the hon. member for Brant (Mr. Blackburn) on this bill. I was relieved and somewhat encouraged to see the apparent turnaround that he and, hopefully, his party are taking in their attitude toward this pipeline project.

I am not suggesting anybody in the House is attempting to filibuster. However, the only reason a number of us on this side are taking an opportunity to participate at this point is that there is continued intervention in the debate on the other side. We would be quite happy to see the bill moved into committee and discussed in detail there. We will participate as long as the debate carries on.

An hon. Member: That's democracy.

Mr. Martin: That is democracy. We are members of parliament as well as those on the other side.

The hon. member for Brant indicated he has some reservation with regard to the benefits of this pipeline to Canadians. I will touch on that later. I would also like to deal with the speech of the hon. member for Calgary South (Mr. Bawden) whose remarks I was privileged to hear earlier. I was encouraged by the positive approach that he took with regard to this major project which will have such an important impact on the Canadian economy in the years ahead. The way his party is now supporting this project is indeed an interesting turnaround.

When this session resumed after the new year, the Leader of the Opposition (Mr. Clark) indicated that in 1978 the Canadian economy would be buried or come to an end. Obviously the official opposition has since seen some kind of light. Perhaps they feel some degree of responsibility in presenting themselves to the Canadian people as an opposition which finds the odd bright spot in a potentially very exciting economic picture. Presumably they have taken the pipeline project as something they should support.

This is indeed an historic bill. As has been stated previously, the Alaska Highway pipeline will involve some $10 billion in all, representing some 5,500 miles of pipeline construction. By way of simple comparison, this compares with the project some 20 years ago of TransCanada Pipelines. It involved a total expenditure at that time of something in the neighbourhood of $375 million, less than one tenth of this amount. There is no question that the project in this legislation is the most exciting project to face this nation and the private sector in North America for a very long time, and perhaps the largest ever.

The project has been overwhelmingly endorsed by the United States Congress. This is important. There is nothing to be ashamed of when the Canadian government can come to an agreement with the U.S. on a project of this magnitude which will mean so much to Canadians in terms of Canadian jobs in the immediate years to come. This is commendable. The fact that the U.S. Congress endorsed it overwhelmingly in the way they have is an indication of the type of united effort that can help make our joint economies tick.

The purpose of this bill is to establish an agency to ensure that this gigantic project is planned and implemented in a way that will maximize the industrial and social benefits for the Canadian people. From it Canada will be assured access to its own reserves in the Mackenzie delta in the long-term future by the only economic means currently available. We will have substantial assistance from the United States in building part of that link. It is obviously important to Canadians that we can and will preserve access to this important frontier area as we attempt to meet our long-term goal of energy self-reliance.

It is worth placing again on the record that implementation of the agreement with the United States is an important step in further strengthening our bonds with that country. There is no point in anyone on this continent pretending that he lives in a complete vacuum. Obviously it is important, where feasible and in our national interest, to undertake projects in joint partnership with our very large neighbour to the south.

The pipeline will provide a boost to consumer and business confidence in both countries. The words of the Leader of the Opposition earlier this year indicated that he saw nothing on the horizon to provide any boost in confidence for Canadians. He knew this bill was coming. I guess he and his party did not have time to take a good look at it. Now that the bill is before the House the are supportive of it. We are glad they are. It is obviously something that is of substantial benefit to all Canadians. It is somewhat reassuring that the opposition see that now that the bill is before them. It is estimated that some 100,000 man-years of employment will be involved in this project. Eventually our international balance of payments will be improved. These are two areas of concern to thinking Canadians at this time.

There is another matter of concern. Preference will be given to Yukon residents in terms of training and hiring for construction work. In turn, this training and experience will enhance employment opportunities for the entire Yukon labour force. The federal government will have to move in the direction of settlement of claims as quickly as possible. When introducing the bill for second reading, the Deputy Prime Minister (Mr. MacEachen) clearly indicated that every effort will be made to arrive at a fair and just settlement of these claims. This will be done in as quick order as possible.

The establishment of this northern pipeline agency is very important and I wish to spend a few moments talking about some of the important aspects of it. First, I want to deal with the matter of a government guarantee. This has been said before, but it is worth repeating. It is surprising that the NDP is anxious to see us create a monopoly in pipeline construction.

Mr. Woolliams: There is not one of them in the House.

Mr. Martin: Indeed, they are not all satisfied that we should be doing anything to create a really competitive situation. I have been with members of that party in committees at various times when we have been talking about matters involving business in general, small business or medium sized business, and they have always been most anxious to ensure there has been an adequate form of competition in the country. However, in this case they are speaking against the concept of competition. It must have taken some very deep thinking to arrive at that conclusion. I presume that only within their deepest research background are they able to satisfy themselves about this.

Canadian suppliers will have to sharpen their pencils. They may have to cut some costs to be competitive on this matter of pipeline bidding. That is the way it should be. We as a government would be extremely guilty if we did anything to put forward a project of this magnitude and told Canadian suppliers that they could have the business, with no need to worry about the costs; simply supply the pipe and the bills will be paid. That is no way to promote efficiency in the production sector.

• (2042)

The fact that we have ensured that the competitive aspect must be present before Canadian manufacturers can win these contracts is extremely important, and rather than blame the Deputy Prime Minister for not securing guarantees which would have locked us into a monopolistic situation he should be highly commended for declining to take what might have seemed an easy nationalistic route and for taking the action he did.

This having been said, I would point out that there is provision in the bill for the government to block contracts which fail to provide what is considered to be an adequate Canadian content. So there is an override. These contracts must come before the government which will then have an opportunity to examine them and satisfy itself that the concept of Canadian content is being adhered to, as the Foothills group has indicated it has every intention of so doing.

Another important point has to do with the cost of the agency. Many people are complaining about increases in government expenditures. The cost of the agency will be borne directly by the pipeline companies and, of course, will eventually be reflected in the price of gas to consumers in the U.S.

In addition, the monitoring agency will be able to review the manpower plan to ensure that it makes maximum use of Canadian labour in all phases of the project. It will also be examining the procurement proposals put forward by the companies to see that there are fair competitive opportunities for maximum Canadian participation. The agency will be overseeing the financial arrangements and will ensure that any plan which the companies may come up with provides for majority Canadian control and that the debt is not conditional upon approval by the lenders of construction of a lateral to the Mackenzie River delta. This is an extremely important point.

There will also be provision in the rules governing the agency for the minimization of legal delays which could be occasioned by various objections during the course of the project. I think it is important that, if we do intend to go ahead with this scheme, we should do so with the minimum of legal delays while at the same time ensuring fair play and a fair hearing to those who may object.

Hon. members have talked about the direct and indirect benefits which will be derived from the pipeline. I noticed today one item of incidental cost. Some $21 million is to be spent on a series of frost heave and pipe burst tests in areas of northern Alberta and Alaska. Although this is only incidental in terms of the total expenditure it is, nevertheless, a tremendous amount of money, because when such a sum is injected into the economy it does a tremendous amount by way of providing jobs. And this is only one small item which I have taken from the group of many such items.

Another question which has been asked is this: How much labour will be moving in from the south? Well, I have stated earlier that preference will be given to the hiring of people from the Yukon, and to ensure that this is the case, southern labour will be recruited through hiring halls located in the

south. This in itself will prevent a massive influx. We know that the number of workers in the Yukon could reach 2,700 by mid-1981. The Foothills group has given assurances in all its public comments that it will be able to meet the 90 per cent content factor. It seems to me that as long as the companies can give that kind of undertaking it should, in itself, be an assurance to us as parliamentarians that they mean what they say. The figure I have mentioned has been repeated on many occasions at various times.

Still talking about direct effects, we note that $10 billion worth of construction is anticipated, resulting in about 100,000 man-years of employment; and that in the construction sector—

Mr. Woolliams: Man-years? Why don't you talk about the number of unemployed who will get jobs? There are a million unemployed.

Mr. Martin: I am not talking about a million unemployed. I leave it up to the official opposition to talk about gloom and doom. I am talking about new jobs which are being created. It is the government's job to create jobs and not to run around the country telling people how poor things are when in fact they are not.

Some hon. Members: Oh!

Mr. Woolliams: Read Chrétien's release!

Mr. Martin: The opposition wants to go back to gloom and doom. They want to go back to January 23. The Leader of the Opposition (Mr. Clark) must be hiding in the wings. They don't want to talk about this important project which will have such a positive impact. It bothers them because it is good stuff. It is government stuff and is being promoted by this Liberal government.

Mr. Woolliams: Don't get uptight. Just talk about how many jobs will be created.

Mr. Martin: I should like to refer now to some of the indirect effects. The pipeline will stimulate secondary areas of construction. Electrical manufacturing is just one. There will be all kinds of spin-off right across the country as a result of this gigantic project. It is true there will be some environmental disruption but the agency created by the bill will balance potential disruption against any potential benefits. I might add that the pipeline size announced by the National Energy Board has at last removed all doubt that we are indeed able to produce in this country the pipe which will be used in the project.

Mr. Woolliams: What about the valves and the fixtures?

Mr. Martin: Nations of the world must build their future co-operatively. The fact that we are co-operating with the United States in this project is nothing to be ashamed of. It is something we can be proud of provided we are doing it in the national interest, as I believe is the case in this instance.

We have a great deal in common on this continent and no amount of breast beating will ever change that situation. Last spring, along with other members of the House, I was privileged to take part in inter-parliamentary group discussions with members of the United States Senate and House of Representatives in Victoria. At that time we gave consideration to some of these energy issues and I was impressed to see the degree of goodwill which existed among us, the eagerness to work together on projects of this nature.

We should bear in mind that in the future co-operation will take place not only between Canada and the United States but between North America and Europe. One had only to attend the World Energy Congress in Turkey last fall to have become aware that the energy issue is very much a global situation. The fact that we are involving ourselves so heavily with another country at this time is an indication on our part that we understand the global nature of our over-all energy problems. We must look to the future. The oil and gas question is only one of the areas which must be dealt with. Let us get it out of the way now so that we can turn our attention to the solution of other energy problems.

There is no question that we need oil and gas from our northern frontier. Those of us who are members of the national resources committee and who had the opportunity to visit the north two years ago were overawed by the tremendous potential which exists in that part of the country. In order to encourage people to take advantage of this potential a start on a major project must be made. And this is where the current northwest pipeline project is so important.

● (2052)

There are questions about nuclear energy with which we have to deal. In the Standing Committee on National Resources and Public Works we are discussing matters relating to nuclear waste and other related aspects, and we cannot spend all our time on oil and gas pipelines. However, this is still the first step in our policy of energy self-reliance, and for that reason I think it is important.

In conclusion, I would like to refer to some comments I made during the pipeline debate last August. At that time I indicated that there are three important things we should obtain from a pipeline arrangement. I spoke very much in favour of proceeding with this project. The first important point I made was that this project would have a positive effect on the Canadian economy. I think that has now been proved to be the case. We have the figures. We are now talking in terms of real dollars which are going to be spent. There is no question that there will be a tremendous impact on our economy.

My second point related to the opportunity we have to participate in this project along with our neighbour to the south. I felt it was important for us to endeavour to enter into a joint project if that could work to our mutual advantage, and particularly to the advantage of Canada. Obviously that will be the case, and the negotiations so ably carried on by the Deputy Prime Minister are indicative of that.

The last thing I mentioned was that there is a need for us to do everything we can to stimulate investment in the north. We need the potential oil and gas reserves that are in our frontier areas, and a cancellation of the project would obviously have had a very negative effect on the potential for new investment to move in. The project will now go ahead, and I think the potential will be tremendous and will augur well for the possibility of finding additional reserves in the Mackenzie delta which in time may justify the type of pipeline that was earlier proposed but at this point is simply not feasible.

In summary, it is good to know that there is considerable support for this project coming from different parts of the House. There is a realization from time to time that parliamentarians of all parties must stop talking about all the things they perceive as not happening and start supporting some of the projects this government is putting in place that are indeed making things happen and making the economy tick. There is a clear realization that elected representatives should stand behind some of those projects and support them.

Miss Flora MacDonald (Kingston and the Islands): Mr. Speaker, unlike the hon. member for Scarborough West (Mr. Martin), who prefaced his remarks by stating his reluctance to take part in this debate and then went on for some 20 minutes—

Mr. Martin: Mr. Speaker, I rise on a point of order. I simply want to make it clear that at no time did I indicate a reluctance to participate in the debate. I indicated an interest in participating. I said that the reason I was able to participate was that the opposition was continuing to debate the issue.

Mr. Knowles (Winnipeg North Centre): That is not a point of order.

The Acting Speaker (Mr. Ethier): That surely does not constitute a point of order.

Miss MacDonald: Mr. Speaker, I think that indicates the truth of what I was saying earlier, that that kind of defence is put forward when a weakness actually appears.

However, important as I think this debate is, and as anxious as I am to take part in it, I would gladly stand aside if the Deputy Prime Minister (Mr. MacEachen) could assure us that the Minister of Finance (Mr. Chrétien) would come into this House at this time and explain his announcement contained in the press release just put out regarding the intention of the Government of Canada to borrow funds outside Canada.

Some hon. Members: Order.

The Acting Speaker (Mr. Ethier): Order, please. I regret to interrupt the hon. member but the Chair has difficulty relating her remarks to Bill C-25, which we are presently discussing.

Miss MacDonald: Mr. Speaker, in speaking in this debate and in dealing with the legislation concerning the Foothills pipeline project there are certain aspects of the bill which I would like to see strengthened. Although I support the bill in principle, I certainly hope that by specifying those aspects which I want to see strengthened and by pointing out shortcomings in the bill I can thereby urge members of the special committee to incorporate certain changes in the bill at the committee stage or at later stages so that the bill can be unanimously supported.

The reason I am pleased to be taking part in this debate is that the whole matter of energy, energy supplies and especially energy conservation has been an ongoing concern which I have had for a long time. In addition, I am given this opportunity to look at certain problems of northern development and aboriginal rights which have been and are of ongoing interest and great concern to me. However, most importantly, at this time when the unity of this country is in question everywhere, this mammoth project which is shortly to be undertaken must be one which becomes a symbol of unity for all Canadians, a catalyst which will help pull us together and a monument to our shared interests whether we live east or west, north or south. It must not be allowed to become an element of tension or a divisive element between groups, whether racial or geographic, at this crucial time in our history. There is always the possibility that that can happen.

During this debate we have heard a great deal about steel, pipes, jobs and energy needs. We have heard what this project means in economic terms. All these things are important, but for a few minutes I would like to stand back and try to understand what this pipeline means to Canada as a country of the north.

As Mr. Justice Berger pointed out in the report of the Mackenzie Valley pipeline inquiry, "We look upon the north as our last frontier". He also said: "We think of ourselves as a northern people". It would not be an exaggeration to say that, to a great extent, the way in which the Canadian north is developed and the way in which this project in particular is developed will be a reflection of what we are as Canadians and what our values are. It is not an exaggeration to say that the pipeline and all the issues surrounding it are a reflection of what Canada is all about.

This project is about people. It is about native people, non-native northerners, Canadian entrepreneurs and interested southerners. It is about reconciling the various interests of all these groups of people. As such, it reflects the multicultural nature of this country as a whole. However, more than that, it reflects in a very real way the tension between the dominant interest group in this country and a special minority group, a tension which, in another form, presently exists between Quebec and the rest of the country. Our experience with that latter situation and the crisis that has developed in our confederation as a result should make us more sensitive to the needs and wishes of the native people of the north. We must not do anything at this point in our country's history that would add to the problems of national unity by further alienating a minority group of people who already have cause for resentment because of past injustices.

● (2102)

Many of the injustices spoken about by our native people are based on broken promises. They are based on different interpretations of so-called agreements and on an erosion of good faith. Those things must not be permitted to happen again with this project. Whether it is real or just perceived as real, there is a legacy of bad faith that needs to be healed. We have all read about it, we have all heard about it and we have all had it explained to us. Many of the native people came before the Lysyk inquiry and their testimony to that inquiry prior to the decision about this pipeline reflects, according to the words of that report, "a common Indian distrust of white promises". They use these words:

What is going to happen when the pipelines come through . . . How can you as a government promise our people will not be affected? You promised before and these promises have been broken.

Again another Indian representative said:

My people haven't recovered from the impact of building the Alaska highway. They have lost their self-respect, identity, their lifestyles have changed and with it came problems—

That is part of the testimony before the Lysyk inquiry and it refers to a legacy of broken promises. This trend of exploitation and of bad faith must be reversed, and now we have the opportunity to do so. Great time and effort has been expended to collect the impressions, opinions and demands of the native northerners. The expensive reports presented to the Berger and Lysyk inquiries must not be ignored. That legacy of broken promises must not be perpetuated.

I will mention one particular promise that has been made to the native northerners, and that is the promise of a second stage socio-economic inquiry which was given to the native people by the government to secure their participation in the first stage of the inquiry. That promise must be kept. It must not become another broken promise in the tradition of the government.

Having regard to the second stage inquiry, when he was speaking of it just last week the Minister of Indian Affairs and Northern Development (Mr. Faulkner) said:

This recommendation has in principle been accepted by the government.

What does he mean by that? The dichotomy that prevails in the history of this government between principle and practice does not make us very optimistic about the acceptance of the so-called "principle".

The minister talks about a review process and about bringing to light public concerns, but he carefully avoids any specific commitment or any reference to a second stage inquiry. He very explicitly states that we do not need more studies, more research, more lawyers and consultants and TV cameras. But, in fact, it sounds as though the minister is really saying that what we do not need is a second stage inquiry.

I get very nervous when I hear a minister of this government say, as the Minister of Indian Affairs and Northern Development said last week, that what is needed is for the government to decide upon a range of concrete measures and then put those proposals out for public scrutiny and debate. I have seen the government put its proposals out for public scrutiny and debate before. I do not like to be cynical, but public scrutiny and debate have had very little impact on the government's actions in the past, and there is very little indication that they will do so now.

As a result of that I would like to see built into this legislation, when it goes to committee stage, provision for a second stage socio-economic inquiry and for protecting native claims. The government's fine words about recognizing claims and being in full sympathy with these aspirations—again the words of the Minister of Indian Affairs and Northern Development—are not good enough. Sympathetic recognition is one thing; legislative recognition is quite another thing. I am sure the native people of the north have become sufficiently cynical about the former—that is, about sympathetic recognition on the part of this government—that they would appreciate more of the latter, namely legislative recognition on the part of the government.

As well as being about people, this pipeline project is about political and constitutional processes. It is really about the transition of the Yukon from what for far too long has been a kind of colonial status to full responsible government. That is what this project entails as well. It is about co-operation between federal and provincial governments. Here again it reflects the country as a whole. We badly need a revitalized system of federalism, one which recognizes the full partnership between the two levels of government.

As we all know, there is much resentment among the provinces at the way in which the federal government has too often run roughshod over their needs and concerns. We have to ask ourselves whether this pipeline is to be another major project in which the province and the Yukon are involved, but in which they have to bend to the wishes of the federal government.

The legislation as we look at it provides for the establishment of a federal-provincial consultative council to which the Yukon representative, I note, is to be appointed by the federal cabinet. Is this the way the government assures itself that the voice of the Yukon will be heard—by its own decision? It seems to me that if the Yukon nominee were to be chosen by the elected representatives of the Yukon legislative assembly, then the federal-provincial aspect of the council would certainly be far more credible than when the federal government takes it upon itself to appoint that nominee. That would be a proper step in our evolving federalism, and that is something I hope the members of the special committee will insist upon when they are dealing with this bill in detail.

As part of the political process of which I spoke, close to $250 million has already been spent in studies and inquiries by private and public sectors on this project. It was only after great pressure that the government held inquiries which involved the public in the kind of debate which allows the country to arrive at a national consensus. It was not that the government set up this kind of inquiry, or instigated it on its own. It was pressured into finally setting up both the Berger and Lysyk inquiries. One can only wonder whether the deci-

sions we are faced with today would have been taken with more confidence if the government had sought such participation from the beginning; if the government had explored openly the alternative from the start. At the present time we are launched upon another road in this process of decision making.

There have been injected into this debate a number of proposals which will have to be adjudicated further down the road; proposals for the Dempster lateral, for the polar gas route, for liquified natural gas tankers and for an Arctic railway. All of these have been thrown out for public discussion, and some of them, indeed, are very questionable.

● (2112)

It should not be necessary to drag the government into the arena of public discussion, as was the case with the Foothills route. The government should begin now, openly and with public participation, to examine all of these other proposals and explore other alternatives, so that we have the full range of information before us on which to base these serious decisions. That is the commitment the government should make now, so that all Canadians have full access to information about the viability and desirability of such huge projects long before any decision to proceed has been undertaken.

Another aspect of the pipeline project is the environmental and ecological one. Again a national perspective will be reflected in what goes on in the development of this project in the north. Future generations will judge us harshly if we perform poorly in this area. The questions here involve more than the pipeline. They reflect a basic attitude about how we will and do treat the land and its life, which so much embodies Canada's strength and identity.

Last August during the pipeline debate, the leader of my party pointed out that we were being asked to make certain decisions without adequate information. He pointed out that we were forced to make decisions at that time without a northern energy policy, without a national energy policy, without a northern development policy, and without any clear or consistent approach to native rights or northern ecology. We must not allow that kind of thing to happen again and again. Otherwise, we will never have any kind of consistent, realistic energy policy.

The whole area of energy, both renewable and non-renewable, is a very complex one that requires very definite policy formation if our energy needs of the future are to be met. I am greatly concerned that the energy debate in Canada continues to be a fragmented and confused one; that it is based on individual projects such as this one, rather than on a comprehensive evaluation of all our major alternatives. We need to recognize our alternatives, set out priorities and realize that decisions which are being made now will directly enhance or detract from the lives of future generations of Canadians. It is our responsibility, in the way in which this project is carried out, to make sure the decisions we take today enhance those future lives. We are custodians of this land. We must pass it on to future generations as intact as possible. We can only exercise this stewardship through an ethic of conservation and not of exploitation.

Even the National Energy Board recognizes the practicality of conservation. In a recent report the following was stated:

> A vigorous conservation program should be a prime goal of Canadian energy policy, and that conservation appears to offer the lowest cost option for balancing the energy budget in the near term.

It is of great concern to me that so little emphasis has been placed on the theme of conservation in this debate. Little mention has been made of it. When the Minister of Energy, Mines and Resources (Mr. Gillespie) spoke in this debate yesterday, he devoted but one line to conservation policy. He stated simply, "We have to accelerate our efforts to conserve". The rest of his speech pointed out how we can use gas to fill the gap left by dwindling oil reserves. If the entire purpose of northern gas and northern pipelines is no more than a stopgap to give us another 25 years of over-consumption in energy, then we have failed miserably.

There is an international aspect to the pipeline which brings to the fore the ever present question of Canada's independence vis-à-vis the United States. We must not forget that this pipeline is being constructed to bring American gas to American markets. As the Lysyk report pointed out, the main benefits from the pipeline will be concentrated outside of the Yukon, largely south of the 49th parallel, whereas the most significant costs, in terms of both economic and social disruption, will be experienced in the Yukon.

Given this situation, it is mandatory that the government ensure that Canadians derive whatever benefits are possible in terms of jobs and supplies. There must be provision for the maximum possible Canadian content in materials and labour. We must use Canadian pipe, valves and fittings. This would be beneficial to the steel industry all over the country as well as the workers. It would bring Canadians into the project, whether in their own locale or on site. Whether they come from Cape Breton, Quebec, Hamilton, the western provinces or the Yukon, Canadians would be involved in that project. I am convinced a project of this magnitude, properly carried out, serviced by Canadian labour and supplies, and shared by all of us, can be a boon to national unity as well as to the Canadian economy.

But instead of recognizing this potential working to maximize it for Canada, the government's questionable bargaining in this matter has left us with absolutely no guarantees about Canadian content. Instead of guarantees, we receive the repeated exhortation of the Prime Minister (Mr. Trudeau) that Canadian industry must be competitive. Seemingly the Prime Minister is more concerned with the cost to the American consumer than with the Canadian labour market.

This pipeline will traverse 2,500 miles of Canadian territory. From much of what has been said by the government—the lack of guarantees and the lack of definite details—it appears that Canadians are not in charge. Is the government content to play the role of an absentee landlord—while the tenant takes over the house? Or is it going to stand up and demand that the tenant obey the landlord's rules? There are ways in which

these rules can be monitored and policed to see that Canada receives the best out of this agreement. Hon. members on this side of the House are asking that a parliamentary committee, either the special legislative committee or the Standing Committee on National Resources and Public Works, monitor the Canadian content of the pipeline project. It is in the interest of all Canadians to get the maximum benefit for Canada from this venture. This can be best done on a continuing basis through a parliamentary body. That is the best way to meet the needs of Canadians.

We do not simply want an annual report to be presented to parliament. We want a quarterly monitoring process which will provide for parliamentary input on a continuing basis. It is essential in such a mammoth undertaking that the people of Canada, through their elected representatives, have some voice in what happens during and after pipeline construction. I hope and trust that this kind of arrangement will be built into the agreement when the bill goes to committee, or at a later stage in its study.

As I have said, this bill is of such magnitude that it requires special scrutiny and study at every stage. We on this side of the House intend to do everything in our power to see that this project brings the maximum benefit to all Canadians. If properly carried out, this project can be a source of pride for all of us, the kind of pride which can pull us together emotionally and psychologically, the way the building of the railroad did geographically 100 years ago.

● (2122)

I said at the beginning of my remarks that the pipeline is, in a sense, what Canada is all about. It is about people; it is about our land; it is about our political system; it is about our sovereignty in the face of our powerful neighbour to the south; it is about national unity and confederation; and mostly it is about our industrial, consumption-oriented economy and about our past mistakes and future options. We have to ask ourselves: Are we going to be content to exploit our northern territories and their people as has been the case all too often in the past? As Mr. Justice Berger pointed out in his report:

> The north has become our frontier during the past few decades; it has been a homeland of the Dene and Inuit peoples for many thousands of years.

That is the difference. They have been there; they understand and work in harmony with it. We are relative newcomers, looking at it as our new and last frontier.

In an age when frontiers are at a premium, when non-renewable resources are running out, and when we are confronted every day by the often drastic social and environmental effects of past excesses, we must learn to tread more lightly on our environment. Our approach to this project will show just how much we have or have not learned in the past decade about the limits of technology. It will set the pattern for future northern development. The north is our last frontier. If we lay waste to it, there will not be another. We must not sacrifice its resources, human, animal and mineral, to one last futile extension of the wasteful practices now followed by ourselves and by our neighbour to the south. In working out the details of this bill, in seeking to improve it and in seeking to strengthen it, that is what we should keep in mind.

Mr. Ross Milne (Parliamentary Secretary to Minister of Indian Affairs and Northern Development): Mr. Speaker, thank you for giving me the opportunity to participate in this most important debate. It was a week ago on Monday that the Deputy Prime Minister (Mr. MacEachen) spoke on second reading on this important bill. The response of the official opposition was to the effect that they supported both the principle in the bill and the project. The following day the Minister of Indian Affairs and Northern Development (Mr. Faulkner) set out in his speech some of the aspects relating to this project, its importance to the native people, the second stage inquiry, and some other announcements that were contained in his speech.

It is my intention this evening to comment on some of the points that were made in both the speech of the Deputy Prime Minister and in that of the Minister of Indian Affairs and Northern Development which were responded to in the intervening time by hon. members opposite, and particularly by the hon. member for Yukon (Mr. Nielsen) outside the House. These comments related to the pipeline's impact, its benefits and the ability of the Yukon people to handle them, the second stage inquiry, the question of land claims, and the co-operation and co-ordination between the Yukon territorial government and the department in planning this large project.

The Minister of Indian Affairs and Northern Development emphasized the importance of this project to the north and to its people. The northern pipeline offers the Yukon the prospect of a boost in its economy and the expansion and improvement of social services, not the least of which would be the possibility of natural gas being made available to a number of communities which, in my view, would give them cheaper energy and the opportunity to develop some industries which would have available to them not only electrical energy but other forms of energy also. The revenue which the pipeline project will generate for the territory and the manpower training it would necessitate should mark the beginning of a new era of economic and social development in the territory, and, most of all, it will give the Yukon territorial government the opportunity to show some real leadership in the planning and preparation of policies and programs associated with the pipeline.

There has been some misunderstanding of the bill in the debate and unfortunately a willingness to distort the meaning of some of the provisions and to ignore the obvious benefits on the part of certain members opposite, particularly the hon. member for the Yukon as evidenced in some of his comments made outside the House which were quoted in the press recently.

There has been an underestimation, not only of the benefits flowing to the Yukon as a result of its active participation in the project, but of the good sense of Yukoners and of their ability to co-operate with the government in promoting the interests of their territory. It is time that the opportunities outlined in Bill C-25 and the terms of the agreement between the United States and Canada on this important project,

perhaps the most important project in Canada's history, were pointed out.

First, I should like to comment on the heritage fund and the $200 million advance on tax revenues. The government realizes the importance to the Yukon territorial government of dealing with the social and economic impact of the pipeline on the territory. The first step that the government took was to appoint a fourth member to the executive committee to deal exclusively with pipeline planning and with native affairs. There is no question that there will be a substantially increased demand for schools, municipal services and social services such as health care which are the responsibility of the territorial government and which will be dealt with, as I suggested, through the appointment of a fourth member.

The Lysyk inquiry in its report pointed out that additional funds must be made available to deal with the increase in these public services. It also suggested that funds for this activity come from the tax revenues appropriated from the pipeline project. This is exactly what the government has done through the provision in the bill for a $200 million advance on property tax revenues which the territory may borrow against. This borrowed revenue will be an immediate source for the funding for the projects and services that will be essential to the Yukon when the project commences. It is important to note that this will be up front money. This is the point that the hon. member for Yukon refuses to acknowledge.

Construction will mean an influx of workers and a large scale migration into the territory. The funding provided by loans negotiated by the territorial government will mean money for schools, hospitals, and improved social and municipal services. The important point is that these facilities will remain for the Yukoners to use long after completion of the pipeline and the movement of many workers elsewhere after completion of the project.

Some critics of the bill have said that the territorial government will have no funding to supply the wide range of social services that pipeline-associated growth will cause in the Yukon. But the government will be able to borrow up to $200 million through this funding, which is more than adequate to meet the projected needs of the Yukon in this regard. At present, as the Minister of Indian Affairs and Northern Development has pointed out, it is estimated that no more than $70 million will be needed to meet these costs up to about 1983. So I think it can be said forcibly that the property tax scheme negotiated with the United States will provide the territory with some $35 million before the pipeline ever goes into operation and $30 million annually thereafter on an escalated basis, with the result that over a 25 year period net benefits could exceed $1 billion, assuming a 5 per cent inflation. This is nearly three times that which would have been produced under the NEB proposal for a $200 million payment, and roughly twice that which would be produced under the Lysyk proposal involving a heritage fund and an increase in property taxes. The $30 million property tax payment can be seen in better perspective if measured against current property tax returns in the Yukon of around $2.5 million, or the current operating budget of the Yukon territorial government of around $64 million.

• (2132)

The Yukon would benefit substantially from the $50 million heritage fund announced during the debate by the minister and from the substantial progress that it would make toward financial independence from the federal government. This is a strongly cherished objective of the territory.

The comments made by the hon. member for the Yukon (Mr. Nielsen) to the effect that there would be a $50 million loss to the Yukon through the $200 million loan arrangement is an overstatement. First of all, it will not be necessary to borrow up to the $200 million level. The Yukon territorial government will certainly have the opportunity to borrow at the best available rate, which could conceivably be less than was anticipated when they considered borrowing this money from Foothills.

In developing a policy on the pipeline project the government has demonstrated its agreement that the territorial government must be able to meet the demands for social services that will be placed upon it. It has also shown an understanding of and sympathy with the special social and cultural characteristics of the Yukon and a desire to help the territory preserve its unique quality of life while it experiences the full impact of the pipeline. That is why the minister announced the trust fund called the Yukon heritage fund which will be capitalized to $50 million. Whether the capital of this fund is used or only the interest, the fund is sufficiently large to cover many of the things that are important to the Yukon on a cultural level.

The Lysyk report pointed out that the heritage fund was never intended to cover social, economic and impact-related conditions but was to be used for improvement in the quality of life in the Yukon and for programs to protect the special qualities and characteristics of individual communities. Having studied both the National Energy Board report and the Lysyk report it seems to me that, with the possibility of $200 million "up front" by borrowing and the establishment of the $50 million heritage fund, we have the best of both worlds. I think this is the right course for the government to follow.

I should like to comment on the urgency of the pipeline project. The fact that the United States needs natural gas means that, in the short term, there will be very large industrial benefits to Canada which will substantially increase employment. There is also the possibility of eventually transporting Canadian gas to Canadian markets through the Dempster lateral.

The Lysyk final report stated that Yukoners saw in the proposed pipeline an opportunity to improve economic and social conditions in the Yukon and pointed out that if the opportunity was not grasped the result could well be frustration, anger and recrimination from the people of the Yukon. The urgency still exists. There are opportunities for economic growth to be realized from the pipeline. Decisions must be made on governing the pipeline companies so that the adverse effects of a boom can be minimized.

I should like to read a portion of the Lysyk report, as follows:

All Yukoners are eager to ensure that neither they nor their children will ever feel obliged to leave the Yukon for the lack of employment. If the youth of the region are prepared by education and technical training for careers that they cannot follow in the Yukon, their inevitable departure will frustrate the personal preference of those individuals and run counter to the best interests of the economy and the society as a whole.

I think the point is that if the pipeline goes ahead and the proper steps are taken to train people and upgrade their skills, the objectives set out in the report can be achieved.

I should like to make a couple of comments on the second stage inquiry that the hon. member for Yukon and the hon. member for Kingston and the Islands (Miss MacDonald) referred to. The twofold objective of the government in expediting the pipeline project and settling the socio-economic terms and conditions has resulted in agreement to a second stage inquiry. As the minister said, this is an agreement in principle with the concept put forward by the Lysyk report. Under the leadership of the Minister of Indian Affairs and Northern Development proposals for terms and conditions which will govern the pipeline company as it begins work on this project are being drafted. These will be open to public response through the pipeline agency and could be available for comment and review by the public as early as next spring.

This second stage inquiry has been termed by some members as a betrayal for not being the type of inquiry recommended. It seems to me the time has come to cross the bridge and decide whether the project should go ahead. What we must do now is decide on the terms and conditions under which the pipeline will be built. I think it is preferable to follow the course set out by the minister and have a set of draft proposals prepared which would be available to any group for comment. They might be amended following such perusal and the project could then go forward. In my view there has been no betrayal of the Yukon people and their interests under these specific terms.

Critics have objected to the fact that the pipeline regulatory body will conduct such an inquiry but I think that is in line with what was suggested in the Lysyk report. If hon. members checked the Lysyk report they would see it recommended a second stage inquiry to be carried out by the pipeline regulatory agency. One of the reasons for this would be to co-ordinate the many inquiries that will be going forward and avoid a proliferation of inquiries in the Yukon in the next few years. That is why we recommend that these further inquiries be assigned to the pipeline agency. Clearly the Lysyk inquiry recognized the need for a co-ordinated approach to a study of the impact of the pipeline and perhaps opposition critics could follow this example.

As the minister pointed out, there will be a number of investigations into the environmental, social and economic implications of the pipeline project. The environmental assessment panel of the Department of the Environment is continuing its study of environmental concerns under the terms and conditions set out in Schedule III, in the appendix to Bill C-25. Inquiries that Foothills or their consultants undertake will have to be submitted to the pipeline agency. The largest role of the agency will be to co-ordinate the many inquiries.

The Yukon people will be given a chance to voice their concerns on specific terms and conditions drawn up by the government and they will therefore have a better grasp of measures to be implemented to protect their interests. Co-ordination will also allow the pipeline project to be expedited so that once construction begins Yukoners will be ready to take full advantage of it and to participate in the work and the supply of materials required for the project.

The numerous and wide-ranging inquiries into the social and environmental issues relating to the pipeline have served the important and valuable purpose of focussing the concerns of the federal, provincial and territorial governments as well as the pipeline company on the quality of life and the integrity of the land. These things are certainly important to Yukoners. It is necessary now to turn to specific proposals for the protection of these interests, to test public opinion and proceed with them. All this is surely in the best interests of the Yukon as well as builders of the pipeline. Legislation will create the pipeline agency and its passage will allow it to proceed with these important matters as soon as possible.

As the minister stated in the House, Mr. Speaker, a just and speedy settlement of native land claims is in the interests of both the native people and the government if they are to have their proper share of the benefits of the project. Since pipeline construction will not begin until 1981 there is time to make good progress on the settlement of land claims.

● (2142)

The opposition has expressed doubts that negotiations between the government and the Yukon Indians will result in a settlement in the near future and that delay in the reaching of a settlement will result in delay of the pipeline project itself. They have said that the land claims matter is out of the government's control and that no guidance is offered to bring the claims question to a quick settlement.

There are difficulties involved in these types of negotiations, but good faith has been generated on both sides, especially in the past year. The negotiations have been going on for quite a period of time and I believe substantially in good faith. Members of this House should understand that this is an extremely complex and difficult question with a lot at stake. It is natural to expect that both sides will bargain vigorously. It seems to me, in responding to the approach taken by the hon. member for Kingston and the Islands (Miss MacDonald), that the proposal to proceed with establishing the terms and conditions under which the pipeline might be built can go on at the same time as land claims can be negotiated. Hopefully the deadline before construction would be such that the terms and conditions could have a very thorough airing under the process set out by the minister and would provide ample opportunity to conclude the land claims on a fair and just basis.

The government has agreed to give consideration to a $50 million advance on the land claims settlement once agreement in principle has been reached so that the Yukon Indians can

use the financial resources available to institute programs and policies, not only to deal with the pipeline, but to improve the long range quality of life in the territories. Hopefully they would also be able to use that money to set up the type of business which would allow them to tender and be involved in construction of the pipeline in a meaningful way. As the minister said in the House, it is hoped that agreement can be reached as soon as possible.

The government is also aware of its responsibility to the Indians of northern British Columbia. It has already begun discussions with them about how they can participate in planning in preparation for the pipeline. These discussions will lead to the establishment of programs to provide manpower training and to maximize employment and business opportunities for native people in the area.

Surely this is worthwhile undertaking. If manpower retraining results in the Indians being able to participate in the skilled areas, it also means they will be able to compete in the future for higher skilled jobs than the types of employment they are engaged in at the present time. Without minimizing the importance of land title and land expropriation for utilities, a point raised by the hon. member for Prince George-Peace River (Mr. Oberle), these matters have no direct bearing on the question of native rights in British Columbia with regard to the actual pipeline route. No claims have been received regarding lands on the projected pipeline route. If they are forthcoming, they will be dealt with in the same good faith as evidenced in the Yukon claims situation.

The question of northern B.C. Indian interests and the environmental implications of the pipeline must involve the participation of the government of British Columbia. It is the hope of the government that its negotiations with the Yukon Indians continue in good faith to a settlement. Such good faith can only be maintained by responsible discussion of this question, especially as the legislation moves through parliament.

It is important that the negotiations and discussions not be prejudiced by irresponsible forecasts by opposition members that the government will disregard Indian interests in its anxiety to proceed with the pipeline project. This is not the spirit in which the government has approached land claim negotiations at all. Nowhere is the opportunity for Yukon participation in the pipeline project greater than in the area we have been talking about, as well as in the area of employment. There is provision for preference of Yukoners to be employed in pipeline jobs. The minister pointed out in his speech that some several hundred jobs in preliminary work might become available as early as 1979 for work such as clearing and surveying. Yukoners under the provision of the bill will be given preference for this work. This is a point the hon. member for the Yukon refused to accept and continues to make comments to the contrary.

Clause 21(2) of the bill provides that the pipeline company, in order to receive its certificate of public convenience for each portion of the pipeline, must adhere to the commitments it made at the National Energy Board hearings at the time the Alaska Highway route was discussed. These terms included preference to Yukon residents in hiring for pipeline construction and also for the procurement of materials as far as possible. These details would have to be worked out by the pipeline agency.

One important aspect of the Foothills undertaking is the proposal to provide manpower training programs which would be carried out in consultation with the government and which basically will be an extension of the northern training program which was instituted in 1970 by AGTL. This would open up skilled jobs for Yukoners and lead to the long term benefit of teaching northerners skills which could be put to use in future projects in the north. Preference to northern workers could also help lessen the impact of an influx of workers from the south. It is also the company's undertaking to do its recruitment of outside workers in the south.

Finally, I want to comment on the statements made in the House by a number of members that the Yukon government has had very little opportunity to participate in the planning of this project. I have a document here, which I could table if requested, indicating the extensive consultations that have been held between the territory and the minister, members of the government and many of the different agencies.

I might outline some of the discussions that have taken place relating to pipeline matters, such as the whole question of the upgrading of roads, establishment of business opportunities, monitoring of pipeline impact and providing manpower information, preparing property tax review forecasts, exchange of views regarding the impact information centre, a survey of native people to update the department's 1969/70 manpower survey for pipeline manpower planning, the environmental social program and the research proposals. There were many meetings held to discuss manpower delivery systems and manpower policy systems relating to the pipeline. Certainly with the amount of input that the territorial government has received and the attitude taken by the minister as well as many other people, we are hopeful that the territorial government will take some leadership in many of these issues.

The territorial government has had every opportunity to participate in the planning of this project, not the least of which would be the establishment of an agency office in Whitehorse, the exploration of the idea of an information and impact centre, the appointment of a fourth member to the executive committee, the consultative council, and the forwarding of all pipeline related correspondence and documents.

I might just take a further moment to elaborate on a few areas of the pipeline in which I am interested myself. It would seem to me that we should be careful of the impact on existing communities of a large influx of construction workers into the Yukon and the northern part of the province of B.C. I hope that the terms and conditions which will be set out will indicate that the construction camps will be some distance from these communities so that there will be a good deal of isolation associated with the construction forces. It would seem to me that demands on existing communities would be rather large if the pipeline people were to construct these camps close to communities and therefore rely on the amenities in the

communities to serve workers on the pipeline project. It would be the responsibility of the pipeline contractors to supply most of these services themselves and the best way would be to have these construction camps located some distance from existing communities.

● (2152)

My purpose in intervening in this pipeline debate is to cover some of the points that should be responded to in terms of the impact of the social and economic issues and the ability of the Yukon to handle them. I also wanted to deal with the question of the second stage inquiry, the question of land claims and the co-operation between the Yukon territorial government and the federal government.

This may be one of the largest and most important projects ever undertaken in Canada, and there has probably been more study of the environmental impact and the impact on people and on the communities associated with the pipeline than of any other project in Canada. This is good.

The majority of speakers I have listened to went to some length to point out the tremendous benefits to Canada from an industrial and employment point of view. Having studied these points, the time has come to move forward. We must make the decision that the pipeline will be built and pass the bill.

The minister should continue the leadership he has given in drafting the terms and conditions under which the pipeline will be built. They should be available to anyone who wants to study them in an objective way. We can then conclude the arrangements under which the pipeline might go forward. Taking this approach on the second stage inquiry is very correct.

The opposite approach has been put forward by a number of members, and the hon. member for Kingston and the Islands articulated it very well a few minutes ago. She said this approach would bring a tremendous degree of uncertainty to the whole project. It would draw into the debate many issues that have already been settled. Therefore, the time for that type of inquiry has in fact passed. I again emphasize that the point we are making there has been well taken.

In terms of land claims, this is a very complex and difficult negotiation that we are undertaking. It would be a good stance for all members of parliament to try and create an environment that is conducive to negotiations. It certainly does not do any good to have made the kind of statements one or two members have been making. First, it is a tremendous put-down of the Indian people in terms of their approach to it. Second, there will be times when both sides will want to negotiate seriously at the table. There will be times when both sides will want a period of time to re-evaluate their position. They may want to take that position to the people they represent. They may reappear at the table with either an updated position or a confirmation from the people they represent that their negotiating position represents their point of view and it should go forward.

I am hopeful, as is the minister, that the negotiations will continue in good faith. There is a very decided advantage to the Indian people to bring to an early conclusion at least the principle of the land claims negotiations. One commitment of the minister is the possibility of establishing an immediate $50 million up-front fund which the Indian people can use to establish themselves in types of business which will become involved in the pipeline. It is preferable for the Indian people to establish types of businesses that will enable them to contract for the pipeline. After the pipeline construction, they will be able to continue in business, something they could not do if they were simply employees of the large pipeline contractors.

One difficulty that has been encountered with regard to projects such as pipeline construction has been that those who normally work for low wages receive very, very high wages during the pipeline construction. After the construction is complete, that source of income is eliminated. This has led to enormous social problems. It would be preferable for those involved in these settlements to use this money immediately to become involved in a type of subcontracting on the pipeline. This could have a lasting benefit.

The land claims could be prejudiced in many different ways, particularly by those who want to use them for political purposes. This could delay the settlement to the point that it would not give the Indian people long enough to organize the types of businesses that could be of value to them before the construction begins.

I again want to assure the House that the territorial government has been participating in the pipeline project on a very regular basis. The commissioner met with the minister and other members of the cabinet who have responsibility in the pipeline project some time ago in order to participate in the early stages of the planning of the project. We are most anxious that the territorial government take a real leadership role. No one can suggest they are not being given an opportunity to participate in the many important decisions that lie ahead of us.

When the pipeline comes closer to being a reality, there will be enormous pressures. A very significant number of people will move to the Yukon. This will require very good administration of housing problems, health care facilities and so on. I encourage the territorial government to work effectively on these plans in a cool, rational manner rather than in a crisis situation, as has happened with other very large construction projects both here and in the United States.

With your permission, Mr. Speaker, I would like to call it ten o'clock.

Adjournment Debate

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

URBAN AFFAIRS—DISTRIBUTION OF CMHC FUNDS BY MPs

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I make this intervention on the basis of a rather unsatisfactory answer I received last Friday from the Minister of State for Urban Affairs (Mr. Ouellet). Unfortunately, this is typical of the way he has dealt with many matters in many portfolios.

The minister attempted to mislead the House by stating that he had not received the memorandum and information about which we were questioning him. This was a memorandum from the president of Central Mortgage and Housing Corporation to the minister expressing deep and justifiable concern about the possible allegation of political interference with the operation of CMHC by this Liberal government. He gave a most inane response to a very serious question about the policy of this government relating to the distribution of funds under the Municipal Grants Act.

● (2202)

The facts are simple. There is in existence a memorandum from the president of CMHC in which the minister was told in no uncertain terms that CMHC was concerned about a possible interpretation of political involvement because of the way in which the minister wanted to handle the payment of cheques to municipalities in this country. After mentioning that the minister wanted to hand out these cheques, the memorandum says, in part:

If this is to be the pattern of involvement you wish to follow I want to make sure that it will not affect the discharge directly by the corporation of its full responsibilities in administering the program. I am also concerned that it should not lay itself open to criticism of political partisanship by arranging ceremonies for or otherwise involving selected federal members in the grant payment process.

Mr. Speaker, these are strong words from the president of a Crown corporation established to run the housing policy of the federal government. I need hardly call attention to the fact that the reason for the establishment of a Crown corporation in this field was parliament's wish that there should not be political involvement in the administration of these programs but rather that decisions should be made on the basis of need and equity.

What do we find now under this Liberal government? We see a continuation of a practice whereby they seem to treat the Canadian people as though they were a bunch of illiterates who believe the myth that all good things come from the government by way of the local Liberal member. The idea is that he should stand up at a ceremony and hand out benefits in the form of cheques to the municipalities. In taking this approach I believe they underestimate the intelligence of the Canadian people and especially the intelligence of the Canadian electorate, if they think this attitude is going to win elections for them. There have been many occasions on which this kind of sleazy and shallow practice has been followed by the Liberal government, handing out cheques rather than going through the corporation which was set up to place money into the hands of municipalities on the basis of equity and fair play.

I can recall one example. It happened in Saskatchewan. A ceremony was arranged to mark that opening of a facility in Regina funded in part by CMHC. The minister was not able to be there and it appeared that no Liberal member of parliament was able to fit the occasion into his schedule. So we witnessed the spectacle of an MLA who happened to be a candidate for the federal Liberals in the next federal election—his name is not important—representing the government. It happened he was a relation in law of a minister of the present cabinet. People generally resent the narrow, partisan attitude the Minister of State for Urban Affairs takes to everything he touches.

● (2207)

If the minister thinks that in the province of Quebec it is better for Liberal members to hand out cheques, he is seriously mistaken because this kind of attitude toward the province of Quebec has led to some of the difficulties we are now experiencing there. It has been the tradition of Liberal governments, both federal and provincial, to treat the province of Quebec like a feudal fiefdom. In other words, the idea of this government is to pretend that all good things come from the Liberal party and that any other party is not in the same category and will not have the beneficence to hand out moneys to the province of Quebec. This kind of attitude does more to foster cynicism with respect to politics in that province and in other provinces—

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

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, it is about time the Canadian people were made aware of what the federal government and CMHC are actually doing in terms of housing. There is one fundamental problem the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) has this evening, and it has to do with the memo to which he referred. The problem is that his comments with respect to the memo were absolutely false. This is not the first time we have witnessed hon. members opposite making reference to documents whose authenticity has not been verified. I would have thought the hon. member would want to stay in the good graces of the right hon. member for Prince Albert (Mr. Diefenbaker) and not show disrespect for parliament such as the disrespect he showed last Friday and this evening.

In the short time I have I would like to set the record straight. The minister explained to the House on Friday that to make better known to Canadians the federal government's contributions in helping solve the financial difficulties of mu-

nicipalities he, being unable to make all presentations personally, had on occasion requested members of this House to present cheques on behalf of himself and the department.

Since the inception of this program the Canadian government has given over $38 million in grants to municipalities. That figure represents 38,000 new housing units for Canadians. I think it is important to underline the point that in applying for grants under this program all eligible municipalities are equal. Whether a municipality is represented by an hon. member opposite or by a government member, it is treated fairly and on the merit of its application.

The procedural change in this regard was discussed at a weekly meeting of the minister and his officials on September 6, 1977. A follow-up memo was sent from the president of CMHC on September 12. This was the first and only memo sent to the minister on this subject. I would like to read to the House the contents of this memo, which are as follows:

> At our last weekly meeting of September 6, you asked to establish a procedure for the delivery of the municipal incentive grant payment cheques. It is understood that the minister's office will advise CMHC of those cheques with which it will be involved. The corporation will send those cheques to the minister's office together with the date by which it is committed to provide the cheque to the municipality. The minister's office will arrange for transmission of the cheques to the municipalities concerned.
>
> This course of action will permit you to make the payment in any way considered appropriate. It will also be required that your office establish procedures to receive and transmit cheques.
>
> I should remind you that this course of action would not apply to British Columbia where cheques are transmitted by the corporation through the provincial government.

The memo was signed by the president of CMHC and dated September 12, 1977. I think it becomes obvious—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the parliamentary secretary that his allotted time has expired.

POST OFFICE—SUGGESTION POSTAL RATE INCREASES POSTPONED UNTIL LEGISLATION INTRODUCED

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I raised a question on February 14 with respect to the further move of the government through the Postmaster General (Mr. Lamontagne) to increase postal rates illegally. It is a process which began back in 1968 when the postal rate was four cents. At that time the postmaster general was the Hon. Eric Kierans. He proceeded as is prescribed in the Post Office Act to increase rates by amendments to that act. We have had five postmasters general since that time, and in 1974 when it became necessary again to raise postal rates, this question was specifically asked of the then postmaster general, the present Minister of State for Urban Affairs (Mr. Ouellet). He still recognized the validity of the Post Office Act when he said:

● (2212)

> Rates of postage for domestic letter mail are set out in section 10 of the Post Office Act. Changes in these rates, therefore, are possible only by act of parliament.

Then we came to the time of the Hon. Bryce Mackasey, the gentleman who started the present illegal activity. In a statement in the House on May 21, 1976, he said:

> For some time I've insisted that any increase in postal rates shall only come after I'm satisfied that the Post Office has achieved a satisfactory level of efficiency . . . Recent surveys indicate that the level of service achieved by the Post Office is becoming more and more acceptable to the Canadian people.

That was back in 1976, two years ago, and, I am sure everyone will agree, was a gross misstatement. The then postmaster general went on to state:

> Post Office customers have been asking for a definitive statement on just when rate changes will take place so that they can undertake their own planning. We intend to introduce changes to the Post Office Act which will deal with this question in its entirety.

Mr. Mackasey recognized the legal procedure and what was necessary. He went on to say:

> Meanwhile, there are certain interim measures we must take now in order to give as much notice as possible to allow post office customers to plan ahead.
>
> To this end, under the authority of the Financial Administration Act, I am introducing an interim change in the basic First Class postal rates on September 1, 1976, from 8c. to 10c. and a further increase in this rate on March 1, 1977 from 10c. to 12c.

That was when we moved into the slippery margin of illegality in respect of these matters. Let me just demonstrate further the evidence to this effect. It is conclusively shown by the Post Office Act itself, in section 10, 1970 RSC, which states as follows:

> The rate of postage on each letter posted in Canada for delivery in Canada is six cents for the first ounce or fraction of an ounce, and four cents for each additional ounce or fraction of an ounce.

That is specifically stated in section 10. There was an amendment to section 10 in 1971, and I remember the debate in parliament which reinforces that same viewpoint. Section 10(1) states:

> The rate of postage on each letter posted in Canada during the period commencing on the 1st day of July 1971 and ending on the 31st day of December 1971 for delivery in Canada is
>
> (a) seven cents for any letter weighing one ounce or less;—

It specified an increase in January 1972 to eight cents, but all within amendments to the Post Office Act.

We then come to the report of the Statutory Instruments Committee which roundly condemned the government for acting illegally in the matter. The joint chairmen were Senator Eugene Forsey, an eminent constitutional authority, and representing the House of Commons was Mr. Robert McCleave, now a distinguished judge in his native province of Nova Scotia. They jointly brought in a condemnation of the government for its illegal action in this regard.

Notwithstanding this, the postmaster general of last fall, the Hon. Jean-Jacques Blais, made an announcement in this House that there was to be a further increase under the Financial Administration Act. That was notwithstanding the fact that he himself, when before the parliamentary committee last spring in replying to Mr. McCleave, suggested the Post Office Act should be amended in order to legalize the situation. He said:

● (2217)

I fully agree. We have already bitten the bullet on that. We are preparing some amendments and we are going to remove all questions of doubt.

Notwithstanding his promise, he has not done that. As a matter of fact, he approached me last fall and indicated that he was going to introduce amendments to the Post Office Act making it possible to increase the rates from 12 to 14 cents. Having made that announcement to me privately, he then stood up in the House and proceeded on the former illegal basis. The Post Office Act is to legalize what was once illegal with respect to mail openings. Perhaps we will have something further to say when that takes place. Not only has it been done illegally, but it has been done without consulting the major users of the postal system. I have had conversations with representatives from Comac Communications. A letter was sent from their office on December 8, 1977 which arrived in Ottawa on December 20, 1977. That is typical of Post Office delivery.

The Acting Speaker (Mr. Turner): I regret to interrupt the hon. member but his allotted time has expired.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the Postmaster General (Mr. Lamontagne) would like to reassure the hon. member for Brandon-Souris (Mr. Dinsdale) that the announcement by his predecessor that increases in mail rates, and in particular the rate of first class mail, would become effective on April 1 of this year was taken in the best interests of both the Canadian public and the well-being of the Post Office itself.

At the time of the announcement it was stated that the increase was warranted, in the light of the fact the Post Office was headed towards an estimated deficit of $717 million in the 1978-79 fiscal year. Cost increases in transportation, energy and labour, and inflationary pressures in general, have resulted in an ever-increasing deficit. It would have been folly to have allowed the deficit to increase uncontrolled. As his predecessor argued in the House, the government used provisions of the Financial Administration Act, namely section 13, to achieve a measure of control on these rising deficits.

The extra revenue generated by the increases will total about $126.5 million. Most of this will come from corporations and little directly from the pockets of the individual taxpayer. Without the announced increase, the Post Office could be operating at a deficit of about $717 million. Surely the hon. member would agree that the current postal deficit is being too heavily subsidized by the Canadian taxpayer. The taxpayer is paying a higher percentage of postage costs, and the postal user is paying less. Clearly it is time that we began to restore the balance. The hon. member will understand the government's reasons, reasons which involve operating the Post Office along lines as close as possible to business practices, while still serving Canadians as efficiently as possible.

While first class letter rates for a one ounce letter will go from 12 cents to 14 cents, we can still say with some satisfaction that expressed in Canadian dollar equivalents the Australians and the French pay 21 cents for a first class letter, it costs 16 cents in Great Britain, and 14 cents in the United States. Remember that no increase in first class letters was announced for nearly five years, from January 1, 1972 to September 1, 1976.

When the previous postmaster general made his announcement last year, he said that customers would get sufficient advance notice of the rate adjustments to accommodate their business planning. That is why the increases have been delayed until April 1.

I trust the hon. member understands that we do not increase postal rates lightly, but only when imperative if the Canadian taxpayer is to be well served.

FINANCE—REQUEST FOR ASSURANCE CANADIAN STEEL EXPORTS TO UNITED STATES NOT HAMPERED BY TRIGGER PRICE SYSTEM

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, on February 7 I raised a question and an issue with the Minister of Finance (Mr. Chrétien) concerning the threat the American trigger price system would be to Canadian steel exports to the United States. This system would apply a duty on all imported steel to the United States in order to make foreign prices equal to American steel prices. The price of Canadian steel is lower than steel of the United States. That is not because we are dumping our steel in the United States; it is because our steel industry is more efficient and has lower costs, including lower labour costs.

The minister said in reply to my question that the Canadian government was discussing this issue with the United States, but that no agreement had been reached. I should like to know whether the minister can now report progress on this matter, and if not will he pursue it with the utmost dispatch and vigour?

My second question was related to the point that the United States trigger price system will necessarily divert foreign steel from areas such as Europe and Japan away from United States markets, thereby posing the threat of dumping in Canada. The minister had no answer to my concern expressed on February 7 referring to this issue. Algoma Steel has already brought to the attention of the government the problem of Japanese steel being dumped in Canada, especially in British Columbia.

● (2222)

I made many representations to the minister about the threat that dumped steel poses to the Canadian steel industry and the 40,000 workers employed in that industry. As well, there are 9,000 steel workers in Sault Ste. Marie alone who are very concerned about unfair foreign competition and the threat this poses to their future employment. I believe the minister has something positive to report on my second concern about steel being dumped in Canada. I hope that this will mean the government will be able to act quickly to stop any dumping resulting from the trigger price system.

I therefore ask the minister to respond in more detail to the two concerns that leaders of the steel industry as well as I myself have raised. We must do everything possible to keep our steel industry healthy and viable.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the hon. member for Sault Ste. Marie (Mr. Symes) has expressed his concern about the impact on the Canadian steel industry of both the American trigger price system and the possibility that imports of steel from foreign sources might increase dramatically. This points out the difficulty in governing a country of this size. Our colleagues in the House from British Columbia from his party as well as the official opposition and the government side have made representations in recent weeks with respect to the exemption of wide flange steel beams in the Anti-dumping Act.

In the face of the actions taken by both the United States and the European Economic Community to protect their own steel industry, our government has been active in its consultations, both with the Canadian industry and with the U.S. and European authorities, to assess the possible implications for Canada of these decisions. There have been frequent contacts between officials and the Canadian steel industry to establish the facts.

The hon. member is right to bring to our attention the possibility that the measures adopted by other countries may have some adverse impact on Canadian steel exports. I want to reassure the House that discussions will continue with a view to obtaining as much assurance as possible that normal steel shipments from Canada to these markets will not encounter undue difficulties as a result of these measures.

As to the situation in Canada, it is important for the House to recognize that the Canadian anti-dumping system is working to ensure that dumped imports will not injure Canadian producers. In the case of steel beams, steel angles and stainless steel sheet, the department of National Revenue moved early last spring to initiate investigations of complaints of injurious dumping of these products. Preliminary determinations of dumping were made early last fall and provisional anti-dumping duties were applied on imports of these products from a variety of sources. In December and last month, the anti-dumping tribunal, in three separate decisions, found that indeed in most of these cases the dumped imports were injuring production in Canada of this type of product.

These decisions have, in my view, helped to reassure the Canadian steel industry that the government can and will act effectively to prevent injurious and unfair competition from imports of steel products.

The Minister of Finance indicated to the House on February 7 that the government was examining these issues carefully to see whether additional steps were necessary. That examination has been completed and, as hon. members know, the Minister of National Revenue (Mr. Guay) announced yesterday a series of measures to prevent diverted foreign steel from adversely affecting the Canadian steel industry. Briefly, these measures will involve the monitoring of all imports of steel mill products into Canada, the establishment of a task force to collect and analyse necessary data, and accelerated investigation procedures for anti-dumping purposes which will result in preliminary determinations of dumping and the application of provisional anti-dumping duties where appropriate within three months of the start of an investigation. The minister also indicated that the deputy minister of national revenue would use, where necessary, his authority to initiate anti-dumping investigations in the absence of formal complaints.

Hon. members will also have noted that the minister said that the various trigger prices and basic prices in use in the United States and the European community would be among the elements taken into account in deciding whether or not to initiate anti-dumping investigations in respect of steel products.

I believe, Mr. Speaker, that my comments demonstrate that the government is thoroughly familiar with the issues referred to by the hon. member, is following these developments with care and, indeed, has already taken steps to ensure that this important Canadian industry will not suffer as a result of the developments to which he has alluded.

The Acting Speaker (Mr. Turner): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at two o'clock.

Motion agreed to and the House adjourned at 10:26 p.m.

HOUSE OF COMMONS

Wednesday, February 22, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

FINANCE

VALUE OF CANADIAN DOLLAR—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the statement in the House of Commons by the Minister of Finance (Mr. Chrétien) on Monday, in reply to a question posed by the Leader of the Opposition (Mr. Clark) as to whether it was the intention of the government to draw on the stand-by credit of $1.5 billion arranged last September, that "The answer is no, Mr. Speaker", and in view of the statement of the Minister of Finance in the House of Commons yesterday, when asked by the member for York-Simcoe (Mr. Stevens) whether he stood by his statement of last Thursday, that "We do not intervene in the marketplace and we let the value of the dollar fluctuate according to the market situation", and "Mr. Speaker, the policy is still the same", and in view of the completely opposite actions announced last night by the minister that foreign loans were to be arranged for support of the sagging Canadian dollar, I move, seconded by the hon. member for Don Valley (Mr. Gillies):

That this House unanimously resolve to award the Minister of Finance the Baron Munchausen Award for the most extravagantly mendacious story of this present parliament, and that the Minister of Finance have the length of his nose checked on an hourly basis in order to attempt to avoid the Pinocchio virus that at one time afflicted the hero of the famous Italian saga.

Mr. Speaker: Order, please.

* * *

PUBLIC SERVICE

APPOINTMENT OF TEMPORARY EMPLOYEES AS TERM EMPLOYEES—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In view of the fact that the museum division within the Secretary of State Department, and the Department of Employment and Immigration in Toronto, are rushing to make temporary employees term employees before the April 1 deadline when DSS will become the sole contracting authority for temporary help services, I move, seconded by the hon. member for Ottawa-Carleton (Mrs. Pigott):

That this House direct all subject matter to the appropriate standing committee to immediately examine the practice of making temporary employees term employees before the April 1 deadline and that the committee call the Public Service Alliance and the President of the Treasury Board as witnesses.

Mr. Speaker: The presentation of such a motion for debate can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FINANCE

CALL FOR IMMEDIATE PRESENTATION OF BUDGET—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. We have today a crisis of confidence in the Canadian dollar which is directly related to the crisis of confidence in the Canadian government. I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House instruct the government of Canada to bring in immediately a budget containing specific measures to reduce the rate of unemployment and increase the level of economic activity in order to increase international confidence in the Canadian economy.

Mr. Speaker: Such a motion can be presented for discussion at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

REQUEST BANK OF CANADA HAVE ENLARGED POWERS RESPECTING FEDERAL BORROWINGS—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion dealing with an important and urgent matter.

As the Canadian government is about to borrow huge amounts of money abroad to support the Canadian dollar; as

this will do much to increase the national debt and its financing; and as it is more than high time serious steps were taken to put an end to that ruinous method of financing, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That this House urge the Minister of Finance (Mr. Chrétien) that he take the necessary steps to amend the Bank of Canada Act, whose main objective is to control credit in the interest of the economic life of the whole Canadian population, so as to allow the bank to grant the Canadian government the long term loans it needs to ensure the economic development of this country, instead of having to beg for foreign credits as it now intends to do.

Mr. Speaker: Order. Pursuant to Standing Order 43, such a motion cannot be put without the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

CANADIAN CULTURE

FEDERAL ASSISTANCE TO CULTURAL ORGANIZATIONS—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. Last year, directly as a result of the Secretary of State's freeze on federal assistance to the arts in Canada, the result of which was, to quote the chairman of the Professional Association of Canadian Theatre, Dr. Gregory Poggi, "in spite of ticket price increases, 67 per cent of our members have had to cut back the number of their productions, 55 per cent have had to lay off staff, 74 per cent have had to reduce the number of actors employed, and 55 per cent have incurred a greatly increased deficit", the Secretary of State was subsequently able to convince Treasury Board to allocate an additional $13.6 million for the pet cultural projects of his department, none of which went to sustain the very cultural institutions of our country which have time and time again proven their worth in promoting cultural expression and dialogue across Canada—

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

Mr. Munro (Esquimalt-Saanich): I have a motion, Mr. Speaker; I was just coming to it. I move, seconded by the hon. member for Edmonton Centre (Mr. Paproski):

● (1412)

That the Secretary of State appear before the Standing Committee on Broadcasting, Films and Assistance to the Arts to justify his diversion of funds from such cultural organizations as professional theatre companies which Canadians strongly support in their contribution to our national sense of identity and harmony.

Mr. Speaker: Is there unanimous consent for the presentation of such a motion?

[Mr. Allard.]

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

OFFICIAL LANGUAGES

USE OF FRENCH LANGUAGE IN ONTARIO—MOTION UNDER S.O. 43

Mr. Eymard Corbin (Madawaska-Victoria): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present the following motion.

Considering the oppressive tactics designed to deprive Franco-Ontarians of their most fundamental rights, I move, seconded by the hon. members for Vaudreuil (Mr. Herbert), Sherbrooke (Mr. Pelletier) and Ottawa-Vanier (Mr. Gauthier):

That this House condemn the federal-provincial coalition of the Conservative Party which refuses to recognize French as an official language in Ontario and regret more particularly the association of Mr. Joe Clark, leader of this party, with this point of view.

Mr. Speaker: Order. Pursuant to the provisions of Standing Order 43, the presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

FINANCE

REQUEST ACCOUNT OF PEIGAN CRAFT LIMITED BE PAID IMMEDIATELY—MOTION UNDER S.O. 43

Mr. Ken Hurlburt (Lethbridge): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In light of the fact that a Crown corporation, Canadian Indian Marketing Services, owes a very small Indian handicraft enterprise on the Peigan reserve, by the name of Peigan Craft Limited, the sum of $19,301.20 for goods purchased, and that this account has been outstanding for five months, I move, seconded by the hon. member for Medicine Hat (Mr. Hargrave):

That this account, plus interest, be paid immediately to save this small industry, which employs 24 people, from brankruptcy.

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

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

AIR TRANSPORT

PROPOSED PUBLIC INQUIRY INTO ACQUISITION OF NORDAIR BY AIR CANADA—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Since the application of Air Canada to purchase Nordair has been followed by a combine investigation and since Mr. Robert J. Bertrand, director of investigations and research at the Department of Consumer and Corporate Affairs published yesterday a press release in which he states his concern about the very large concentration in the air transport industry as a result of that purchase application, I move, seconded by the hon. member for Villeneuve (Mr. Caouette):

That this house discuss that possibility and direct the government and the Canadian Transport Commission to hold public hearings to explain that purchase application by Air Canada.

Mr. Speaker: Order. In accordance with the terms of Standing Order 43, such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

ADMINISTRATION OF JUSTICE

LEGISLATION RESPECTING PSYCHIATRIC TREATMENT FOR CHILD MOLESTERS—MOTION UNDER S.O. 43

Mrs. Ursula Appolloni (York South): Mr. Speaker, I wish to present a motion, under Standing Order 43, on a matter of urgent and pressing necessity. At the present time, when a person has been convicted of a child molesting offence and commits a similar offence while on probation, the court does not have authority to place the offender in a psychiatric institution for the duration of the period of probation. The view of many of those involved in the administration of justice is that the courts should have this authority. I therefore seek the unanimous consent of the House to move the following motion, seconded by the hon. member for Scarborough West (Mr. Martin):

That the government introduce legislation to provide that when a convicted child molester commits a similar offence while on probation, the court may place that person in a psychiatric institution for the duration of the period of probation.

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

Some hon. Members: Agreed.

Some hon. Members: No.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

FINANCE

VALUE OF CANADIAN DOLLAR—MINISTER'S STATEMENT OUTSIDE HOUSE

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question—if he will return to his place—is for the Minister of Finance. I should like to ask the minister why he said one thing here in the House of Commons relative to government policy concerning the dollar, and later, outside this House, made a contrary statement.

● (1417)

I would also like the Minister of Finance to tell the House of Commons why, when he made a statement outside the House which directly contradicted one he had made here, he did not have enough courtesy toward the Parliament of Canada or the people to come into the House of Commons and ask for an opportunity to make a statement on motions, which would have been granted by this side and would have allowed the minister to be subjected to questions about the very vague and troubling statement he issued last night?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, yesterday I explained to the House the policies of the government, which remain the same.

An hon. Member: You did not.

Mr. Chrétien: The announcement I made was after the closing of the market. I would have expected the Leader of the Opposition to understand there is a market in this field and that I had to wait until it closed to make this announcement. With regard to any announcement of the borrowing intentions of the government, we do not come to the House of Commons to make these statements. So there was absolutely nothing improper in what I did. Of course, the exchange rate of the dollar is always a very delicate matter, and I would expect the opposition to show some responsibility about these things rather than to start with doom and gloom presentations which annoy the people.

Some hon. Members: Oh, oh!

Mr. Chrétien: Yesterday, Mr. Speaker, I was amazed to hear one member of the opposition tell the House that I was protecting the dollar too much and other members telling the House I was not protecting it enough. I have done the proper thing, and the policy remains the same as the one I enunciated yesterday.

Some hon. Members: Hear, hear!

Mr. Clark: Mr. Speaker, the minister has a curious view, if he thinks that the markets of the country allow him, or somehow condone the act of giving the House of Commons information which is false. Also, of course, he did not answer the question.

Some hon. Members: Oh, oh!

Mr. Clark: He did not answer the question as to why he did not come to the House of Commons to make his statement, to answer questions and dismiss any of the concern that his very vague statement might have raised.

Some hon. Members: Oh, oh!

Mr. Clark: My next question to the Minister of Finance is the following: In the very brief statement that he issued last night, the minister said that the government "would shortly be making a drawing under the revolving stand-by credit". Would the Minister of Finance tell the House of Commons and the people of Canada when he will be making that drawing?

Mr. Chrétien: Mr. Speaker, I hope to be able to make this drawing in the next few days. When the amount is known, I will make it public. At this time we are in discussion with the banks.

Mr. Clark: Mr. Speaker, the minister knows that there is a requirement of at least two days' notice to the banks before recourse to this stand-by credit. Will he tell us when the first formal, or informal advance notice was given to the participating banks relative to the intention to draw upon this stand-by credit?

Mr. Chrétien: Mr. Speaker, when the arrangements have been made, I will make them public; but I have nothing else to add at this time.

Mr. Clark: Mr. Speaker, there is absolutely no reason, relating to confidentiality or anything else, other than a determination to keep facts from this House of Commons—

Some hon. Members: Hear, hear!

Mr. Clark: There is no reason why the minister could not tell the Parliament of Canada when the first formal, or informal notice was given to participating banks. He may well have misunderstood the question; that is always possible, as he misunderstands a lot of things.

Some hon. Members: Oh, oh!

Mr. Clark: I would like to give him an opportunity, again, to tell this House when the first formal or informal advance notice was given to the banks relative to the intention to draw upon that credit.

Mr. Chrétien: Mr. Speaker, if I were to make a list of the things that the hon. member does not understand, I would need a lot of the time of the House of Commons.

Some hon. Members: Hear, hear!

Mr. Chrétien: I have nothing to add to the previous answer.

An hon. Member: That is sad, sad.

[Mr. Clark.]

BANK OF CANADA ACTION TO BOLSTER VALUE OF CANADIAN DOLLAR

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is also for the Minister of Finance, who has repeatedly assured this House that the government's operation in the exchange market is purely an ordinary market maintenance process. In fact, in this House only yesterday he made that statement. At 4 p.m., at a committee of this House, he went further and reconfirmed that the Canadian dollar is a floating dollar. Would the minister, in the context of what he represented yesterday, indicate whether he was aware that on Monday and Tuesday the Bank of Canada became an aggressive buyer of Canadian dollars and showed an entirely different approach to the Canadian dollar than had been seen up to that time?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have always said that the governor of the Bank of Canada intervened so that the market would work in a normal and orderly fashion. That is what he did on Monday and Tuesday. Of course, the government policy remains the same and we do not intend to peg the Canadian dollar which is floating at present. Today, it did fluctuate slightly upward.

● (1422)

[*English*]

Mr. Stevens: Mr. Speaker, my supplementary question is directed to the Minister of Finance. In view of the minister's statement that we have nothing but a floating dollar, would he indicate if he is aware that the Bank of Canada lost something over $200 million in trying to chase the dollar up on Monday and Tuesday? Does he regard that type of outflow as far as our reserves are concerned as simply ordinary maintenance of the marketplace?

Mr. Chrétien: Mr. Speaker, the hon. member should know that fluctuations in the exchange reserves are known on the first Tuesday of the month. Hon. members and Canadians generally will know at that time what fluctuations there were in the reserves in the month of February. The law does not permit me to say more.

Mr. Stevens: Mr. Speaker, my further supplementary is also directed to the Minister of Finance. As the dollar responded very little this morning to the announcement by the minister yesterday, and as there is continuing uncertainty in the marketplace, triggered to a great extent by the inept handling of this subject by the minister—

Some hon. Members: Hear, hear!

Mr. Stevens: —would the minister try to give a little clarity to the situation and indicate now what the nature of the foreign borrowing is that he is referring to? Who will he borrow the funds from? What is the term and the interest rate? In short, will he set it out more fully in a statement to the House, as he should have done last evening?

Mr. Chrétien: Mr. Speaker, when the news hit the market this morning, the dollar performed very well; it went up to 89.80 cents.

Some hon. Members: Hear, hear!

Some hon. Members: Where is it now?

Mr. Chrétien: It is only when a rumour hits the market to the effect that the Tories were to bring about a big scandal, and there were rumours in the marketplace that three ministers were to resign, that the market deflates.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Chrétien: I think if the next minister of finance were to be the former president of the Bank of Western Canada the dollar would go down very rapidly.

Some hon. Members: Hear, hear!

GOVERNMENT'S INTENTIONS RESPECTING INTRODUCTION OF BUDGET

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the manner in which the Minister of Finance is coping with this serious crisis makes his predecessor look like an economic genius.

Some hon. Members: Hear, hear!

Mr. Broadbent: I should like to direct my question to the Prime Minister rather than to the Minister of Finance. Considering that the dollar crisis we are facing abroad is directly related to the crisis in confidence that the government is experiencing at home, which is directly related to the 1½ million people who are looking for jobs, can the Prime Minister indicate if he will take steps to finally show some economic leadership, instead of sitting there smirking his way through a crisis, and bring in a budget which will stimulate the economy and produce some jobs?

Some hon. Members: Hear, hear!

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think hon. members opposite are very ill-advised when they talk about a crisis. In fact, in the month of February the dollar had moved only one point, more or less, and it is not a case of crisis. They are not rendering any service in throwing around a doom and gloom image of Canada.

Some hon. Members: Oh, oh!

Mr. Paproski: You are the doom and gloom.

Mr. Chrétien: I have said many times that I do not intend to bring down a budget before the end of March. Since January 1 we have stimulated the Canadian economy as no other western country has done. We have to see the effect of that before moving again. I think it would be perfectly irresponsible to bend under pressure that looks very weak from the other side.

• (1427)

Mr. Broadbent: Who does the minister think he is kidding? When the dollar is at its lowest in 45 years, compared to the American dollar, every person in the country knows it is a crisis and it is time the minister recognized it.

Some hon. Members: Hear, hear!

Mr. Broadbent: Considering that the figures released by the minister's own government yesterday show, for the fourth quarter in a row, that manufacturing is only operating at 83 per cent capacity—which means, incidentally, it is three years in a row that more than 15 per cent of the manufacturing capacity in Canada has not been used—will the minister, in the budget that he will bring in, lower taxes for medium and low income earners in order to stimulate the provision of jobs in this country?

Mr. Chrétien: We just did that, starting January 1, when we cut taxes by $100 for seven million taxpayers in Canada, plus the indexing of the income tax exemption, plus a lot of incentive for the industry to grow. We have stimulated the economy through tax cuts starting January 1 by $3 billion. I do not think the hon. member can expect the Minister of Finance to come up with such cuts every three months; it would not make sense.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Speaker, considering that the very proposals which the minister just rattled off were announced by him in the mini-budget which preceded the Christmas break by two months, and ever since that time the dollar has gone down and unemployment has gone up, I would have thought the minister would have recognized he was wrong last fall and would have decided to bring in a new budget which would stimulate the economy.

An hon. Member: That is a speech, not a question.

Mr. Chrétien: What is the question?

An hon. Member: Resign, Pinocchio.

[*Translation*]

INQUIRY WHY GOVERNMENT MUST BORROW ABROAD

Mr. Gérard Laprise (Abitibi): Mr. Speaker, my question stems from the statement made last night by the Minister of Finance to the effect that the government intended to borrow abroad to cover the international trade deficit and support the Canadian dollar. The minister stated a few days ago at the first ministers' conference and also in the House of Commons and elsewhere that Canada's performance was the best among industrialized countries. In that case, would he tell the House why he feels obliged to go and humiliate himself in front of those same countries before the Canadian economy collapses?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, we have decided to borrow on foreign markets because we have a deficit in our current balance of payments and contrary to what was being done these past few years, provincial governments did not seek substantial loans on foreign markets in 1978. To meet our obligations, we have felt necessary to borrow on foreign markets to compensate for the effect of the deficit in our balance of payments. There is nothing humiliating in that, since it is recognized that savings in Canada are high at this time and that provinces do not have to borrow abroad. So the federal government had to compensate for that situation.

Mr. Laprise: I would like to ask a supplementary question, Mr. Speaker.

Judging by his answer, the Minister of Finance seems to think it is necessary to borrow on foreign markets every year.

I would like to ask the Minister of Finance if he intends to consider, before it is too late, the possibility of using a well established Canadian institution—the Bank of Canada—to support the Canadian dollar by making our exports acceptable to other countries.

Mr. Chrétien: Mr. Speaker, I issued a release yesterday after consultation with the governor of the Bank of Canada.

* * *

● (1432)

[*English*]

NATIONAL SECURITY

SURVEILLANCE OF MPs—GOVERNMENT POSITION

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is directed to the Prime Minister. Last October, in a letter to the Leader of the Opposition, the Prime Minister stated:

> I can, however, state unequivocally, that as long as I have been Prime Minister of Canada no member of the federal parliament, without his consent, has ever been the subject of authorized surveillance, including electronic surveillance, carried out by the security service of the Royal Canadian Mounted Police.

I ask the Prime Minister whether that unequivocal assurance still remains, in view of sworn information that a minister of the Crown and a member of the New Democratic Party were, in fact, subjected to that kind of electronic surveillance.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, my letter was written on the basis of the information I had received from the security service, and that information still stands. I understand that as the House opened, the hon. member indicated that he might have some contrary information for the Solicitor General. If that is so, we would like to follow it up.

[Mr. Laprise.]

SURVEILLANCE OF MPs—INQUIRY AS TO EXCEPTIONS TO POLICY

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, before I ask the Solicitor General a question in this regard, I would like to say that I corresponded with his predecessor, the hon. member for Argenteuil-Deux-Montagnes, last January 12 but did not receive any response at that time; nor have I received any response since.

A man named Warren Hart has indicated—I believe the Solicitor General has information at this point, and perhaps has had it in the past—that exceptions to what the Prime Minister has indicated still exist. Does the Solicitor General wish to make any statement to correct the previous assurance given the Leader of the Opposition and other party members?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, with reference to the first point raised by the hon. gentleman, if I recall correctly a letter is on its way relating to the gentleman whom he has identified. On the second point, I have just received the document to which the hon. member refers. Allegations are contained in that document and, as the Prime Minister has indicated, I would like to follow them up.

Mr. MacKay: Mr. Speaker, I would like to ask the Solicitor General if he intends to make every attempt to have Mr. Warren Hart appear before the McDonald commission, since on my advice he has already corresponded with the commission and, I understand, recently received an acknowledgement.

Mr. Blais: Mr. Speaker, I will take the hon. gentleman's representations into consideration with all the seriousness they deserve.

* * *

FINANCE

VALUE OF CANADIAN DOLLAR—LEVEL SOUGHT BY GOVERNMENT

Mr. James Gillies (Don Valley): Mr. Speaker, I would like to return to the Minister of Finance. I ask the minister if the intervention yesterday by the government of Canada in foreign exchange markets means that the policy of the government is to have the dollar supported at 90 cents?

Hon. Jean Chrétien (Minister of Finance): No, Mr. Speaker.

Mr. Gillies: Mr. Speaker, in that case I would ask the minister why the intervention took place.

Mr. Chrétien: I have explained that the governor of the Bank of Canada has intervened, or operated in the market to make sure that the market operates in an orderly fashion.

Mr. Gillies: Mr. Speaker, is the minister saying that going to the commercial banks to borrow $1.5 billion, and making arrangements for foreign credit, are normal operations in the money market? Does he not think it is his responsibility to

indicate to the community and to world markets the level at which the government of Canada is prepared to support the dollar, to avoid the kinds of fluctuations that are taking place now?

Mr. Chrétien: Mr. Speaker, the policy of the government is to have a Canadian dollar that floats, and it is floating. The only intervention the governor makes is to make sure that fluctuations are made in an orderly fashion.

Mr. Gillies: A final supplementary, Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Vancouver Quadra.

POSSIBILITY OF ESTABLISHING INFLATION MONITORING AGENCY

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my question is for the Minister of Finance. I want to ask the minister about a 40-page draft of a bill dated January 12, 1978, which I am holding in my hand and which was drafted in the name of the Minister of Finance. This bill would have serious implications. It is entitled "An act to establish an inflation monitoring agency and to provide for the reporting of financial and other information".

I gave the minister a copy of this bill yesterday in committee, even though he was not sure at that time that he wanted to receive it. Has the minister reviewed the draft, as I have asked him to do, and determined who authorized its drafting and its distribution across the country?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this draft was seen by me for the first time yesterday. I have never authorized such a bill. It was circulated to some people but it was never circulated as a draft approved by the Minister of Finance. We have discussed a monitoring agency for the last three years.

Many propositions were put before the last first ministers' meeting. It was agreed that we should ask the Economic Council of Canada to monitor prices and wages after the control period. We have not as yet received an answer on that. However, the bill referred to by the hon. member has not been approved by us, will not be approved and will not be tabled.

* * *

ADMINISTRATION OF JUSTICE

DRAFTING AND RELEASE OF BILL ON INFLATION MONITORING AGENCY

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, my supplementary question is to the Minister of Justice. I would like to welcome him back from Vancouver, where he has been doing the job of the Minister of National Revenue. The bill to which I have referred carries the name of D. Maurais, who is an employee of the legislation section of the Department of Justice. I would like to ask the Minister of Justice who in his office instructed D. Maurais to draft this bill, and who authorized the release of the bill across the country?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I do not know the officer's name; therefore, I will have to find out who he is in order to ascertain from whom he received his instructions.

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FINANCE

VALUE OF CANADIAN DOLLAR—MINISTER'S KNOWLEDGE OF ACTIONS OF BANK OF CANADA

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, I would like to question the Minister of Finance, not on Canada's credit but on the minister's credibility. There is no question that he misled the House on Monday and Tuesday and we want to ascertain whether that was done intentionally or unintentionally. Unquestionably, the Bank of Canada was attempting to stop the financial haemorrhage of this country on both Monday and Tuesday afternoons by massive expenditures to bolster the Canadian dollar. Were those actions of the governor of the Bank of Canada and the Bank of Canada without the minister's knowledge and authority, or with the minister's knowledge and authority?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the hon. member should be careful about the terms he uses. There was a transfer of money, not an expenditure. There was a trading of Canadian dollars and American dollars, not an expenditure. The hon. member wants to create the impression that there was an expenditure. As I have said many times, the governor of the Bank of Canada intervenes to make sure that markets operate in an orderly fashion. The policy has not been changed; the policy is the same.

I explained in French earlier that we want to borrow because, as everyone knows, at this time of the year the borrowings of Canadian institutions abroad are not enough to cope with the balance of payments problems we are having. That is why we have decided to borrow abroad. That is not at all related to fixing the rate of the Canadian dollar.

Mr. Lawrence: Mr. Speaker, the minister told this House that the actions of the bank were ordinary and normal. There was a transfer of $65 million on Monday and a transfer of over $200 million yesterday afternoon. Transfers like that are not normal or ordinary. There is no question that the minister misled the House.

Some hon. Members: Oh, oh!

Mr. Lawrence: The question is whether the minister misled the House intentionally, or unintentionally. Did the minister know of those extraordinary transfers on Monday and Tuesday when he was speaking in the House? Did he know, or did he not know, at the time he was speaking in the House, about those extraordinary transfers?

Mr. Chrétien: Mr. Speaker, I cannot accept the figures used by the hon. member. Figures with regard to the quantity of reserves in the month of February, and their fluctuation, will be known when that information is tabled on the first Tuesday of next month. I admit that there was some intervention by the governor of the Bank of Canada on Monday and Tuesday and last week; I am aware of that. I met with the governor of the Bank of Canada on Monday, as well as on Tuesday. I met him today.

Mr. Clark: You met him on Monday?

Mr. Chrétien: Yes, I meet him regularly. He is a very able person. I am not at all embarrassed to consult him, and I think he gives me good advice.

Mr. Lawrence: The minister is now admitting that there were extraordinary transfers on Monday and Tuesday. They were certainly not normal. He came to this House and deliberately attempted to give the impression that there were not extraordinary measures being taken on Monday and Tuesday. I ask the minister now either to apologize to this House for intentionally misleading it, or to give a far better explanation of the fact of political cowardice in not coming to this House last night and telling us the truth—one or the other.

● (1442)

Mr. Chrétien: Mr. Speaker, there have been questions in the House on this topic since the beginning. I have stated the government's policy. Yesterday I had to wait until the market closed to make the announcement.

Mr. Stevens: Why didn't you announce it on Monday?

Mr. Chrétien: Because we made that decision yesterday, and I could not announce something on Monday when we made the decision yesterday afternoon—

Mr. Clark: Why yesterday?

Mr. Chrétien: On top of that, I was in a committee of the House yesterday afternoon; the chairman allowed members of the opposition to ask me questions on that subject, and I replied to those points. Whenever the government decides to borrow money, never in the past has the minister been obliged to make the announcement in the House of Commons.

Mr. Stevens: It is ludicrous.

Mr. Chrétien: I love the House of Commons. I am always here because the opposition make sure I look good.

Some hon. Members: Oh, oh!

[Mr. Lawrence.]

INDUSTRY

NORTHERN PIPELINE—GOVERNMENT APPROVAL OF EXPANSION OF STEEL MILL

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister. In view of the fact that the Foothills company has asserted there can be 90 per cent Canadian content in the construction of the Alcan pipeline and the Deputy Prime Minister has said there are 100,000 man-years of employment in that project, and in view of the supreme confidence of the Deputy Prime Minister in Canadian capacity and capability, I ask the Prime Minister whether his government will give immediate approval to the $80 million expansion of the Interprovincial Steel and Pipe Company operations in Regina and Edmonton so that, in fact, Canada will have the capacity it needs to compete and obtain the 100,000 man-years of employment.

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, if the hon. member had given me notice of his question, I could have followed it up with the minister responsible for regional development. Currently there is an application which will be processed in the normal way.

Mr. Benjamin: Mr. Speaker, in view of the fact that this application has been pending for several months, and in view of the fact that the Minister of Regional Economic Expansion replied to me on February 1 that it was going to take many more weeks, contrary to the confidence the Deputy Prime Minister and the Minister of Industry, Trade and Commerce have expressed about Canadian capacity and capability, will he now have his Minister of Regional Economic Expansion approve the $80 million expansion of the Interprovincial Steel Company plant? Without that expansion, Canada could not operate with sufficient capacity to provide the man-years of employment that the Deputy Prime Minister says we can obtain.

Mr. Trudeau: Mr. Speaker, of course, this government has the confidence, and the minister has the confidence, stated by the hon. member. But so has the president of the corporation. I think it is only the hon. member's party that does not have the confidence that these jobs will be created, and they say they will be going to Japan, the United States or somewhere else. We have confidence they will be created here. The hon. member should get together with his leader, who seems to say that we are not going to sell any of this pipe; therefore, why should we lend money to a company that wants to build it?

* * *

THE CANADIAN ECONOMY

REQUEST GOVERNMENT INTRODUCE PRODUCTIVITY INCENTIVES FOR INDUSTRY

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, I have a question for the Prime Minister. The recent performance of the dollar makes it obvious that international

opinion regarding the way the economy of this country is being run is pretty much the same as the opinion in Canada, where the latest Gallup poll shows that 27 per cent of Canadians think the government is running the economy satisfactorily, and 59 per cent say it is being run very unsatisfactorily.

My question to the Prime Minister is: Does he not consider that the time is long overdue to introduce productivity incentives to be paid in direct proportion to increases in productivity, to make our products more competitive, and in that way restore confidence in the economy?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, of course I agree with the hon. member. I indicated in the House not so long ago that productivity in Canada had improved, compared to that of the United States; we were beginning to close the gap. The United States is still more productive than Canada, in relative terms, but the situation has been improving here. The decisions taken last week by the premiers of the provinces and myself have added to the determination by all governments to make sure that the private and public sectors are competitive.

Mr. Hees: Mr. Speaker, the government's own paper, produced by the Department of Industry, Trade and Commerce and released within the last ten days, states that productivity in Canada remains 20 per cent below that of the United States—showing that it is not moving up and it is still far too low. As the Prime Minister said last Thursday in this House that our price and cost performance is still very unsatisfactory, will he not now do something in the interest of getting the economy of this country moving and introduce these incentives, which are the only measures that will improve productivity, make our products more competitive and restore confidence in our economy?

Mr. Trudeau: Mr. Speaker, I agree that productivity must improve in Canada. I disagree with the hon. member when he says it has not improved: it has improved.

Mr. Hees: Your own paper says it has not improved.

Mr. Trudeau: The hon. member is stating a static figure, Mr. Speaker; he should refer to the facts.

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[*Translation*]

FINANCE

VALUE OF CANADIAN DOLLAR—USE OF RESERVES TO IMPROVE SITUATION

Mr. Jacques-L. Trudel (Montreal-Bourassa): Mr. Speaker, I wish to direct a question to the Minister of Finance.

Could he tell us how long the payment of some $1.5 billion out of our contingency foreign exchange reserves will successfully support the Canadian dollar, if its value continues to drop?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, this is an agreement between our banking institutions and the government of Canada. I do not know exactly how many years it will last, but I should say seven or eight years, and we can avail ourselves of these additional funds at any time. I indicated yesterday that for a while we would obtain a line of credit from these institutions and the agreement we have signed with them will run for at least seven years.

* * *

[*English*]

EXTERNAL AFFAIRS

APPOINTMENT OF AMBASSADORS TO AND BY FOREIGN COUNTRIES

Mr. Heath Macquarrie (Hillsborough): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs: it is in connection with his recent and highly commendable announcement regarding the establishment of a Canadian embassy in the Emirate of Kuwait. I ask the minister if he can advise whether it is the intention of the Kuwaiti government to appoint an ambassador solely accredited to Canada. Further, can he advise if progress has been made on another suggestion of mine, namely, the establishment and appointment of resident Canadian ambassadors to Amman and Damascus?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, I cannot answer definitively whether the government in question is going to establish an embassy in Ottawa. I will make inquiries. Of course, the fact that we are establishing an embassy in Kuwait indicates that they will be entirely welcome here, and I hope they will establish an embassy in Ottawa. I will get an answer for the hon. member.

The other two posts to which he has referred are on our list for consideration as early as possible. But, as I think the hon. member knows and as I explained in committee, we have certain constraints from a financial point of view which affect the speed with which we can move in opening up these highly desirable missions.

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FINANCE

VALUE OF CANADIAN DOLLAR—POLICY ARRIVED AT WITH BANK OF CANADA

Mr. J. P. Nowlan (Annapolis Valley): Mr. Speaker, my question is directed to the Minister of Finance. When the Minister of Finance answered the hon. member for York-Simcoe yesterday, he said, as reported at page 3055 of *Hansard*:

Our operation in the exchange market is limited to maintaining orderly marketing conditions, and will remain so.

When he said that to the House of Commons yesterday afternoon, had he met with the governor of the Bank of

Canada, and did he know there was a change in the marketing operations?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the intervention of the governor of the bank yesterday was to make sure that the market would operate in an orderly fashion. That is the policy of the government; it has not changed, and it is still the policy today. I have absolutely nothing further to reply. Unfortunately, I do not know why the hon. member finds a contradiction in that statement. I did nothing to contradict myself, and was quite open with the House on this subject.

Mr. Nowlan: Mr. Speaker, the reason I was glad to be recognized by Your Honour was that the minister mentioned that he loves the House. If he loves the House of Commons, he must respect it and therefore tell the truth to the House. I ask the minister to answer my question and not ramble around it.

• (1452)

My simple question is this: When the minister made the statement to the House of Commons yesterday, had he met with the governor of the Bank of Canada, and did he know there had been a change in the orderly marketing conditions that he said were going to remain the same?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I stated a while ago that I had met the governor of the Bank of Canada on Monday and Tuesday. I even met him again at noon today at a purely social function, not to discuss business matters. The governor of the Bank of Canada intervened yesterday afternoon in the marketplace just as he always does, because it is his responsibility to make sure that the market operates in an orderly fashion, to ward off the effects of undue speculation. Such has been the government's policy. It will remain unchanged, although our tactics may vary from day to day.

[*English*]

Mr. Nowlan: A final supplementary, Mr. Speaker. Obviously, this question is very important, and I am not trying to use too many adjectives. At the time the minister met with the governor, was he advised by the governor that the bank was going to become an aggressive buyer of Canadian dollars and there was going to be a change in policy? If that advice was given, was it given before the minister gave his answer in the House yesterday?

Mr. Chrétien: Mr. Speaker, I do not know who told the hon. member that the bank was an aggressive buyer: they were intervening yesterday, as they do regularly, to ensure that the market operates in an orderly fashion.

[Mr. Nowlan.]

CANADIAN CULTURE

FEDERAL ASSISTANCE TO CULTURAL ORGANIZATIONS

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Secretary of State. It relates to the very real concern of the Professional Association of Canadian Theatres, a group that the Secretary of State met with yesterday. Since two-thirds of the members of this group have had to cut back productions, and more than half have had to lay off staff because of the freeze over the last two or three years—a situation they describe as intolerable—what did the minister propose to them, in view of the present situation and the disastrous impact of the policies of his department? In light of the fact that the December 16 letter from the president has not yet been answered, what action is the minister prepared to take to deal with this difficult situation?

Hon. John Roberts (Secretary of State): Mr. Speaker, I met with them, not once but three times yesterday. The letter to which the hon. member refers has been answered. I answered it last night; I gave it to the president of the association. I am, of course, extremely concerned about the impact of restraints on funding of theatres. There has not been a freeze, as the hon. member has suggested. There has been an increase in funding to the Canada Council through which the operation of theatres is funded. This increase is equivalent to the level of increase which has generally taken place in government departments.

Nevertheless, since theatres are peculiarly subject to the impact of inflation, there has been restraint in real terms. I hope that representations such as the one the hon. member has made will make governments at all levels more sensitive to the need of funding for these people.

Mr. MacDonald (Egmont): Mr. Speaker, in spite of the minister's sanguine reply, this situation is being described as intolerable. Some 100,000 people intend to send a series of petitions to the minister to relieve the situation. The only announcement the minister has made was last fall with regard to the $13.6 million. That amount is being heavily questioned by members of this group and others as being used for purposes other than the legitimate development of Canadian culture. Did the minister alleviate fears in that regard? Can he indicate how this new money that was given, in light of previous budget constraints, is going to help this very serious situation?

Mr. Roberts: Mr. Speaker, I should make it clear because there seems to be some confusion on the other side of the House. Our increased funding was not a diversion, as one of the hon. member's colleagues suggested earlier, from the regular funding which has in the past been received. It was, as the hon. member correctly stated, new funding, a great deal of it to the Canada Council, the Film Board and other cultural agencies which will receive assistance, albeit indirectly—

Mr. MacDonald (Egmont): Not this group.

Mr. Roberts: It will assist this group because a significant portion of the money is directed to supporting theatre in Canada.

Mr. MacDonald (Egmont): Ten o'clock, Mr. Speaker.

* * *

FINANCE

VALUE OF CANADIAN DOLLAR—INTEREST ON STAND-BY CREDIT DRAWN BY GOVERNMENT

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a question for the Minister of Finance with regard to the stand-by credit he referred to in his statement last night. At what rate of interest was this stand-by credit available to the government of Canada? How much did it cost, in his estimation, per day, per week or per month? What has it cost the government of Canada to draw on this stand-by credit since last September?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I cannot give the answer immediately. I answered in precise terms other questions asked in the House of Commons when we established that line of credit with Canadian banks, but I will find the specific answer. The cost was ⅜ per cent, but anyway I would not want to quote a figure at random, and I will give the hon. member the exact figure when I get it.

[*English*]

REASON FOR BORROWING FROM ABROAD TO BOLSTER VALUE OF DOLLAR

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my qustion is for the Minister of Finance. The minister said that what has been going on is ordinary and normal. For the past ten years the government has not had to go abroad to bolster the dollar. What is ordinary and normal about that? Why did the Minister of Finance yesterday completely misrepresent the situation, and then come along today and say everything that is happening is absolutely normal and ordinary? I ask the Minister of Finance to answer that question.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I said earlier that we have to borrow in foreign markets because the provinces and other Canadian institutions are not borrowing in foreign markets as expected.

Some hon. Members: Oh, oh!

Mr. Chrétien: That is the explanation I am giving. It is exactly what I have reported. I cannot be more frank about this subject than I am being at the moment. I do not think I can give any further explanation.

Mr. Fraser: Mr. Speaker, the minister has just said he cannot be more frank than he has been. He is a lot more frank than he was yesterday, and the explanation is different. The fact is that nobody in this country believes this government with regard to anything the government is saying in terms of economics. My question is this—

Mr. Chrétien: Mr. Speaker, I cannot understand the opposition. If I had given some explanation of that before the market closed, the hon. member would have been the first to complain that I was not being careful enough. A little bit of pressure from the opposition will not prevent me from being responsible.

Some hon. Members: Hear, hear!

Mr. Fraser: Are we going to go through a number of weeks, perhaps months, listening to a complete exposé in terms of what the government's version of the economic situation is, knowing that at any time we can have a complete contradiction put forward no matter what was said in the question period? Is the Minister of Finance prepared to tell this House, in not equivocal but unequivocal terms, what the situation is and what the government plans to do about it in the coming months, if not the coming year?

Mr. Chrétien: Mr. Speaker, I have replied many times on what is the policy of the government. We do not intend to fix the rate of the Canadian dollar; we are floating the Canadian dollar. Intervention of the banks is always done under a policy that has been established for a long time in order to maintain orderly marketing positions. It was the same on Monday, Tuesday and today; I have not changed my policies. I do not know why the hon. member wants me to change something I have not changed.

* * *

HEALTH AND WELFARE

REDUCTIONS IN HEALTH CARE PROGRAMS—GOVERNMENT REASONS FOR CHANGE IN POLICY

Mr. P. B. Rynard (Simcoe North): Mr. Speaker, after listening to our financial problems I know how important this question is. It is directed to the Minister of National Health and Welfare. In view of mounting health care costs and the health care cuts that have been announced, necessitating major changes in administration from active care to chronic care to extended care as quickly as possible without prolonging the illness or a decline in the quality of treatment, which will mean a fall of $150 a day to extended care of $14.10 per day—and obviously extended care will have to be used more—has the minister conferred with her counterparts in the provinces to see that they have oxygen for patients with chronic heart diseases and emphysema, and minor illness can be treated, avoiding the trauma and cost of transferring a patient to hospital by ambulance for a few hours of treatment in many cases?

Committee Report

● (1502)

Hon. Monique Bégin (Minister of National Health and Welfare): Mr. Speaker, I agree with the suggestion of the hon. member and will be pleased to transmit it to my colleagues in provinces other than the hon. member's province.

I should make it clear, however, that each province is at a different stage in the development of extended health care service, and for that reason we could not impose upon all the provinces the minimum standards that were applicable under the hospital insurance and medical care programs. It is the responsibility of the provincial authorities to define what will be the less costly programs and equipment for them.

* * *

FINANCE

GOVERNMENT POLICY DISCOURAGING PROVINCES BORROWING FROM ABROAD—REASON FOR CHANGE

Hon. Robert L. Stanfield (Halifax): Mr. Speaker, I should like to ask the Minister of Finance when the government changed its policy of discouraging the provinces from borrowing abroad, as this was the announced policy of this government and the minister is now complaining that the provinces are not borrowing enough from abroad.

Hon. Jean Chrétien (Minister of Finance): I have stated the facts, Mr. Speaker; I said that at this time the provinces are not borrowing enough from abroad: that is all.

Mr. Stanfield: A supplementary question. Since the minister refers to the current account deficit in connection with his reason for borrowing abroad, can I assume he must have a pretty up to date estimate of what the current account deficit will be during the fiscal year? Can the minister give us that figure?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I will examine that question and give an answer if one is required.

ROUTINE PROCEEDINGS

[*English*]

TRANSPORT AND COMMUNICATIONS

First report of Standing Committee on Transport and Communications in both official languages—Mr. Campbell.

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

[Mr. Rynard.]

MAIN ESTIMATES 1978-79

EXPLANATORY STATEMENT BY PRESIDENT OF TREASURY BOARD

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1979, was presented by the Hon. Robert K. Andras (President of Treasury Board) and read by Mr. Speaker to the House.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the main estimates of federal expenditures for the fiscal year 1978-79, which I am tabling today, reflect the government's determination to ensure that Canada's economic recovery will be sustained and that the growth trend of federal spending will remain below the growth trend of the gross national product.

I am able to inform the House that the government has lived within the expenditure framework I made public last February. Total expenditures for the fiscal year 1977-78 were set at $44,450 million and, as was the case in 1976-77, we fully expect total spending to be at or below this ceiling.

This is the third consecutive year that the government has disclosed its over-all expenditure framework, including both budgetary and non-budgetary outlays, amounts set aside for supplementary estimates and those submitted in the main estimates. It also includes all expenditure transfers to provincial governments and all transfers to individuals.

I point out that the percentage increase in total federal spending declined from 28.3 per cent in 1974-75 to 18.4 per cent in 1975-76, down again to 10.2 per cent in 1976-77, and dropped to 8.2 per cent in 1977-78. In short, Mr. Speaker, the government committed itself to restraint three years ago, has lived up to that commitment, and will continue to abide by that commitment. Restraint is, and will remain, a key concern of ministers in their ongoing review of policies, programs, and proposals.

Major changes have been introduced in the budgetary allocation process to improve further the effectiveness of cost controls, and to ensure that spending decisions conform even more rigorously to government priorities. Further changes are under consideration.

Treasury Board dealings with federal departments and agencies during the past year have provided ample evidence that the spending psychology within the government has been significantly altered. Of course we still face a number of rigidities in our attempts to stabilize federal expenditures further, some of which I will later draw to the attention of the House.

The notion that restraint is a temporary posture, a bitter medicine that we all have to take in this or that year but not in later years, the notion that the Treasury Board is somehow obligated to find additional funds for every worth-while program expansion or new program, and the notion that all is needed to get these funds is to join the spending queue—these notions, Mr. Speaker, have been definitely shattered. As a result, those who might have expected the government to

splurge in this new, pre-electoral fiscal year will be disappointed.

As already noted, I am disclosing today, for the third consecutive year, not just the main estimates proposed for federal departments and agencies in fiscal year 1978-79, but the total expenditure framework established by the government for the same period.

Main estimates include budgetary outlays of $46,476 million, to which must be added net investments and advances of $1,774 million, for a total of $48,250 million.

The inclusion in main estimates of several expenditure items of a recurrent nature, which were previously submitted to parliament in supplementary estimates, has enabled us to set realistically the reserves for contingency outlays at $1,550 million for the rest of the year.

Taking into account the usual lapse of spending authority, total expenditures in 1978-79 for the full year are forecast at $48,800 million. This amounts to an increase of 9.8 per cent, less than the presently expected increase in the value of the gross national product for the same period. It also means that, in real terms, federal outlays will increase by about 3.5 per cent.

Even though we expect inflation to abate during the next 12 months, the government sector, as all others in the country, will still have to bear cost increases.

I am pleased that the first ministers reached a consensus last week on the need to limit the growth of expenditures by all levels of government to less than the nominal growth rate of the GNP.

Hon. members will recall that the fundamental goal set by the federal government regarding spending restraint was not limited to its own expenditures. On the contrary, it was made quite clear, as the former minister of finance reiterated in his May, 1976, budget speech, that the trend in total spending by all Governments in Canada should not rise more quickly than the trend in the gross national product. This goal has now been endorsed by all levels of government in this country.

There will be some who will choose to emphasize that our spending growth target for 1978-79 is somewhat higher than that one for the current fiscal year. Hon. members will recall that we went out of our way last spring to indicate that the very low percentage increase of 8.2 per cent shown for 1977-78 reflected, to some extent, structural changes in the budgetary system. It reflected not only the government's efforts at restraint, but also changes introduced in financing of a number of well established shared-cost programs with the provinces, particularly the shift in such financing from direct payments to tax transfers.

• (1512)

Had it not been for these one-time, non-repeatable changes in our budgetary system, the percentage increase in 1977-78 outlays would have been about 10 per cent as, indeed, was noted by opposition critics at the time of my tabling of the estimates on February 16 last. Accordingly, the target of 9.8 per cent adopted for 1978-79 is very much within the spending trends set when the government's restraint program was introduced. Moreover, Mr. Speaker, I repeat that this ceiling is below the trend in nominal GNP growth.

Mr. Stevens: Including inflation?

Mr. Andras: Yes, as the hon. member opposite has said, including inflation, a factor and a formula recognized by all 11 first ministers of this country at their conference the other day as being the appropriate target.

Although federal expenditures will be contributing during the next 12 months to the growth of aggregate demand in Canada, we are not relying on more spending to give a major push to the economy. To the extent that additional short-run stimulus has been judged necessary, the government has acted mainly through tax reductions so that the recovery may be sustained through private sector expansions. Past experience has shown that any attempt to hold the economy up by federal spending alone is in fact self-defeating. Such stimulus is inevitably short-lived and soon leads to a renewal of inflationary pressures.

The government has therefore resisted the urging of some hon. members opposite to increase its expenditures by more than is required to maintain federal services and to sustain the economic recovery. At the same time we have resisted pressure from other quarters to cut savagely federal programs and apply some rigid form of fiscal rigour.

As much as anyone, the government wants the federal public service to be lean and trim, and we are cutting the fat wherever we can, but we are holding our hand whenever we realize that in cutting deeper we would be sticking the knife into somebody else's guts.

Some hon. Members: Oh, oh!

Mr. Andras: I would have liked federal expenditures to grow even less rapidly in the next fiscal year, but I had to recognize that at this time an abrupt retrenchment of federal outlays would have played havoc with provincial finances, would have pulled the rug out from under private consumption, and would have deprived Canadian business of orders which they critically need to raise production and productivity.

To understand why this is so, one must look at what I call the anatomy of federal spending growth. It has been repeatedly pointed out in the past that more than 40 per cent of so-called federal expenditures actually take the form of transfers to provincial governments and individual Canadians.

Over the years the federal treasury has taken on statutory obligations and commitments, duly approved by this parliament, to share in the financing of provincial activities and programs. These transfers are what I would call the provincial dimension of federal spending. This year they will absorb more than $9.8 billion which, I repeat, are included in our total expenditure plan of $48.8 billion.

Fiscal payments, particularly equalization grants, can be used to finance the full spectrum of provincial programs.

Others, such as grants for hospital and medical care, social assistance and post-secondary education, are made with the understanding that provincial governments will maintain those essential services.

These payments to the provinces are an essential component of Canadian federalism. They are a fundamental premise to Canadian unity. The government and, to a degree, parliamentarians on both sides of this House are frequently criticized for the level of federal expenditures. But the fact that right off the top about 20 per cent, this year almost $10 billion, of our resources simply pass through the federal treasury to the provincial governments for these governments to spend, is a fact that is not generally recognized.

These transfer payments occasionally give rise to some recrimination from the provinces, particularly the wealthier ones, which argue that they introduce an element of rigidity in their expenditure planning. Yet so far no one has been able to come up with a workable and equitable alternative.

Tax transfers alone will not do the trick, since they would mostly transfer tax revenues to the wealthier provinces and violate the government's commitment to the principle of equal access to basic services for all Canadians, wherever they may live, in whatever province they dwell.

I must point out as President of the Treasury Board that the so-called rigidities of transfer programs to the provincial governments are not in fact one-sided. These programs give rise to a built-in growth factor in federal outlays which must be taken into account in assessing the extent to which the federal government has managed to restrain its own expenditures. In the 1978-79 main estimates, which I am tabling today, for example, federal payments to provincial governments under six major programs will increase by almost $2 billion, about 46 per cent of the increase in our total spending. In other words, were it not for this provincial dimension in federal outlays, the projected rate of growth in our main estimates in 1978-79 would be about 4.8 per cent rather than 9.3 per cent.

One of the reasons why provincial governments will be in a position to ease, or at least increase only moderately this year, the burden on provincial taxpayers is that the federal government will continue to transfer more than one fifth of its resources to these governments.

A still higher proportion of federal outlays will finance a variety of direct payments to individual Canadians; more than $10.3 billion, or 21 per cent of total expenditures during the next fiscal year. These payments supplement the incomes of millions of Canadians, senior citizens, growing families, workers temporarily unemployed or acquiring new skills, native citizens and veterans. These payments are largely spent on food, shelter and other basic necessities. In other words, old age pensions, family allowances and other federal payments to individuals finance a significant element of private consumption in Canada. Furthermore, the steady growth of private consumption is required, as we all know, to stimulate business activity, production, and employment.

Accordingly, both current economic considerations and general concern for the well-being of Canadians have led the government not to propose changes in statutory provisions that require an additional $926 million this year be provided to maintain the value of social benefits and to extend those benefits to the growing number of Canadians eligible for them in 1978-79.

Had we chosen to propose changes so as to hold at current levels the aggregate value of payments to individuals as well as transfers to the provinces, the increase in main estimates this year could have been limited to a mere 2.7 per cent. Let there be no illusion that social benefits could have been transferred overnight into tax benefits, because that simply is not so.

There is nothing sacred about social programs. They have been revamped before, and they will no doubt be revamped again. We have resolved that, in this area as in others, spending restraint will be implemented to the benefit of Canadians and not to their detriment. This means that restraint in social programs must at all times take into account the real needs of Canadians as well as general economic conditions.

I would like now to draw the attention of hon. members to further evidence of the government's commitment to restraint, namely, its over-all policy on manpower requirements and compensation for the public service in 1978-79.

First, I am pleased to announce that for the second consecutive fiscal year the increase in authorized man-years subject to Treasury Board control will be held at six tenths of 1 per cent. This represents an increase of 1,848 man-years, for a total authorized level of 325,120.

● (1522)

I point out that authorized man-years are decreasing in 18 departments and agencies, while 18 others have been allocated the same number of man-years as in the fiscal year 1977-78. Additional man-years have been authorized for 33 departments and agencies. These increases are concentrated in a few labour-intensive and generally service-oriented government operations, such as the Post Office, the Department of Public Works, the Department of National Defence, Correctional Services and the RCMP.

It should be noted that the six tenths of 1 per cent increase in federal Public Service manpower requirements will be only one quarter of the projected growth of the Canadian labour force in 1978-79. Despite impressions to the contrary, our records during the past ten years show that the Public Service growth trend has remained below that of the labour force. I am able to announce for the fourth consecutive fiscal year that the total number of senior personnel man-years in the departments and agencies under Treasury Board man-year control will remain at the same level.

This freeze is being extended for a second consecutive year to a key component of the senior personnel categories, the senior management complement, which is comprised of senior executives and officers in equivalent positions. As in the past, provisions have been made for a measure of flexibility in the

re-allocation of authorized senior personnel man-years and senior executive and equivalent positions between departments and agencies, in order to meet the tasks of highest priority.

Finally, I am pleased to be able to inform hon. members of the compensation policy to be adopted for collective bargaining in the federal Public Service during the post-control period. It will be recalled that in the green paper entitled "Agenda for Co-operation" the government outlined the policy to be adopted. In the months since that paper was published the Treasury Board secretariat has been developing means of implementing that policy. In the process, my officials and I have consulted with Public Service bargaining agents, provincial ministers and officials, and spokesmen for the private sector. The result of this process has been to confirm the government's belief that the policy proposed in the green paper is the right way to proceed.

Briefly, the government intends to change the emphasis in its previous bargaining policy. This change of emphasis will involve explicit consideration of the aggregate value of pay and benefits in relation to hours worked. In our terms, that is described as total compensation. It will also involve much more emphasis on comparisons of total compensation with private sector employers wherever possible. Where comparisons with private sector employers are not possible, for example in the case of teachers, the past practice of making comparisons with other public employers, or taking into consideration established internal relativities, will continue.

In addition, it is intended that compensation in the Public Service will not lead compensation levels in the private sector to ensure that the federal government will not fuel wage inflation. To this end, where compensation for public servants in a bargaining unit is significantly greater or less than that of their outside counterparts, the Treasury Board will seek to negotiate rates of increase which will allow comparability of total compensation to be achieved over a reasonable period of time, taking into account the magnitude of the difference. I hope this strengthens public perceptions of the government as an efficient provider of essential services at reasonable cost, all of which are fundamental goals of the government expenditure policy for fiscal year 1978-79.

Some hon. Members: Hear, hear!

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, I will not take as long as the minister. I have no need to build a forest of verbiage behind which to hide. I will just expose the facts and let them speak for themselves.

We have just seen performed this year's version of the annual estimates medicine show, that great show put on by the President of the Treasury Board (Mr. Andras) each year. By using his best flim-flam, he tells the House how moderate and restrained the government is with taxpayers' money. Every year since I have been here, I have heard successive presidents of the Treasury Board using the same type of flim-flam. They have had to use more of it lately. Frankly, the medicine they are attempting to sell is enough to make you sick.

Ten years ago, for fiscal 1968-69 the total federal government expenditures were $13.3 billion. In these estimates we see projected expenditures of $49.8 billion, which is nearly $50 billion, or four times as much as the expenditures ten years ago. There are cancers which do not grow that fast.

Last year's deficit, the difference between expenditures and receipts, was estimated to be approximately $9.2 billion. That is more than the total expenditures the year before this administration assumed office. Obviously we cannot afford the type of spending which was carried on last year. How can we afford the expenditures called for this year amounting to approximately $49 billion? It is small wonder that the Canadian dollar is of little value on the international money markets. Our government treats Canadian taxpayers' dollars with no respect at all. How can we expect the international money markets to treat it any differently?

There is an explanation in these estimates as to why the Minister of Finance (Mr. Chrétien) chose last night to announce that he is seeking foreign aid to prop up the Canadian dollar. I am sure when international money markets see this particular document, the government's plans for next year, what little confidence they have left in the Canadian dollar will be diminished.

In October, 1975, the government indicated that inflation was getting out of hand and that we are living beyond our means. At that time it imposed wage and price controls. It ordered corporations to keep their profits flat. Also it ordered that no individual wage earner could receive more than 8 per cent in the first year, and subsequently down to 6 per cent. During that period, if a wage earner earned the maximum allowable increase, his salary would have risen 22 per cent. During that time, government spending rose 44.4 per cent. In other words, what the Prime Minister (Mr. Trudeau) peddles to the rest of the country is too strong for the government.

The supporting documents produced by the President of the Treasury Board are literally full of flim-flam. The minister claims that spending will increase by only 9.8 per cent. He arrives at that by indicating that last year's main estimates, budgetary and non-budgetary, were $44,142 million. He had a reserve figure of $1,850 million, as well as normal lapses of approximately $872 million. Therefore the total spending was approximately $45,102 million. This year the estimates call for $48,250 million, budgetary and non-budgetary; the reserves are $1,550 million; and the lapses are $1 billion. That is what produces the round figure of 9.8 per cent. If we use the same estimates this year for reserve and lapses as were used last year, instead of these cooked up figures which the President of the Treasury Board has put in this document, then the increase is 10.9 per cent and not 9.8 per cent. Also the flim-flam is exposed in the budgetary expenditures. We are assuming that the loans described in the blue book are in fact loans and not some flim-flam. So we are talking about money that is being spent; we are not lending it.

● (1532)

If you compare expenditures for the coming year with expenditures for the fiscal year just ending, the increase this coming year over the last year is 12.96 per cent, or close enough to 13 per cent for the government to make the honest claim that spending this year is going up by 13 per cent. That is not restraint, and it is flim-flam to claim anything else.

This document is full of flim-flam. There was the claim that last year the increase was only 8.2 per cent. The minister said there were structural adjustments and the increase might have been 10 per cent, which is the same as this year. The structural adjustment which he was able to claim on behalf of the government, the great restraint in growth of only 8.2 per cent, was in fact the transferral of the burden on the provincial governments, amounting to $1 billion.

At the bottom of page 4 of the minister's statement he states how the government has had to cut the fat. What it has done is to take the cherry off the top of a double malted deluxe chocolate sundae. On page 6 there is an attempt to blame the provinces for the increase. The minister states that if it were not for all these funds which we have to send to the provinces, our growth rate would only be 4.8 per cent in increased expenditures. Every one of the programs referred to is a federal one. They are in areas of provincial jurisdiction and the provinces are administering them, but they are federal government programs, and to blame the increase on the provinces is plain flim-flam.

At the bottom of page 6 of the minister's statement there is an attempt to blame the recipients of social benefits, old age pensioners, and those whose benefits have increased by $926 million this year. The reason those expenditures have had to go up is to allow those persons to have an opportunity to catch up on inflation caused by the profligate spending of this government over the last decade. It is a chicken and egg situation. You caused the inflation through profligate spending, and the result is that sort of increase. But the implication that somehow these persons who receive social benefits are to blame and are at fault for increased government spending is, in my opinion, irresponsible and plain flim-flam. I do not think the Canadian public is going to buy that medicine.

We do not think the medicine which the flim-flam man is trying to sell us will cure the problems facing the country. It will not make us well, it will make us sick, and we strongly suggest that the President of the Treasury Board look at the debate of February 2 when our party laid down part of a program which, if implemented, will result in substantial reductions in government spending. I would advise the government to take a look at some of the speeches given by my leader and others in my party indicating what it is possible to do, and I would also advise the government to do something about the estimates procedures. In a sense, the whole thing is an exercise in flim-flam.

Parliament has no real control over government spending. All we can do is expose the situation to a little light. In fact the funds are committed. It is a charade to suggest that parliamentary approval will be given, because we have no opportunity whatsoever to influence the spending habits of this government. The only resource people have if they want to put spending under control is to change governments, which I hope they will do.

I would also like to re-emphasize the importance of the government and the Treasury Board dealing with the recommendations of the Auditor General respecting the form of the estimates. As the Auditor General stated in 1975, and in 1976, and in 1977, the procedure for passing the estimates is totally hopeless in terms of providing parliament with an opportunity for meaningful examination. Let me quote paragraph 2.18 in the latest Auditor General's report. It reads:

> . . . a comprehensive study be made with a view to revamping the form of the estimates so that the information they contain would be more meaningful and useful to parliament and so that the approved estimates would be the cornerstone for a fully effective government expenditure control system . . .

If we are going to bring government expenditure under control, we must do something with the estimates procedure, with this charade and flim-flam in which we engage every year with apparently little impact upon the spending habits of this profligate government.

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, it is a pretty sad and perverse document we have been handed today which holds no promise that the government either understands, or cares to deal with, the serious problem and scandal of unemployment.

I should like to paraphrase the minister's statement to make it read in a more likely way when he says that the statement today reflects the government's determination to ensure that Canada's economic recovery will be sustained and that the growth trend of federal spending will remain below the growth trend of the gross national product. Unfortunately, about the only thing that the statement seems determined to do is to make sure that this country continues at the highest level of unemployment in its history. This is an irony and I do not blame the hon. member for Calgary Centre (Mr. Andre) for being upset. I am upset myself, but for other reasons. I can see why the hon. member for Calgary Centre would be upset because, when the election comes, we will have the strange picture of the Liberal party running on the Tory platform.

Make no mistake, Mr. Speaker, what the government has done is to cut its expenditures. It is fine to say that the government has not done it and to point to the growth in some of the figures, but in real terms expenditure has been cut, and to that extent the stimulation that is required in the economy has been reduced. At one time the Liberals used to have better taste; they used to steal ideas from the NDP. But now all we see is the government rushing as fast as it can into a Conservative position.

The problem extends beyond what has been tabled today by the President of the Treasury Board (Mr. Andras). There is a current wave of conservatism in this country which has placed the total burden of responsibility for unemployment and slow growth on government spending. It is the new and mistaken orthodoxy of our day, and the government has bought this error holus-bolus in an effort to appease the electorate. Rather

than live up to its responsibilities—sometimes responsibility and leadership involve telling the public the truth instead of knuckling under to the current prejudices—it has opted out. It has become a chicken. That is why we have the present document before us.

Let me put some figures on the record in addition to the statement I have just made. Let us take a look to see what the relationship is between unemployment and government spending. It is very instructive to do this, and I apologize that the figures I am using are not exactly correct because the unemployment figures are in annual percentages and the estimates are on a fiscal basis. However, the figures are close enough to give the kind of picture which I think is important to see.

● (1542)

In 1974-75 the increase in estimated government expenditures was 28.3 per cent. Unemployment was at 5.4 per cent. In 1975-76 the government really worked hard, bought the new conservativism and reduced the increment in government estimates and expenditures to 10.2 per cent. Unemployment went up to 6.9 per cent. In 1977-78—the government's proudest year—the government held its spending down to an increase of 8.2 per cent, but at what a cost! Unemployment went up to 7.1 per cent. If we plot the pattern of government expenditures with unemployment, there is a clear relationship. As government expenditures are reduced, especially in a time of recession, the unemployment rate goes up.

What we see today is a government which has lost its capacity for leadership. It has knuckled under to a conservative reaction—which will change—in order to get votes in the coming election.

The government has abdicated its responsibility to the army of 1.5 million unemployed. I think that is a shameful and disgraceful way to behave.

Let us go on to another theory to which the government has been subscribing. This theory is reflected in the statement made by the President of the Treasury Board. The theory is that as you cut government expenditures, give bonuses to industry, and give corporations tax concessions, they will provide employment. It is a very simple theory. Perhaps I should say it is a simple-minded theory under which the government gets out of the way and private employers are supposed to rush in to fill the vacuum, except that despite the billions of dollars which have been given away in the last three budgets to the private sector, the private sector simply has not responded. When the government gets out, there is nothing to fill the vacuum.

I am not saying that the government should be in a spending position all the time or that it has to stimulate the economy all the time. What I am saying is that when we are faced with the problems associated with 1.5 million unemployed, that is not the time for the government to get out of the economy. This is not the time for the government to abdicate its responsibility because there is nothing to take the government's place. The private sector will respond only if the stimulus comes from the government. It is unfortunate that the private sector does not understand this. Who is going to invest if people are not working? Where is the purchasing power going to come from if people are not working?

At the recent federal-provincial conference the Minister of Energy, Mines and Resources (Mr. Gillespie) stated that there were billions of dollars worth of energy projects, public expenditure projects, to put forward in order to create jobs, yet the President of the Treasury Board comes to this House a few days later, gives the lie to that statement, and says the government is getting out of the spending business completely and that the private sector is going to take over.

In politics it is important for people to get elected. Everybody wants to be popular at any given time, but it is also important for people to live up to their responsibilities. In this case the responsibility is that of the government. It might have done the government some good and made it look as if it had some integrity if it had lived up to its responsibility.

The statement made today seems to indicate that the government does not feel it important to provide leadership. By getting out of the economy the government will not solve our problem, and it has displayed its cowardice in its presentation today.

[*Translation*]

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I would like to thank the minister for letting us have a copy of the statement he made in the House a moment ago as well as the papers that accompanied it which enabled us to have a quick look at the estimates for 1978-79. We cannot conceivably examine very objectively such a large volume in a few minutes but I would still like to deal mainly with three points that caught my attention while I was examining the papers I just referred to and as a result of the statement by the President of the Treasury Board.

I would also like to congratulate the officials of various departments who worked on the preparation of these estimates. I feel this book is written in very small print and very small figures. I recognize that there were certainly thousands of hours of work put in this and I think that Canadians at the end of the year will realize that we were dealing with billions of dollars because this is a budget of $4.35 billion. Today we talk about billions of dollars as we used to talk about ten dollars. Nothing frightens us much anymore as figures also come under the pressure of inflation. The effect of inflation is felt not only in consumer prices but also in the area of debt servicing.

With respect to inflation it is regrettable that a cut of $323 million should be made in the budget of the Central Mortgage and Housing Corporation at a time when we need further funding in this area to properly meet the demands and needs of Canadians. The cut is unfortunate. The government might tell us: Canadians did not use all the funds made available to them. That is possible. But if they did not, it is because interest rates are too high in relation to their capacity to pay. This is due to people being a little worried over their future, and a lack of confidence. They dare not go into the building industry

at a time when housing should be encouraged, and in all aspects of the construction industry which plays a major and decisive part in the economic development of any nation. With a buoyant building industry far more tradesmen with all kinds of skills would be employed and I need to go through the whole list of them, ranging from foundation diggers to roofers, chimney workers and so forth. This is why I think this is a very important area which should have been encouraged through lower interest rates. That way, the government would have been able to get back part of the interest it has to pay out to promote development in this area, as was the case, for example, in the Maritimes and eastern Quebec, through tax credit. The idea behind all that was to help industries in this part of our country.

Another point I would like to talk about is the debt. I was shocked when I looked at this earlier. It is terrible to see a responsible government, which has all the tools to do something truly useful—we have to read this to believe it— according to the table, in 1975, which is not so long ago, the net debt of our country was $19,275 million. From the start of Confederation in 1867 to 1952, over a 100 years, the debt grew to $11,185 million, and from 1952 to 1975, our debt increased by $8 billion. This is unacceptable, Mr. Speaker, when we consider that in 1975 the debt was $19 billion and that in 1978, it will reach $38 billion, which means that it will have doubled. There has been no war, no disaster, we did not develop a merchant navy, we have done nothing very special, and our national debt has doubled.

This is the criticism that I want to make, but at the same time I would like to make a practical suggestion that the government can follow if it wishes. If not, I wonder what the national debt will be in four years since it has doubled in the last four years. At the present time, Mr. Speaker, it costs us $25 million a day, the debt grows by $25 million a day. The figure would be even more shocking if this were broken down into hours and minutes. I do not have the time to do it, but others who have the time can do so. I invite the unemployed of Canada to consider this. They have the time to figure it out and they will understand why they are unemployed because it is shocking to see that we have come to the point when we pay $25 million a day on the national debt and when we are not even able to know to whom the interest is paid. I understand that there are people who own bonds, but that interest is paid to big financiers.

I see here that there will be an increase of $1,150 million this year for interest alone. The hon. member for Lévis (Mr. Guay) could build a merchant marine with this and we would get something out of it. This is a cancer. Someone talked about a cancer in his speech earlier, and he was right.

Mr. Lefebvre: The opposition is a cancer!

Mr. Lambert (Bellechasse): The hon. member says that the opposition is a cancer, but if it is, we have a seriously cancerous democratic system because it has happened that the cancer has changed sides and this can still happen. But this remains a cancer, a necessary cancer. The opposition is not there only to criticize, but also to inspire wisdom in those who are responsible for public funds, that is the members of the cabinet. It must be a very discouraging situation for a finance minister who will have to get all the money that the President of the Treasury Board (Mr. Andras) requested today in his estimates. It will have to be an income budget to pay the expenditures. In a healthy administration, expenditures and income should be balanced, and when they are not, we get into debt. For individuals, getting into debt means that you are not able to balance your budget, which is not a good thing. This is no good for a municipal government, let alone a provincial or national government. I would therefore suggest to the Minister of Finance (Mr. Chrétien) and hon. members of cabinet the solution would be to amend the Bank of Canada Act. You feel this is funny. You are making fun, but if your former leader Mr. King was here now, he would tell you: well boys, you have not made much progress over these 50 years. Because he said there had to be a Bank of Canada, a bank for Canadians, a bank to serve Canadians, a tool to manage the nation's credit in order to create a healthy monetary system in Canada. He said so. If we are to succeed, we should therefore amend that. Let us be up to date. In 1978, the Bank of Canada can only make loans to the federal government up to certain percentages of the estimates, and for six months. How far can we go on that?

The Minister of Finance proposes to go and borrow abroad, in order precisely to protect our Canadian dollar. I read in a newspaper today the Canadian dollar will soon drop to 80 cents. This will happen for the precise reason we are doubling our national debt; if we owe more than we have, creditors will become tougher. We will soon learn about that. Creditors are beginning to lose confidence in this country's economic stability and our Canadian dollar.

I therefore very sincerely urge the minister to propose an amendment to the act to allow our own bank to lend the money our government needs. We would be lending ourselves money. Figures computed here at home by ourselves and for ourselves are as valid as those borrowed in Italy, Germany or New York, because this is only figures. So we have means, we can do so because we are a responsible parliament. In view of this, we should change our ways of financing the public sector to prevent such huge and discouraging debt increases.

● (1552)

[*English*]

Mr. Speaker: Order, please. I think it is appropriate in the circumstances to understand the importance of the step taken by the President of the Treasury Board (Mr. Andras) today in the tabling of the estimates. They are, of course, central to the whole process of the examination of the estimates by parliament. His remarks are important, and it was for that reason that extensive participation took place by members opposite. It must be remembered, however, that the purpose in tabling the estimates and in referring them this afternoon to the standing committees is that extensive questioning will take place at each of the standing committees on the separate estimates.

Although the Standing Orders under which we are operating provide for questions to be put in circumstances of statements on motions at this time, if there are any questions at all I would think that they ought to be of a very general nature since the whole subject of the government's spending program will be the subject of questions in the standing committees. I would not necessarily eliminate the questioning at this time, but I would expect that if questions are to be pursued they will be minimum in number and of a very general nature.

Mr. Lincoln Alexander (Hamilton West): Mr. Speaker, I will certainly conduct myself accordingly with respect to your remarks. But I would say with all due respect that it is a little unusual; we did have fairly extensive questioning the last time. Notwithstanding that, we know the minister has perpetrated a further con job on the Canadian people, and as my friend from Calgary has indicated it is the biggest flim-flam that he has seen.

There are a few things which need explaining and I will try to speak to my area which is the Public Service. The minister indicated from here on, I hope this is what he said but I do not know what he said in this regard, that salary increases were to be based on total compensation. This is a new principle about which not much is known. I wonder if the minister can give us some indication of what he is talking about in terms of total compensation. When does he expect it to come into play, or is it in play now? Can he advise whether the provincial representatives with whom he and his officials must have met of late have also accepted this phenomenon, or principle as the case may be, of total compensation?

Mr. Andras: Mr. Speaker, I will be pleased to elaborate now, or at a future date in more detail. We have in fact been bargaining in the federal Public Service since about 1967 on the concept of wages and salaries and some identifiable benefits on the basis of comparability with the private sector where such comparisons could be established. We now intend to widen that to include all quantifiable forms of remuneration, not simply wages and salaries, although they obviously remain the most significant, and to establish comparative compensation levels on a total compensation basis in the private sector wherever that is possible.

● (1602)

In discussions with the provinces, they have agreed with the concept of bargaining on a total compensation package basis. They will have somewhat more difficulty in establishing comparability than we will because the make-up of our federal service is such that we think we can establish comparability for about 80 per cent of our people, whereas they have more firemen, policemen, and that kind of content in their make-up. Therefore they will have somewhat less. In some provinces they say that no matter what the comparability might be, their basic problem is simply that of ability to pay. The concept is being discussed with the bargaining agents. We hope to institute it soon, more precisely probably after April 14 at which time the current sanction controls come off.

Mr. Alexander: Mr. Speaker, there is another problem that has certainly exercised public servants, particularly those who are making over $30,000. I hope the minister can clarify this right now. When the minister was asked questions about this matter, particularly by the hon. member for Victoria (Mr. McKinnon), he once again flim-flammed the hon. member. I want a specific answer so that those involved in the Public Service will understand what is in the mind of the minister. They believe that all those above the $30,000 salary bracket will be removed from the bargaining unit. That is a simple statement in the form of a question. Can the minister give us an assurance, one way or another, on what is happening in this regard?

Mr. Andras: Mr. Speaker, I would not make such an announcement on this occasion. I will take this opportunity, however, to state that I have noted since I replied to the hon. member for Esquimalt-Saanich (Mr. Munro) that I made reference to the Finkelman report the other day. I have since been advised that is incorrect. The Lambert Committee on Executive Compensation did use it, but the other gentleman did not. I apologize for that. In answer to the hon. member, I will again say that if and when we have made a decision on the question of management or other exclusions, we will make it known in the House in the usual form.

Mr. Alexander: Before the minister makes a decision and announces it in the House, I hope he will take the unions involved into his confidence in order that we do not have heavy-handed unilateral steps. The minister said we are talking about a 9.8 per cent increase in terms of government spending. My colleagues will want to pursue this further. At the present time we are asking labour to restrain themselves to the extent of 6 per cent. As I understand it, under the AIB, the government, once again wrong in terms of its prognostications, indicated that the inflationary rate would be about 4 per cent this year. We all know that is way out of line. I would like to know whether those figures were given any consideration. What part of that 9.8 per cent is related to the inflation rate? Why was there no consideration given for using the inflation rate of 4 per cent which the government indicated through its AIB would be the guiding principle for this particular year?

Mr. Andras: The hon. member, as is only rarely the occasion, is mixing apples and oranges and grapes and bananas and coming up with the usual mélange of a very strange salad. To get to the point, as I indicated the 9.8 per cent represents about a 3½ per cent real growth. The rest is attributable to inflation which is applicable to government expenditures as to all other expenditures in the country. I do not see how he can possibly relate the 9.8 per cent to the wage guidelines which are one component of inflation but not the only reflection of costs related to cost increases.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the President of the Treasury Board (Mr. Andras) whether he will answer one of the questions put to him by the hon. member for Hamilton West (Mr. Alexander) which escaped him. Considering the two matters which he has

discussed with regard to public service salaries on compensation, on the one hand a new approach or a new total package and, on the other hand, the possibility of setting a level above which there is to be no collective bargaining, can the minister say whether these two matters have been discussed with the bargaining units, the representatives of the employees? If not, will there be such discussion before a policy is finally determined?

Mr. Andras: Mr. Speaker, the answer is yes to both questions. Discussions have begun, are continuing, and will continue before any final decision is made with regard to possible amendments to the Public Service Staff Relations Act. I assure the hon. member of that. I regret I missed it in the question of the hon. member for Hamilton West (Mr. Alexander) a few minutes ago.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my questions to the President of the Treasury Board (Mr. Andras) begin with respect to his estimates fact sheet No. 3. On page 5 of that fact sheet he sets out various increases and decreases, summarized as to the major changes in his estimates. I would first draw the minister's attention to the decreases.

Included in those decreases, for example, we have the Export Development Corporation showing an amount of $365 million less compared to the current fiscal year. Will the minister indicate if any account has been taken into consideration of the fact that the Export Development Corporation is borrowing externally? They have traditionally borrowed through the Minister of Finance, but they are now borrowing in the general public market. It is on the covenant of the Government of Canada. I wonder if included in that decrease is an allowance for the amount they will be borrowing externally as opposed to borrowing directly from the Minister of Finance.

Mr. Andras: I think it is quite clear that we intend to permit the Export Development Corporation to go to the private market for certain funds. We have named a target amount here. If he is talking about borrowing externally, it is under the authority of the Minister of Finance to permit the Export Development Corporation to do so. That is the intention, Mr. Speaker.

Mr. Stevens: As the president of the Export Development Corporation, Mr. John MacDonald, had indicated that they may be committing themselves this year to a further $2 billion in export financing, and he anticipates that will be totally financed externally in the sense that he will not be drawing on the Minister of Finance or the Consolidated Revenue Fund, will the President of the Treasury Board quantify for us what would be the amount that the Export Development Corporation increase would be as opposed to the decrease if that adjustment were taken into account?

Mr. Andras: Mr. Speaker, I regret I cannot give the hon. member the exact detail. I am familiar with the area. There are some plans under consideration which either the Minister of Finance or myself will be making known in more detail soon. The final details have not been set out yet. I will try to get that for the hon. member.

[Mr. Knowles (Winnipeg North Centre).]

Mr. Speaker: I will allow a final supplementary to the hon. member for York-Simcoe, and conclude questioning with the hon. member for Yorkton-Melville (Mr. Nystrom) and the hon. member for Northumberland-Durham (Mr. Lawrence).

Mr. Stevens: Surely in the over-all context of Treasury Board figures, they have some figure for the external borrowing that will take place in the Crown corporations listed here? Perhaps an easier way to express it would be all the non-budgetary amounts that heretofore would have been included as an estimate, but now, because they are being borrowed in the private sector, will not be included. Am I correct in assuming that certainly $1 billion will be added and it could be as much as $2 billion?

• (1612)

Mr. Andras: In these estimates and these statements that have been made, the fact sheet limits the identified amount which we have clearly flagged and the hon. member noticed it—that is the $365 million that we have identified with regard to the Export Development Corporation. At the moment there are no other specific items that we have identified in respect of the spending plans for 1978-79. The $365 million is flagged, and the hon. member noted it.

Mr. Nystrom: In the remarks made by the minister he said words to the effect that he was concerned about sticking the knife into somebody else's guts. Since I thought he was concerned about programs that affect ordinary people, may I ask why the government chose at this time to eliminate the consumers' skim milk powder program which amounted to $17.9 million last year and helped low income people?

Mr. Andras: Mr. Speaker, with respect, I think that kind of detail could be conveyed to the hon. member in committee by the Minister of Agriculture (Mr. Whelan) or, if he is involved, the Minister of Consumer and Corporate Affairs (Mr. Allmand) on an appropriate occasion.

[*Translation*]

Mr. Speaker: I shall invite the hon. members for Richmond (Mr. Beaudoin) and Northumberland-Durham (Mr. Lawrence) to put a question. The hon. member for Richmond has the floor.

Mr. Léonel Beaudoin (Richmond): Can the President of the Treasury Board tell the House, since the national debt went up by $9 million from 1977 to 1978, increasing debt servicing charges by 20.3 per cent, whether he intends to propose new restrictions to parliament with a view to putting a stop to this extraordinary growing indebtedness?

[*English*]

Mr. Andras: Mr. Speaker, it is known, of course, that the debt will increase this year. I would point out to hon. members that as a percentage of the economy, or as a percentage of

government expenditures, it is still much below what it was 15 or 20 years ago. While it is rising now, it is not at a level which has not been sustained or is not sustainable in an economy the size of this country's which will probably reach $233 billion in the coming fiscal year—that is the total GNP of the economy. The federal public debt is a portion of that but is not, in our view, an alarming proportion at this time.

Mr. Lawrence: Mr. Speaker, bearing in mind the well known and traditional propensity of successive Liberal governments to buy their way into power in the province of Quebec, I wonder if the minister could explain to the House the very obvious imbalance, in respect of major capital public works expenditures? In the province of Quebec public works expenditures and the National Capital Region expenditures together total over $164 million in this election year. In contrast, in the province of Ontario the public works capital expenditures and the National Capital Region expenditures total $41.5 million, that is, $164 million against $41.5 million. Can the minister explain such an obvious imbalance in these figures?

Mr. Andras: Mr. Speaker, I would be glad to let my colleagues, the Minister of Public Works (Mr. Buchanan) or the Minister of State for Urban Affairs (Mr. Ouellet), who is responsible for the National Capital Region, note this question and deal with it in great detail for the hon. member. There are many factors involved, however, commitments for the completion of buildings, and obviously there is a fairly major expenditure involved in buildings in the city of Hull, as part of the National Capital which happens to be in the province of Quebec. This is a decision which was made some years ago and on which work is being completed now. I shall ask my two colleagues to reply in detail, and I am sure they will look forward to it.

Mr. Lawrence: Mr. Speaker—

Mr. Speaker: Order, please. Introduction of bills.

Mr. Lawrence: May I just—

Mr. Speaker: First reading of Senate public bills.

Mr. Lawrence: Mr. Speaker—

Mr. Speaker: Order, please. I have just finished denying a supplementary question to the hon. member for Richmond (Mr. Beaudoin). If I grant one, I have to grant two. I think there has been adequate questioning.

Mr. Lawrence: Mr. Speaker—

Mr. Speaker: Order, please; order, please.

Order Paper Questions

REVISED STATUTES

REFERRAL OF DOCUMENT TO STANDING COMMITTEE ON JUSTICE AND LEGAL AFFAIRS

On the Order: Government notices of motion:

February 20—The Deputy Prime Minister and President of the Privy Council—The following proposed motion:—That the document entitled *Proposals to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other Acts, subsequent to 1970*, tabled on the 1st of February, 1978, be referred to the Standing Committee on Justice and Legal Affairs.

Mr. MacEachen: Stand.

Mr. Speaker: Pursuant to Section 2 of Standing Order 21 this government notice of motion is transferred to and ordered for consideration under government orders later this day or at the next sitting of the House.

* * *

MESSAGE FROM THE SENATE

Mr. Speaker: Order, please. I have the honour to inform the House that a message has been received from the Senate informing this House that the Senate have passed Bill S-8, an Act respecting Fugitive Offenders in Canada, to which the concurrence of this House is desired.

* * *

PETITIONS

SECURITY, IMMIGRATION, AND PRIVILEGES OF MEMBERS

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, pursuant to Standing Order 67 I hereby present a petition relating to certain matters of security, immigration, and the privileges of members of the House of Commons.

* * *

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 56 to 60 inclusively, 550, 694 and 1,298.

[*Text*]

YUKON NATIVE BROTHERHOOD—FINANCIAL ASSISTANCE

Question No. 56—**Mr. Orlikow:**

1. Was any financial assistance given by the Department of Indian Affairs and Northern Development or any other department to the Yukon Native Brotherhood since the Brotherhood was organized and, if so, by year, what was the amount?

2. How much of the amount was used to pay legal fees and/or other technical expert consultants?

3. How much money went to native people participating in the work of the Yukon Native Brotherhood?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Indian Affairs and Northern Development is concerned: 1. Yes. Contributions: 1971-72, $130,506; 1972-73, $205,650; 1973-74, $510,-726; 1974-75, $485,697; 1975-76, $181,764; 1976-77, $373,-720; 1977-78, (commitments) $9,772. Organization and Maintenance, 1977-78, (commitments) $15,000.

2. Approximately $60,735 was expended on consulting and legal fees.

3. The department does not have the records required to repond to this question. While the Yukon Native Brotherhood accounts to the department that funds are spent for the purposes for which they were requested, the accounting does not reflect whether a consultant, a lawyer, or a supplier hired by the brotherhood is or is not a native person.

In so far as the Department of Employment and Immigration is concerned: 1. 1974-75, $8,220; 1975-76, $10,200; 1977-78, $6,406. Total, $24,826.

2. Nil.

3. $24,826.

In so far as the Department of National Health and Welfare is concerned: 1. Yes. Year, 1976-77. Amount, $3,700.

2. None.

3. $3,700.

In so far as the Department of the Secretary of State is concerned: 1. The following amounts were granted to the Yukon Native Brotherhood under the department's core funding programme: (b) 1971-72, $155,000; 1972-73, $155,000; 1973-74, $155,000; 1974-75, $176,325; 1975-76, $186,555; 1976-77, $186,555.

2. (a) Generally 5 per cent of the amount granted each year is required to pay for technical consultants such as auditors and financial advisors.

3. Core Funding Programme: Core funding grants are given to status Indian, Métis and non-status Indian and Inuit associations with demonstrated support of their declared constituents for costs in the following areas: (a) staff and salaries, (b) travel expenses, (c) office costs, (d) expenses of meeting, (e) professional services. The Yukon Native Brotherhood received the grants indicated in 1 above primarily for its work with its constituents.

In so far as other Departments are concerned: Nil.

INDIAN BROTHERHOOD OF NORTHWEST TERRITORIES—FINANCIAL ASSISTANCE

Question No. 57—**Mr. Orlikow:**

1. Was any financial assistance given by the Department of Indian Affairs and Northern Development or any other department to the Indian Brotherhood of the Northwest Territories since the Brotherhood was organized and, if so, by year, what was the amount?

2. How much of the amount was used to pay legal fees and/or other technical expert consultants?

3. How much money went to native people participating in the work of the Indian Brotherhood?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Indian Affairs and Northern Development is concerned: 1. Yes. Contributions: 1972-73, $35,000; 1973-74, $125,000; 1974-75, $582,-000; 1975-76, $656,240; 1976-77, $153,507. Loans: 1975-76, $300,000; 1976-77, $345,000; 1977-78, (commitments) $760,-000.

2. Approximately $50,000 has been expended on legal fees and consultants.

3. The department does not have the records required to respond to this question. While the Indian Brotherhood of the Northwest Territories accounts to the department that funds are spent for the purposes for which they were requested, the accounting does not reflect whether a consultant, a lawyer, or a supplier hired by the Brotherhood is or is not a native person.

In so far as the Department of National Health and Welfare is concerned: 1. Yes: Year, 1972-73. Amount, $30,000.

2. None.

3. $30,000. To conduct a survey on health attitudes in selected communities in the Northwest Territories.

In so far as the Department of the Secretary of State is concerned:

1.	Fiscal Year	Core Funding Programme	Native Communications Programme	Total
	1971-72	$176,000		$176,000
	1972-73	176,000	$169,000	345,000
	1973-74	176,000	68,000	244,000
	1974-75	220,000		220,000
	1975-76	231,616		231,616
	1976-77	231,616		231,616

2. Core Funding Programme: Generally 5 per cent of the amount granted each year is required to pay for technical consultants such as auditors and financial advisors. Native Communications Programme: None.

3. Core Funding Programme: Core funding grants are given to status Indian, Metis and non-status Indian and Inuit associations with demonstrated support of their declared constituents for costs in the following areas: (a) staff and salaries; (b) travel expenses; (c) office costs; (d) expenses of meeting; (e) professional services. The Indian Brotherhood of the Northwest Territories received the grants indicated in 1 above primarily for its work with its constituents.

All other interested departments and agencies have reported as follows: Nil.

NORTHERN QUEBEC INUIT ASSOCIATION—FINANCIAL ASSISTANCE

Question No. 58—**Mr. Orlikow:**

1. Was any financial assistance given by the Department of Indian Affairs and Northern Development or any other department to the Northern Quebec Inuit Association since the Association was organized and, if so, by year, what was the amount?

2. How much of the amount was used to pay legal fees and/or other technical expert consultants?

3. How much money went to native people participating in the work of the Association?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Indian Affairs and Northern Development is concerned: 1. Yes. Loans: 1973-74, $50,000; 1974-75, $476,000; 1975-76, $650,000; 1976-77, $500,000.

2. Approximately $402,000 of these loans was expended on legal fees and consultants.

3. The department does not have the records required to respond to this question. While the Northern Quebec Inuit Association accounts to the department that funds are spent for the purposes for which they were requested, the accounting does not reflect whether a consultant, a lawyer, or a supplier hired by the association is or is not a native person.

In so far as the Department of National Health and Welfare is concerned: 1. Yes. Year: 1976-77. Amount: $16,592.19; Year: 1977-78. Amount: $1,863.

2. None.

3. Year: 1976-77. Amount: $16,592.19; Year: 1977-78. Amount: $1,863.

In so far as the Department of the Secretary of State is concerned: the following amounts were granted to the Northern Quebec Inuit Association:

1. Fiscal Year	Core Funding Programme	Student Community Services Programme	Total
1971-72	$ 71,238		$ 71,238
1972-73	158,000		158,000
1973-74	158,000		158,000
1974-75	197,500	$ 9,600	207,100
1975-76	207,928	15,900	223,828
1976-77	207,928	11,020	218,948

2. Core Funding Programme. Generally 5 per cent of the amount granted each year is required to pay for technical consultants such as auditors and financial advisors. Student Community Services Programme. None.

3. Core Funding Programme. Core funding grants are given to status Indian, Métis and non-status Indian and Inuit associations with demonstrated support of their declared constituents for costs in the following areas: (a) staff and salaries, (b) travel expenses, (c) office costs, (d) expenses of meeting, (e) professional services. The Northern Quebec Inuit Association received the grants indicated in 1 above primarily for its work with its constituents. Student Community Services Programme: 1974-75—salaries for 5 people—14 weeks, $7,000; 1975-76—salaries for 8 people—10 weeks, $9,433; 1976-77—salaries for 5 people—12 weeks, $7,783.

In so far as other Departments are concerned: Nil.

NORTHERN FLOOD COMMITTEE—FINANCIAL ASSISTANCE

Question No. 59—**Mr. Orlikow:**

1. Was any financial assistance given by the Department of Indian Affairs and Northern Development or any other department to the Northern Flood Committee since the Committee was organized and, if so, by year, what was the amount?

2. How much of the amount was used to pay legal fees and/or other technical expert consultants?

3. How much money went to native people participating in the work of the Committee?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Indian Affairs and Northern Development is concerned: 1. Yes. Contributions: 1975-76, $2,000; 1976-77, $81,228; 1977-78, (commitment) $331,653; ($91,653 paid to date). Loans, 1974-75, $168,200; 1975-76, $300,000; 1976-77, $964,282; 1977-78, $250,000.

2. Approximately $535,345 was expended on consulting and legal fees.

3. The department does not have the records required to respond to this question. While the Northern Flood Committee accounts to the department that funds are spent for the purposes for which they were requested, the accounting does not reflect whether a consultant, a lawyer, or a supplier hired by the committee is or is not a native person.

In so far as other Departments are concerned: Nil.

GRAND COUNCIL OF THE CREES IN QUEBEC—FINANCIAL ASSISTANCE

Question No. 60—**Mr. Orlikow:**

1. Was any financial assistance given by the Department of Indian Affairs and Northern Development or any other department to the Grand Council of the Crees in Quebec since the Council was organized and, if so, by year, what was the amount?

2. How much of the amount was used to pay legal fees and/or other technical expert consultants?

3. How much money went to native people participating in the work of the Council?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Indian Affairs and Northern Development is concerned: 1. Yes. Loans: 1974-75, $1,011,526; 1975-76, $500,000; 1976-77, $1,209,175.

2. Approximately $843,250 of these loans was expended on legal fees and consultants.

3. The department does not have the records required to respond to this question. While the Grand Council of the Crees accounts to the department that funds are spent for the purposes for which they were requested, the accounting does

not reflect whether a consultant, a lawyer, or a supplier hired by the council is or is not a native person.

In so far as the Department of Employment and Immigration is concerned: 1. 1974-75, $12,924; 1975-76, $75,144; 1977-78, $76,800. Total, $164,868.

2. Nil.

3. $164,868.

In so far as the Department of Fisheries and the Environment is concerned: 1. Financial assistance was given to the Grand Council of the Crees in Quebec for the following years: 1975-76, $10,500; 1976-77, $15,500; 1977-78, $10,500.

2. That portion of the financial assistance listed in part 1 which was used to pay: (i) legal fees in 1975-76 was $10,500; 1976-77 was $10,500; 1977-78 was $10,500. (ii) other technical expert consultants in 1976-77 was $5,500.

3. Native people participating in the work of the council received $9,000 in 1977-78. This amount is in addition to the $10,500 financial assistance given to the council in 1977-78.

In so far as the Department of National Health and Welfare is concerned: 1. Yes. Year: 1975-76, $20,406.61; 1976-77, $142,076.86; 1977-78, $79,853.58.

2. None.

3. Year: 1975-76 . Amount: $20,406.61; 1976-77. Amount: $142,076.86; 1977-78. Amount: $79,853.58.

In so far as other Departments are concerned: Nil.

LOANS TO UNITED KINGDOM

Question No. 550—**Mr. Laprise:**

1. Did Canada grant loans with an interest rate of 2 per cent under the terms of the United Kingdom Financial Agreement Act of 1946 and, if so, for each year from 1968 to 1976, what (a) was the amount reimbursed in millions of dollars (b) is the amount outstanding?

2. Did Canada grant other loans to the United Kingdom and, if so, in each case (a) in what amount (b) on what date (c) at what interest rate (d) for what period of time and what were the terms of reimbursement (e) what is the amount outstanding?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Departments of Finance and External Affairs as follows: 1. Canada did grant a loan to the United Kingdom at an interest rate of 2 per cent pursuant to the terms of the United Kingdom Financial Agreement Act of 1946. The following table lists total principal and deferred principal as of March 31 of each year from 1968 to 1977, followed by the combined payments of interest and principal arising from the loan during the preceding year.

[Mr. Pinard.]

Year to March 31	$Million Amount Outstanding at Year-End	Payment of Principal and Interest During Year
1968	957	40
1969	957	3
1970	937	41
1971	917	41
1972	896	41
1973	875	41
1974	853	41
1975	831	41
1976	808	41
1977	808	3

2. Since 1946 the government of Canada has granted no other loans to the government of the United Kingdom.

DEPARTMENT OF FISHERIES AND THE ENVIRONMENT—OUTSIDE CONSULTANTS

Question No. 694—**Mr. Howie:**

From January 1, 1977 to date, did the Department of Fisheries and of the Environment hire outside consultants and, if so, how many?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): From January 1, 1977 to December 1, 1977, 406 outside consultants have been hired.

BOMBARDIER LIMITED

Question No. 1,298—**Mr. Caouette (Villeneuve):**

Does Bombardier Limited-Valcourt owe tax and, if so (a) for what years (b) in what amount for each year (c) did the company notify the government of its intention to pay such taxes?

Hon. Joseph-Philippe Guay (Minister of National Revenue): The provisions of section 241 of the Income Tax Act relating to communication of information do not permit the Department of National Revenue to provide an answer to this question.

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 486 could be made an order for return, that return would be tabled immediately.

[*English*]

Mr. Speaker: The questions enumerated by the hon. parliamentary secretary have been answered. Is it the pleasure of the House that question No. 486 be deemed to have been made an order for return.

Some hon. Members: Agreed.

Mr. Speaker: Agreed and so ordered.

[*Text*]

SHIPBUILDING FORECAST

Question No. 486—**Mr. Forrestall:**

What is the government's forecast for shipbuilding until 1982, including size and function, for the Department of (a) National Defence (b) Fisheries and the Environment (c) Transportation?

Return tabled.

[*English*]

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

Some hon. Members: Agreed.

* * *

MOTIONS FOR PAPERS

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, would you please call notices of motions Nos. 58 and 63 for the production of papers?

COPY OF REPORT TO CABINET ON REVISED CRITERIA FOR LOYALTY

[*Text*]

Motion No. 58—**Mr. Orlikow:**

That an Order of the House to issue for a copy of the Report to the Cabinet on the Revised Criteria for Loyalty.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Since, Mr. Speaker, no report to the cabinet has yet been prepared, I would ask the hon. member to withdraw his motion.

[*English*]

Mr. Knowles (Winnipeg North Centre): Agreed.

Mr. Speaker: Motion withdrawn.

(*Translation*]

COPY OF CORRESPONDENCE BETWEEN ROYAL CANADIAN LEGION AND GOVERNMENT CONCERNING HOME REPAIR FOR NEWFOUNDLAND AND LABRADOR VETERANS

Motion No. 63—**Mr. Marshall:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House copies of all the minutes of meetings, correspondence, telegrams, letters, etc., having to do with the proposal of the Newfoundland and Labrador provincial command of the Royal Canadian Legion to the government to provide a home repair programme for Newfoundland and Labrador veterans and/or widows of veterans.

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask the hon. member to withdraw his motion as the required papers are quite numerous and would require considerable amounts of money and considerable time to prepare.

[*English*]

Mr. Paproski: Transfer for debate.

Mr. Speaker: Transferred for debate. Shall the remaining notices of motions for the production of documents be allowed to stand?

Some hon. Members: Agreed.

Finance

FINANCE

DECLINE IN VALUE OF CANADIAN DOLLAR—MOTION UNDER S.O. 26

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, pursuant to the notice I sent to you earlier today I rise under the provisions of Standing Order 26 to ask leave to move the adjournment of the House for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the fact that the decline in value of the Canadian dollar has reached the point where government intervention has become necessary.

For the last 15 months the Canadian dollar has been falling steadily. This week it was at the lowest point since 1931. The Minster of Finance (Mr. Chrétien) has announced, deliberately outside this House, that extensive borrowing is being arranged to halt its further slide. In view of the high cost of maintaining the dollar and the inflationary pressures that will result from a further decrease of its value, I think it is essential that the House of Commons should consider immediately this very serious economic emergency.

Mr. Speaker: Order, please. At almost exactly the time I received the notice pursuant to Standing Order 26 from the hon. Leader of the Opposition (Mr. Clark), I received a similar notice from the hon. member for Oshawa-Whitby (Mr. Broadbent).

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I ask leave, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles), to move the adjournment of the House under Standing Order 26 for the purpose of discussing a specific and important matter requiring urgent consideration, namely, the crisis of confidence in the Canadian dollar as reflected in the dropping of the Canadian dollar to the lowest level since the great depression of the 1930's and the announcement made last night by the Minister of Finance (Mr. Chrétien) that Canada, for the first time in ten years, will have to borrow internationally to protect our falling Canadian dollar.

Mr. Speaker: As I indicated earlier, both hon. members gave notices to the Chair pursuant to Standing Order 26 of their intention to make this application at this time. Of course that gave me the opportunity to examine the provisions of the Standing Order and the subject matter in order to determine, as is required of me, whether I believe that the subject to be discussed is a proper one to be discussed within the terms of the rule.

Standing Order 26 reads as follows:

Leave to make a motion for the adjournment of the House for the purpose of discussing a specific and important matter requiring urgent consideration . . .

Those are the basic terms to which I must address myself. I have to give consideration under paragraph (5) of the rule in determining whether the matter should have this urgent con-

sideration, and whether an opportunity to discuss it in a satisfactory fashion is likely to come up in the ordinary course of business of the House in the near future.

● (1622)

Having examined both of those provisions, and the other relevant provisions of the rule, I have initially come to the conclusion, subject to what I am about to say regarding paragraph (16)(a) of the rule, that all of those conditions appear to be met by this matter, which indeed is a matter of great importance, and an important matter involving the administrative responsibility of the government.

However, I think I should refer briefly to the provisions of paragraph 16(a) because they have formed an important part of the decisions under this rule in the past, that is, the right to move the adjournment of the House for the purpose of this rule is subject to a number of conditions, the first of which is, under subparagraph (a):

> The matter proposed for discussion must relate to a genuine emergency, calling for immediate and urgent consideration;

In the past I have had occasion to set aside applications under this rule on the ground that the matter was a continuing problem and not one of an urgent nature. Certainly by taking a very restrictive stance in respect of the interpretation of the word emergency in that subparagraph I could very easily frustrate the operation of this rule altogether.

However, as I have also said many times in the past, there is one very important aspect of debates pursuant to Standing Order 26, and that is that they are always on a topic that is immediately relevant, of attention and concern throughout the nation, and therefore provide members of this House with an opportunity to discuss matters of importance at a time when they are immediately relevant and on the mind of the Canadian public.

Therefore I am reluctant to take too restrictive a stance in such a way as to frustrate the operation of the rule, for I have said in the past that if a rule is on the books it obviously means there are occasions on which it must be permitted to precipitate a discussion. Yet, in order to do so, I am called upon to make a value judgment, it seems to me, as to whether or not a situation is an emergency.

Of course the provisions of the rule are such that I cannot hear any argument. Invariably in situations of this sort the basis of the very central argument that will occupy most of the debate quite probably is that the matter is not in fact an emergency, but is a regular occurrence and has been treated in the ordinary and regular way. Certainly those are the answers that have been given by the Minister of Finance (Mr. Chrétien) today.

It seems to me, therefore, that the Chiar is in a rather invidious position. To take too restrictive a stance, again, as I say, would mean it would be almost impossible to get the benefit of this rule and to bring the House to a discussion of a matter which is important and requires urgent consideration, although it is not necessarily an emergency or a crisis, as the words have been used.

[Mr. Speaker.]

In the particular circumstances of this case, and I think everyone will understand that each case has to be examined on its own merits, having satisfied myself that every other aspect of Standing Order 26 has been met, and having some doubt in terms of the application of paragraph 16(a) and the specific word emergency, I have concluded, after very serious reflection, that I ought to give the benefit of the doubt to the applicants in this case in order to precipitate a discussion of this very important matter in this House this evening.

In accordance with paragraph (8) of the rule I am obliged to ask whether the applicants have the leave of the House. In these circumstances both the Leader of the Opposition and the hon. member for Oshawa-Whitby have made applications to put a motion, the text of which is formalized by the rule, so fortunately I do not have to pick and choose between those motions. The motion will be "That the House do now adjourn", and it would be my proposal to consider that the motion, when it is taken up, will have been moved by the hon. Leader of the Opposition and seconded by the hon. member for Oshawa-Whitby.

Mr. Clark: That is certainly agreeable.

Mr. Speaker: In accordance with the terms of the rule I see no reason not to invoke the provision for setting the debate at eight o'clock this evening. I am obliged by paragraph (8) of the rule to ask whether the hon. members have leave of the House to proceed with the debate at that time. Shall the hon. members have leave?

Some hon. Members: Agreed.

Mr. Chrétien: Mr. Speaker, I do not want to quarrel with your decision, but on a point of order—

Some hon. Members: Order!

Mr. Speaker: Order, please. The only question now is whether the hon. members have leave to move the motion. If not, I have to ask whether they have the support of a certain number of members. Do hon. members have leave to put the motion?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Speaker: If there is any question as to whether they have leave I am obliged to read paragraph (8), which is as follows:

> If Mr. Speaker is satisfied that the matter is proper to be discussed, the member shall either obtain the leave of the House, or, if such leave be refused, the assent of not less than twenty members who shall thereupon rise in their places to support the request; but, if fewer than twenty members and not less than five shall thereupon rise in their places, the House shall, on division, upon question put forthwith, determine whether such motion shall be made.

Do the hon. members have leave to put the question later this day?

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Speaker: Order, please. Are there 20 members or more who support the application?

And more than 20 members having risen:

Mr. Speaker: Pursuant to Standing Order 26 there will be an order granted that at eight o'clock this evening the motion will be moved by the hon. Leader of the Opposition, seconded by the hon. member for Oshawa-Whitby, "That the House do now adjourn."

Mr. Chrétien: Mr. Speaker, I rise on a point of order. I got up because I welcome the debate. The only difficulty and puzzlement I am having is in the fact that the opposition has had about four or five occasions in the last two weeks to debate this thing and it has not considered it important enough to raise the matter at those times.

Mr. Speaker: Order, please. Before calling orders of the day and recognizing the hon. Parliamentary Secretary to the Minister of Indian Affairs and Northern Development (Mr. Milne), the hon. member for Nickel Belt (Mr. Rodriguez) rises on a question of privilege.

* * *

PRIVILEGE

MR. RODRIGUEZ—STATEMENTS IN AFFIDAVIT ATTACHED TO PETITION TABLED BY HON. MEMBER FOR CENTRAL NOVA

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise on a question of privilege. Earlier today the hon. member for Central Nova (Mr. Mackay) tabled a petition in the House to which there was attached an affidavit by one Mr. Hart. In that affidavit there are certain statements made which I find rather disturbing, and I think there is need for some further investigation on the part of myself and my party regarding certain activities of surveillance in respect of my person in conversation with other persons.

Since the petition was tabled in the House the hon. member for Central Nova has shown me a picture of the person who made the statements in the affidavit, and I identified such person as being the one who chauffeured a car in which I was a passenger with another person and we did conduct a conversation. I would, therefore, at this time reserve my right to raise this matter at a later date after my party and I have fully examined the contents of the affidavit and all the relevant material attached to that deposition.

Mr. Speaker: Order, please. I have not had an opportunity to examine the contents of the petition that has been put forward, and now referred to by the hon. member for Nickel Belt (Mr. Rodriguez). I certainly take his intervention at the moment as notice regarding the preservation of his right to raise a question of privilege in respect of anything that may be contained therein.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed, from Tuesday, February 21, consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I should like to say a few words on this important bill before the House, a bill to establish the authority to proceed with the northern pipeline, or the Alcan pipeline as it is called.

Last year the NDP argued for the Alcan pipeline route as opposed to the Mackenzie Valley route to bring natural gas down from the Arctic, primarily for United States markets. We argued that the Alcan pipeline route through Alaska, the Yukon, British Columbia and Alberta would be far superior to the so-called Mackenzie Valley route from the High Arctic southward through Canada to the United States.

In that debate last August we outlined the conditions we felt had to be met in order to protect people living in the area and to ensure that Canadians got the major benefits in terms of contracts and work. Our position has not changed in that respect.

● (1632)

What worries myself and my colleagues is that the bill before us incorporates an inadequate treaty which has since been signed between Canada and the United States concerning this matter of a pipeline. The treaty has a large number of very important deficiencies which mitigate against the best interests of Canada. That is why my party objects to the bill before us. It merely ratifies a treaty which has some very serious flaws in it.

The Alcan pipeline is one of the largest construction projects which Canada will ever experience. It has the great potential of being a project which will benefit Canada in terms of employment, steel contracts, and making Canadians enthused about its success. It will be a unifying force. At the same time the project is fraught with many disadvantages.

Unless this bill is changed and amended, we will have a bill, and hence a treaty and a project, that will not maximize benefits for Canadians. I do not think any hon. member should be in a position of having to vote for a piece of legislation which does not maximize benefits for Canadians. This project will cost $10 billion in total. The Canadian portion will cost $4.2 billion. There will be 730 miles of pipe in Alaska, 2,025

miles in the Yukon, British Columbia and Alberta, and over 1,000 miles in the United States south of the 49th parallel.

This is a pipeline designed primarily to bring American gasoline to American markets. As Canadian natural gas consumers we will not benefit from this pipeline unless at some point in the future a lateral spur line, called the Dempster lateral, is built to tap Canadian gas in the Mackenzie Valley. Canadian consumers will not receive gas from this pipeline once construction is completed, and indeed may never receive gas from it. Therefore we are doing our American friends a favour. We are providing a land bridge for them to move Alaska gas through our territory to the United States markets.

If everything goes on schedule, the pipeline will be completed in 1983. At this stage the pipeline is envisaged to bring American gas to American markets. Indeed the Americans owe Canada a great favour for allowing this route to exist. If we did not allow it, Americans would have to liquefy the natural gas from Alaska, put it in tankers, and move it by ship down the west coast of the United States. That would cost the Americans much more than the proposed project. In return for that favour it is legitimate for Canadians to demand some sort of benefit. Once the project is completed, Canada will not receive gas from it. Therefore it is quite logical that Canadians should receive the benefit of the maximum amount of construction and steel contracts necessary to complete the Canadian portion of this natural gas pipeline.

The Deputy Prime Minister and President of Privy Council (Mr. MacEachen) promised that the pipeline treaty and this bill would mean Canadian manufacturing firms in the steel industries, and in other areas such as the manufacture of valves, compressors and so on, would receive 90 per cent of the contracts for goods and services. Also he promised that we would get 100,000 man-years of employment in manufacturing, construction, and other related economic activities. One must remember that 100,000 man-years does not mean 100,000 new jobs.

If the Dempster lateral line between the Alcan line and the Mackenzie Valley is not built, it is important to remember that we will receive only 68,000 man-years of employment. That must be kept in mind when reading newspaper headlines which indicate that Canada will be guaranteed an automatic 100,000 man-years of employment because of this project.

One has to ask the question: will the Dempster lateral be built? On the basis of my research it appears very doubtful the line will be built. The Department of Energy, Mines and Resources and the National Energy Board have indicated that 1990 is the earliest we will require the Dempster spur line to bring Canadian gas from the High Arctic to Canadian markets. Recent discoveries of natural gas in western Canada may push the need for Arctic gas even further into the future. Approximately ten trillion cubic feet of natural gas have been discovered in the past two years in western Canada alone, and there is optimism for more discoveries this year and the year following, which will total approximately 60 to 70 trillion cubic feet. With that 70 trillion cubic feet of natural gas in western Canada it is unlikely we will require the Dempster spur line in 1990 or even in the year 2000.

When we talk about the so-called rush to get Arctic gas we should remember that it is at least three times more expensive than western Canadian gas. It does not make economic sense to move more expensive gas from the Arctic down to southern Canadian consumers, if there is the potential in western Canada at one third the price. It is only logical to proceed on the assumption that the project will be the Alcan route without the Dempster lateral. Therefore the investment reduces from $4 billion to $2.5 billion, as well as meaning a reduction to 68,000 in the number of man-years of employment for Canada.

Perhaps at some future date the Dempster lateral will be constructed. Thus it is wrong to say that this project is a $4 billion investment and a 100,000 man-year project for Canada. It is a much smaller project than the Deputy Prime Minister and the government would have us believe. Even if it is a smaller project, it has a potential to help the unemployment situation and the sagging economy we are now experiencing because of a decade of economic mismanagement under the Prime Minister (Mr. Trudeau) and his colleagues.

● (1642)

Will Canadian steel companies get the contracts to build the line? That is my very important concern, coming as I do from a steel community where Canada's third largest steel company is located, namely, Algoma Steel. When I look at article 7 of the pipeline treaty between Canada and the United States I find that it states that the supply of goods and services to the pipeline project will be on generally competitive terms. What does that mean? To illustrate what it means and why I am concerned about it, I should like to quote what the American secretary of energy said when the treaty was negotiated between Canada and the United States. He told the American Congress on September 23 of last year:

> The agreement is particularly advantageous to the United States by providing ceilings on every aspect of potential U.S. liability while creating new incentives for efficient construction on a portion of the project that would normally be subject to exclusive Canadian jurisdiction.

In other words, what Mr. Schlesinger is saying is that the advantages to the United States will be maximized while the advantages to Canada at best will only be optimized or, at worst, minimized. When we say that the bidding has to be on generally competitive terms, that means of course we are opening the bids not just to Canadian steel companies but to American steel companies, as well as to companies in Europe and Japan.

My fear, the fear of the NDP, is that without guarantees in the bill before us which will provide that Canadian steel companies will have the lion's share or the majority share of the contracts to supply the pipe and associated parts, Canadian companies will not be able to win the 90 per cent of the contracts that the Deputy Prime Minister promised us. I do not say we will not win them because we are not competitive. Indeed we are. Our steel industry is one of the most competitive in the world. We are able to sell our steel cheaper than the

Americans are, for example, because we have modern plants and equipment, our labour costs are lower, and the cost of many of our raw materials is lower. But the key phrase here is "fair competition".

If we are guaranteed fair competition, as the president of Stelco said, he has great confidence that Canadian companies will win the contracts. But out in the hard world of international trade this concept of fair competition is one that is quickly eroded. What happens is that foreign governments have various means, through subsidies, tax policies and transportation policies, of subsidizing their steel companies to the point that they can sell their steel products at below the cost at which Canadian companies are able to produce steel here at home. That is what worries me, the ability of foreign steel producers to underbid Canadians because of unfair competition policies.

I am not drumming up some bogeyman, some imaginary case. We know this has happened in the past. But Algoma Steel has demonstrated before the Anti-Dumping Tribunal that in the past Japan has been dumping steel on the Canadian market as below cost. It is important therefore to the Canadian steel industry which employs 40,000 steel workers, and to the company in my constituency, Algoma Steel, which employs 9,000 steel workers and which will benefit indirectly by the Alcan pipeline because it will be able to supply steel for fabricating by Stelco and the other plants and it will be able to take up the slack in other areas, that we do everything possible to ensure that our steel industry gets the contracts and the jobs for this massive pipeline project.

There is a long history of unfair foreign competition in steel. There is, of course, the outright dumping which Japan has practised. That is easier to spot and easier to take action against. But also, as I have mentioned, there are hidden subsidies by government, and other forms of assistance, which make foreign steel often cheaper than we can produce here at home. I would remind the House that it was Japan, not the United States, which won the contracts to build the U.S. pipeline, the Alyeska route through Alaska. That shows to what degree the Japanese have been able to corner contracts once we get out into competitive bidding on the world markets. I would also remind the House that U.S. steel in the fall of 1977 bid on a gas pipeline from Mexico at 20 per cent below the cost of a comparable Canadian pipeline. So in the past Americans as well have been able to outbid Canadian companies on pipeline contracts.

We know that the National Energy Board has recommended a 56-inch diameter low pressure pipe, which of course is good news for Canadian companies. Stelco and Ipsco will be able to manufacture that kind of low pressure wide diameter pipe. But let us not forget that the Americans as well were the ones to ask for the 56-inch pipe as an option, contrary to what the Minister of Energy, Mines and Resources (Mr. Gillespie) is telling the public. He told us that U.S. firms cannot produce 56-inch pipe, but the U.S. technical committee said that that should be one of the options and there is a U.S. company, namely, U.S. Steel, which has the capability of producing a 56-inch pipe. Also, Japan, Italy and West Germany will be able to produce this wide diameter pipe. It is not only Canadian companies which will be manufacturing this pipe.

I should like to draw to the attention of the House what the National Energy Board said in its report when it recommended a 56-inch diameter pipe. This is what the NEB said at page 6 of the report:

> The choice of 54-inch or 56-inch diameter systems over 48-inch might result in minor diminution of Canaidan content of component parts. To some extent this will depend on the lead time available for Canadian manufacturers to respond to business opportunities.

The point there is that that should sound a warning which the National Energy Board acknowledges when it says there may be a minor diminution of contracts. Knowing the world trading scene and the experience other countries have had in the past with building pipelines and component parts, we must not forget that.

● (1652)

Our factories have not had an opportunity to build compressors and valves for this kind of wide diameter pipe, so there will be a race to see who can build them the fastest and the cheapest. When we get to world competition it may be that Italy, Japan, Germany, or even the United States, because of the greater size of their steel industries, will be able to produce the component parts cheaper than the industry in Canada. I worry that we might lose out on these component parts because of the increased diameter of the pipe.

Another point we should remember is that the Canada-U.S. pipeline agreement contains a clause which may limit Canadian content in the project. I do not think this has been raised by previous speakers. There is a clause in the treaty that provides a formula whereby the Americans will pay the cost of the Dempster spur line, but the cost-sharing clause says, in effect, that if the costs on the Canadian portion of the pipeline go beyond the estimates, the United States obligation to pay for the construction of the Dempster line will diminish accordingly. That would have a very important impact.

There is more incentive for the builder of the pipeline, the Foothills company, to buy goods and services abroad than would be the case under different circumstances. In other words, there is a built-in incentive in the treaty whereby costs must be held down on the Alcan portion of the pipeline if Canadians want to get Americans to pay for the Dempster spur. What way is there to keep the cost of the Canadian portion of that pipeline down? It is to go onto the international market where there is often more expertise and, because of the development of foreign technology, there is a chance that the component parts will be produced cheaper by foreign companies than by Canadian companies.

I remind the House that Canadian companies have had no experience in building some valves and compressors for 56-inch diameter pipeline, whereas foreign competitors have much more experience. In these circumstances can we assume that our costs for this new technology will be lower than those of our foreign competitors? I have my doubts, so I am there-

fore skeptical of the assurance of this Liberal government that guarantees are not needed to ensure that Canadian companies get 90 per cent or more of the work.

I am skeptical when I am assured by this government, which sold us out on the Columbia River treaty and on the Canada-U.S. auto pact, that Canada can negotiate a good deal with the Americans when it comes to such things as the pipeline treaty we are now considering.

I am skeptical of the assurance of the Deputy Prime Minister that clause 10 of Schedule III of this bill will protect us from unfair trade practices. For example, nowhere in the legislation is there a definition of unfair trade practices. Is the United States DISC program, whereby the American government subsidizes companies in export trade, an unfair trade practice? Are government industrial and transportation financing and tax measures in Japan an unfair trade practice? We have no definition in this legislation, and without a definition my fear is that we will not have a fall-back which says there will not be unfair trade practices working against our steel companies. We cannot afford to delude ourselves with regard to this important project.

The president of Stelco says his company can compete on a fair basis, but given the past history of foreign competition where so much of it has not been fair, and given the fact that we have a government which is afraid and unwilling to build in guarantees that Canadian companies will get the work, my fear is that we will not get the lion's share of the contracts. The concern of my party is that we might not maximize the benefits of this Alcan project. We should be more than just optimistic.

If this bill passes unamended, and we rely on the assurance of the steel industry that it can be competitive, I am afraid that we will not maximize the benefits. There is no doubt that we will get some of the work, but we should get 90 per cent of the work or more, not less, because we are going to suffer the environmental and social effects of this pipeline. The hon. member for Northwest Territories (Mr. Firth) outlined those effects earlier in his speech. We will be providing a land corridor. We will not benefit from the gas. Surely with a clear conscience we can demand the majority of the contracts.

I read the report of an American intergovernmental study which estimates that approximately 30 per cent of the durable equipment for the Canadian section of the pipeline will be produced in the United States. The Deputy Prime Minister tells us there will be 90 per cent Canadian content.

I would like to quote from page 9 of a report produced by the Canadian government through the Department of Regional Economic Expansion as follows: "Unless there is effective control ensuring Canadian content, 67 per cent may be the more realistic projection". Unless we have control or some form of guarantee, the minister's optimistic prediction of 90 per cent will in reality more likely turn out to be 67 per cent. We have an American government study on the one hand, and the study of a Canadian department on another, both of which take a more pessimistic view than the Deputy Prime Minister as to what the percentage of Canadian content will be. We in this party are not content with 67 per cent Canadian content. We say it should be 90 per cent or more.

The bill before us contains no provision to ensure that the Canadian government, and hence the Canadian taxpayer, will not end up paying for cost overruns on the pipeline. When we remember the Alaska oil pipeline experience where the cost of that pipeline was over double the original projection, I think we can expect that the Alcan gas pipeline will also experience cost overruns. The American president was wise enough to say, as part of the American commitment, that the American government would not pay the cost overruns on this pipeline. We do not see the same provision here in our legislation to ensure that the Canadian taxpayer will not bail out the Foothills company when it finds that cost projections are exceeded by a great deal.

In addition, there is no provision in this bill for the settlement of native land claims before the pipeline is built. There are no provisions for expanded environmental studies. Indeed, the government has backed off. These problems were outlined by the hon. member for Northwest Territories, and I do not have time to go into the details at this stage.

● (1702)

It seems to me we have an obligation to Canadian workers, whether they are in the steel or construction industry, that Canadian content and Canadian employment be maximized by means of this project. We have an obligation to the people of the Yukon and northern British Columbia who live in the areas most affected by this construction. They should have a say and they should have adequate compensation for any disruption or damage caused by the pipeline.

But, most important, we say that unless the legislation is changed we will not have these guarantees. We may end up, not with 90 per cent Canadian content but something more like 67 per cent or even less. As it pertains to steel and other associated projects we will have betrayed the 40,000 steel workers and the tens of thousands of people who may work in construction. Indeed we will have sold out this very important potential for growth in the economy and for growth in job creation if we do not have these guarantees in the bill.

We are in favour of a pipeline, but we are in favour of the conditions that Canada gets the contracts and the employment opportunities. As the bill stands now, we do not have those guarantees. I do not see how any hon. member who calls himself a Canadian, who is interested in the welfare of Canadians and the Canadian steel industry, could support this bill as it is written.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I would like to begin my remarks by referring to the problems that are inherent in the pipeline proposal. It seems to me my province is a forgotten area for the pipeline. I have listened with care and I would like to second the remarks made by the hon. member for Prince George-Peace River (Mr. Oberle) who I see is here, on the question of the attention that we have paid to the Yukon.

I would argue that we should pay more attention to the Yukon, but we seem to have forgotten that there are 540 miles of pipe which will run through northern British Columbia. The problems inherent in the pipeline construction are just as important in British Columbia. The native population can be affected just as adversely in British Columbia as they can in the Yukon. Yet this government did not remember that the environmental impact and the sociological impact could be just as disastrous to British Columbia. The government seems to have forgotten that this area is one of the most remarkable parts of the country. It is the great beautiful northern frontier in British Columbia, in fact British Columbia's last frontier.

When we look at the Lysyk inquiry and the Berger report, we will regret that we embarked on this project without accepting and adopting the total recommendations, particularly those included in the Lysyk report. The chance that we have in our last frontier to deal with the native population in a unique and civilized way makes us somewhat proud as Canadians. In fact up to now people from western Europe have tended to exploit the aboriginal peoples wherever they have come in contact with them. Our record in Canada is not spotless but I suggest it is better than that of the United States.

What Mr. Justice Berger, and Dean Lysyk to a lesser extent, asked us to do was to take another look at the problem to give us a new opportunity to define ourselves as Canadians and develop northern Canada. We can develop our last frontier and we can develop it in a civilized way. We can also develop it without tripling VD rates and without creating an alcoholism problem all over the north by avoiding these sociological problems.

Neither Dean Lysyk nor Justice Berger suggested we should put a fence around the north and create some kind of museum. They said we should develop the north in co-operation with the native people. We should ensure that the native people play a meaningful part and thus have pride in their culture. They can maintain the skills and work in which they excel. We will then not have a problem of the native people trying to emulate a white culture and in the process taking several generations before they have pride in themselves as a people.

When Mr. Justice Berger suggested that we should use the native people to guide and run a northern park, it is because they do those tasks better than we do. When I was in Inuvik looking at the Mackenzie Valley route, I remember sitting in a beer parlour with an Inuit who suggested to me he wanted to see the pipeline built because he had welding skills. He also said to me, "If you and I go out on the ice, I will come back alive and you will die because you cannot survive." He said, "Please do not take that away from us because then you do not leave us with anything. You do not leave us with pride in our culture". The result is the massive problem of alcohol as well as the problems we have in our prisons where the number of native people is far out of proportion to the population as a whole.

Because the proposals of Dean Lysyk, which were to some extent more modest than those of Mr. Justice Berger, were not accepted by the government—they have not been accepted in the treaty—I intend to vote against this bill on second reading. This bill is not acceptable to me.

What were those proposals? Let us think of some of the key ones. One was the $200 million which would be available to the government of the Yukon in terms of the sociological impact of the pipeline. That money is not available. Let us not forget we have been conned completely out of that $200 million. That $200 million was to be up front money, not money to be borrowed. It was to be plus money, and the typical little switch—

An hon. Member: Little!

Mr. Leggatt: All right, it is a big switch. "Here is the $200 million, but we will put it up front and take it off at the back end." The $200 million is a big round zero as far as this deal is concerned, and the minister knows that. It is not $200 million at all; it is nothing.

• (1712)

There is something else. I am sure this has been dealt with by the hon. member for Yukon (Mr. Nielsen). It is important. What will happen to the Yukon in terms of present federal government financing when that money starts to roll in to the Yukon council? Will the federal government then be in a position to say they are doing great, they are now on their own and it does not need to help them any longer? The pipeline will be in and there will be the tax flow. The Yukon council may be rubbing its hands now, but it could be disappointed down the line when it sees how much money goes into the Yukon after the money comes in from the pipeline.

Mr. Nielsen: It still will not give us responsible government.

Mr. Leggatt: I happen to think that is a matter for Yukoners to decide. I am pleased that additional revenue will go into the Yukon. It may help in terms of developing their own responsibilities and provincial status. However, I am not going to stand in this House and tell the people of the Yukon what they should do in terms of their style of government. That should be a matter for the Yukon to decide.

I do not think that anyone in this House should try to tell the Yukoners, except perhaps the representative of that area who may have more intimate knowledge.

Mr. Nielsen: I wouldn't dare.

Mr. Leggatt: This may bring self government or provincial status closer to the Yukon. However, let us not kid ourselves about the amount of revenues, the $200 million and the fact that down the line the federal government will probably back out of its present financial commitments to the Yukon as a result of the pipeline proposal.

There is reference in the Lysyk report to the Dempster spur which was proclaimed by this government to be a fantastic deal. After all, that line could ultimately tap into the Mackenzie gas reserves. Let us examine again the question of the

Dempster spur. There has been no environmental impact study on the Dempster spur.

Environmentalists in the Yukon say that the Porcupine caribou herd will be in real jeopardy if the Dempster spur is proceeded with because it will interfere with the calving ground. In that very sensitive northern ecology, one of the most fantastic purposes of nature and great natural assets of Canada is the Porcupine herd. I hope every one in this House will have a chance to see it by air, but not during calving time because there must be no interference with that herd. If the line is brought down from the Mackenzie on the Dempster spur, there is a real chance of that herd damaged.

Mr. Nielsen: No, no!

Mr. Leggatt: The hon. member for Yukon does not agree. However, there are many people in his constituency who are very sensitive to this problem who do agree.

Mr. Nielsen: The calving grounds are too far west of the line.

Mr. Leggatt: In any event, we should certainly have a meaningful environmental study of the Dempster spur before the pig in the poke connection up to Dawson.

Mr. Nielsen: Pig in the pipe.

Mr. Leggatt: There is something which makes the risk to the caribou herd much less, that is, the amount of gas now being found in Alberta. If you examine the figures, you see that the chance of tying into the Mackenzie gas is now much more remote. Therefore that aspect of the bill is bad. It is a nothing part of the bill. Let us not get excited because we had some participation in terms of the spur up to Dawson as a part of the over-all bill.

I believe in going back to what we are trying to accomplish, which is basically three things. We are trying to create jobs in Canada for Canadians. We are trying to create purchasing power in terms of the materials for the line. We are trying to co-operate with our American neighbours to assist them in carrying their natural gas resource to the American market.

We have failed on the question of jobs. That has been dealt with extensively, therefore I will not go into great detail on it. However, if we get 90 per cent of the jobs, that is 10 per cent too few. If we get 90 per cent of the materials, that is 10 per cent too little. There is no reason why it should not be 100 per cent.

The minister is certain we will not get any part of the American section. That is clear from these estimates. The minister shakes his head. He is not sure. Let me give an example of what is occurring.

When the Americans built their pipeline, the pipe-laying machinery was bought. It is now in place in Alaska. It has been paid for as a result of the Alaskan line. Canadian competition is now being asked to amortize new equipment in order to compete in terms of bids.

If the minister talked to small contractors who are seeking small units for this line, they would tell him that there is no competition in this game. We are starting off with a handicap. The American taxpayer has paid for their equipment. It is on site. The equipment is owned by the Americans. Canadians are being asked to come in and capitalize that equipment from day one.

I am assured that the equipment in place is in excellent condition and ready to roll, for the Americans, not the Canadians. This is the kind of deal we have gotten into. Nobody is as sharp a trader as the Yankee trader. This government has again been out-traded and out-bought. We have wound up with not merely a pig in the poke, but with a sell-out.

An hon. Member: What about the Columbia River?

Mr. Leggatt: Someone mentions the Columbia River. The minister does not want that mentioned. He does not want to be reminded of the fantastic amount that has gone down the tube as a result of the Columbia River treaty. The Social Credit government in British Columbia is still trying to cover up. They are totally ashamed of what was done by their ancestor, the W.A.C. Bennett government. The federal Liberal government was responsible for a massive sellout on the resources of the Columbia River.

That is typical of the bargaining that has gone on by our Canadian representatives in terms of Canada-U.S. negotiations. Our typical negotiating stance is feet up, and on our back. The minister will say it is easy for us to stand up in the House and make these statements because we do not have the responsibility. However, one need only look at the record. The record of Canada-U.S. negotiations is bad. The auto-pact is one example.

Let us look where we are going with regard to sea boundaries. We have already offered to take a territorial boundary near the constituency of the hon. member for Yukon, the Dixon AB line. We have offered to give six miles of our territorial water. That boundary was set by the Alaska boundary tribunal in 1903 as the territorial boundary of Canada. We are not talking about boundary extensions, we are talking about Canadian territory. I did not notice the Canadian representatives asking the United States to shift the Strait of Juan de Fuca boundary six miles south, but we are always ready to be accommodating and always ready to compromise. Unless we learn to be independent, to be sovereign and tough in our international negotiations, this will be only one of a continuing series of sell-outs for Canadians.

● (1722)

I am disappointed that we did not get a good deal out of this. This party was the first to appreciate that the Mackenzie valley route was a mistake and it was the first to look at the environmental consequences of the Alaska Highway. I am not saying that the Alaska Highway is not good environmentally, because I believe it is and I think the environmental damage in that area can be reduced to a minimum. I am not satisfied

with the sociological conditions and the impact this will have on native communities in the Yukon.

This party was very pleased when the National Energy Board made its decision as it meant we still have a chance to develop the north in a civilized way, particularly the Mackenzie valley. Our pleasure turned to ashes, however, when we examined the deal. Our leader listed the minimum demands that Canada should make on this pipeline. In my view this party has no alternative but to vote against this pipeline. But we are not voting against the pipeline—we are voting against the deal. This is a bad deal for Canada and therefore we are voting against it. It could have been a good deal for this country, however. It could have had the guarantees, the environmental studies that we sought.

The government did not even have the guts to ask the President of the United States for another 90 days to make up their minds—even that was too much to ask. I think they would have received co-operation if they had asked for more time to think about it. We walk with such trepidation when we deal with our southern neighbours, it seems.

There are one and one half million people unemployed in this country, Mr. Speaker. Today we see a hemorrhaging financial situation. To the extent that we will receive substantial income in terms of balance of payments as a result of the pipeline, then it is a positive thing. We often forget that if we add our manufactured goods and the amount of raw resources we export, our balance of payments is on the positive side. When we consider what we pay for those resources in interest, dividends, service payments, and travel discounts, then we are in a negative position. That is why this pipeline was not a first priority. The first priority was to solve Canada's energy needs.

I have serious reservations about the kind of capital inflows that will be raised in Canada for the Canadian section of the line. We should give serious consideration to raising that capital abroad so that we could have more flexibility with our own capital. In this case, since it is a United States line for the purpose of carrying United States resources to the United States markets, I think if the minister had been on his toes he would have raised that as American capital.

Mr. Nielsen: Debt or equity?

Mr. Leggatt: Debt capital. We do not know how much of this is going to be drying up the Canadian capital market and how much will be from the international market. I think we could have built into the deal a proviso for foreign capital for this project so that we could reserve our own capital resources for our own energy needs. Let there be no misunderstanding—this is not going to solve our energy problems.

It is interesting to note, Mr. Speaker, that in the United States legislation there is a specific reference to no government guarantees. Why was that not in our bill? I think it was because the shrewd American traders have done a very neat job. If there are going to be overruns they know that our capacity to raise capital is more limited than theirs so they want that portion to be open-ended in order that in an emergency situation they could fall back on a Canadian government guarantee.

I do not think this pipeline is going to start for another three or four years, but I am willing to bet that within eight years we will be presented with a bill to cover overruns on the pipeline. We have the example of the Alaska experience, Mr. Speaker, so it is not as though we are operating in a vacuum. I think their estimated cost of construction increased at least three times and the pipeline finally cost in the vicinity of $10 billion. The original estimate was about $3 billion or $4 billion, I believe. We could very well end up in exactly that position. We could end up with the taxpayers of Canada guaranteeing a United States pipeline to deliver United States resources to the United States market. I do not think many Canadian taxpayers want to be placed in that position. Surely our efforts should be devoted to solving our own energy problems.

The initial reaction of this party was positive. It was one of the first political parties to point to the proposal as being more desirable than the Mackenzie valley line. When we consider how we were short-changed in the negotiations, however, there is not much doubt that we have been sold out again by a Liberal government.

Just the other day, in his usual witty way the minister suggested that instead of corporate bums we are now talking about corporate chums. I thought that was a very active line, and with his usual good humour I thought the minister perhaps struck a truth. There are people in my riding in the business community who hope to sell valves for the pipeline and they are rather pleased with the position this party has taken. They are convinced that we have been tough and that toughness has helped us with things like pipe specifications. They are happy there is a party in this House fighting for guarantees on jobs and materials.

I do not expect the president of Stelco, when they put a camera in front of him, to say anything except that he does not need the guarantees, that his company can compete with any in the world. His board of directors would get rid of him if he said anything else. However, I think if you asked him seriously about the positions taken by the various parties, he might say that the position taken by this party has been as supportive or more supportive of negotiating a good deal than any other party. Of course he does not have much choice.

• (1732)

When people say "the corporate chums", we will take part of the blame. We are not dogs in the manger on the question of the corporate sector in this country. We are happy to help them try to get a decent deal with the United States because this government hasn't done so.

Mr. Benjamin: It is our country, it is our land, and we are going to build it.

An hon. Member: God help us!

Mr. Leggatt: I hope this party will be proposing some amendments with regard to this particular legislation. I intend

to oppose it. I think the $200 million payment alone is sufficient reason to vote against this bill. It represents nothing more than a fantastic con job that has been done on the Yukon.

The principle of the bill is not the building of a pipeline; the principle of this bill is whether we are in favour of the treaty. That is really what the bill is all about. I want to say that we are against that treaty. It is a sellout of Canadian interests. We must have some hardnosed bargainers in this country before we will get any decent deals.

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker—

Mr. Goodale: Is this a filibuster, Stanley?

Mr. Nystrom: I hear the hon. member for Assiniboia (Mr. Goodale) worrying out loud about a filibuster setting in. I wonder if that hon. member is going to get up and make a speech in the House, asking that the government guarantee jobs for the steelworkers of Saskatchewan. I am sure that with a riding right near Regina he is very, very interested in making sure there are guarantees of jobs for the steelworkers in the city of Regina. Maybe the hon. member for Assiniboia thinks there are not very many unemployed in the province of Saskatchewan. I am sure that after the election there will be at least one more unemployed person in Saskatchewan.

Mr. Goodale: Bill Knight.

Mr. Nystrom: I hear the hon. member for Assiniboia is running scared. He is not running scared about losing, but the fact of the matter is that he is going to run third, and I am sure he will find that rather embarrassing in Assiniboia.

Mr. Goodale: We will see, Lorne. Bill is running last out there.

An hon. Member: It will be goodbye, not Goodale.

Mr. Nystrom: In any event, the bill before the House today is a very important bill. I am sure more members of the House should be getting up to participate in the debate. The Tory party has very suddenly died in this debate and I am wondering why. I know there has been quite a split in their caucus. They have one group in the caucus very concerned about certain aspects of the bill, as are we in our party. We want to make sure we "buy Canada first", that we have a Canadian option in this bill which will make sure we are giving jobs to Canadians for the construction of the pipeline, and giving jobs to Canadians in supplying the steel for the pipeline and so on.

I do know there are a few Tories who have the same concerns we have expressed. I would name specifically the hon. member for Vancouver South (Mr. Fraser) who made a very eloquent speech in the House. We also heard from the hon. member for Hamilton West (Mr. Alexander) and the hon. member for St. John's West (Mr. Crosbie). Then, of course, we have members of the other wing of the Conservative party, led by the hon. member for Yukon (Mr. Nielsen), who are very anxious to have this bill railroaded through the House as quickly as possible because they believe it is very good for the international business community, namely, their friends in the United States.

I know why they are so anxious to have this bill railroaded through the House so quickly, but it is going to be quite a while before we actually start construction on the pipeline, so why are they so anxious to have the bill go through the House? Why can we not spend a little more time and get a little more support from the Conservative party in trying to force the government across the way to put into the bill some legislative guarantees which will make sure that the pipeline that goes through Canada is built by Canadians, and that the pipeline is built with materials manufactured in Canada by Canadians?

Mr. Nielsen: That will be done in the committee.

Mr. Nystrom: We have before us the principles of this bill. What we are doing is supplying the United States, our good friends to the south, with a land bridge so it can carry its gas from one part of the country to another. We are supplying that land bridge to the United States of America. It will carry gas from Alaska to the United States, and none of it will be used here in Canada. Surely to God when we are doing something like that, in return for that favour we can have legislative guarantees that we will be building the pipeline and using our materials to do that. I am sure any other country in the world, particularly the United States, would insist that be a minimum guarantee in view of the problems it would put their country to if the pipeline was going across part of that country to supply us or some other country in the world.

I do not think that is asking too much because there are some problems for Canadians. There may be some environmental problems. I am sure, as the hon. member for Yukon would say, there will be problems for the native people in the north. These are problems we will have to face up to. These are problems that we will have to solve if we are to build this pipeline. In return I believe we should be getting more benefits for our country from the pipeline that is about to be built.

I want to say as clearly as possible that the most important items to me are really the following. I believe we should have put into this bill a clause that will guarantee Canadian content and guarantee Canadian jobs. Many people say we do not need these guarantees because we are competitive enough. Let me remind them of who supplied the pipe to build the pipeline in Alaska. It was supplied by the Japanese, and there is not any guarantee, from what I understand, in this legislation that we will necessarily get the contracts.

I do know that some of the steel companies in our country are concerned about this. I refer specifically to the steel company in my own province, one in which the hon. member for Assiniboia should be interested. It is about 20 per cent owned by the people of Saskatchewan and 20 per cent owned by the people of Alberta.

I would remind the House that when the Alaska pipeline was built Ipsco put in some bids to supply the pipe for part of that pipeline. It did not get the contract because of bids put in by the Japanese. I think perhaps, if all things are equal, Ipsco

might have a chance of getting some of the contracts; but there is no guarantee that the Japanese government will not intervene and subsidize the movement of pipe from Japan to the location of the pipeline. There is no guarantee there will not be that type of assistance by the government of Japan.

Are we going to sit idly by and watch that type of thing happen when we could be providing jobs in our own country? Are we going to sit by if they subsidize the ships that carry the steel over to Alaska? These are the things that could happen and may happen. This might not be such an hypothetical matter as hon. members think. It might very well happen, so why do we not put into this legislation while we are debating it a clause that will guarantee Canadian jobs on that pipeline, and guarantee for us that the steel that goes into the pipeline will be steel manufactured right here in our own country? Surely to God we have an unemployment crisis in Canada now that is serious enough to warrant having a "Canada first" clause in the bill. We should be buying Canadian goods and we should employ Canadians to build the pipeline that is going across our territory.

There are certain Conservatives who laugh and certain Conservatives who agree with me. I wish those Conservatives who agree with me would get up and speak. I wish also that those Liberals who are not continentalists but who have a little bit of Canadian nationalism would get up and speak in this debate. They are so interested in denouncing nationalism in the province of Quebec they denounce anything that looks nationalistic. I suggest that we have in this country a little bit more nationalism from coast to coast. Perhaps then this country would not be facing the problems we face today. We are such patsies we are willing to bend over and sell out anything we have in this country to the Americans or anyone else because of the power of the American dollar.

Mr. Rodriguez: Don't be pornographic.

Mr. Nystrom: The hon. member for Nickel Belt (Mr. Rodriguez) is worried about my expression about bending over, but I think that is really what the Deputy Prime Minister (Mr. MacEachen) did when he negotiated with the United States. When he bent over something happened, and what happened was not really attractive. It might have been more than just a swift kick that was administered to the Deputy Prime Minister. The legislation that is before the House does not give us these guarantees that are so important. I do not think it hurts us to exhibit some nationalism in this country from time to time. It is something we have lacked in the past.

The only response to that by the government opposite is to criticize the Québécois for expressing their nationalism. A lot of that nationalism was expressed in a positive sense. Perhaps that sense could have been channelled in a different way, if the government had shown leadership instead of letting the country be sold out in Quebec and elsewhere.

● (1742)

I hope the Liberal government puts some teeth into this legislation in order to show Canadians that it is interested in building a strong country. People must be shown that we are interested in building a strong, independent and united Canada. Instead, the government sits around being negative all the time and criticizing other people for expressing nationalism. I find it difficult to believe that younger members of the Liberal party can sit in that caucus and watch such a gutless government dealing with our American neighbours. It is not surprising that some senior members of that party can sit and laugh. They are part of the system. They have been brainwashed by being members of that party, and they sit idly by.

Jobs for Canadians is the number one concern, because approximately 1½ million Canadians are unemployed. Not only will this bill provide a lot of jobs in steel mill communities such as Hamilton, Sault Ste. Marie, Regina and places in Quebec, but there will be a backup in the system to provide mills which did not get contracts for the pipe with other contracts. Thus, there will be a stimulus for the entire steel industry. That stimulation will snowball throughout the entire Canadian economy, and will be of positive benefit to everyone. It will help the more depressed areas such as the Sudbury basin, portions of Quebec and the Atlantic provinces. I cannot grasp why the government does not get tougher and include a clause to guarantee Canadian jobs. I am sure the Americans would respect the Deputy Prime Minister if he did that. If the shoe was on the other foot, we could not expect any less from them.

As was indicated by the hon. member for New Westminster (Mr. Leggatt) a few moments ago, there is nothing in the bill to ensure that the Canadian government will not be roped into any financial involvement or obligation with respect to the construction of the pipeline. The government has indicated that there will be no commitments to bail out the company, to build any part of the pipeline, or to get involved in cost over-runs. I have heard that promise for many years in this country. When Expo was being planned, we received assurances that it would not cost Canadians any money. That was followed by the Olympics and Jean Drapeau. Once again we were told that the Olympics would pay for itself and would not be a cost to the taxpayers of Montreal and Quebec. As a result of the Olympic Games, the people of Montreal and Quebec are now paying a lot of money. It was a big project which cost a lot of money. I have seen very few projects in the world where the projected costs of the economists, architects and engineers actually turned out to be correct in the final analysis.

Apparently this project will cost approximately $10 billion, but I am sure another 10 per cent to 20 per cent will be added to that by the time the pipeline is finished. Who will pay for that? I want a guarantee in this bill that Canadians will at no time assume responsibility for any cost over-runs or any error made by economists or engineers in their predictions. That is not too much to ask. The pipeline is being built as a favour to a good friend. It is nothing more than a bridge over Canada from one part of the United States to another. Being the good businessmen that they are, I am sure Americans would ask for the same thing if the tables were turned.

One can look at the gigantic programs which have taken place throughout the history of Canada and the western world and find a pattern emerging. Not only do many of these projects cost more than the original estimate, but when there is a cost over-run, the private sector and the investors do not bail the company out. The company is bailed out by either the government of Canada, the government of some province or the government of some other country. I do not want to see that happen. Canada has given enough money to its corporations.

I am sure the hon. member for Nickel Belt will rise again to refer to how the government has assisted Inco to develop its mines in Sudbury and Manitoba. They have been provided with grants and subsidies. They were nurtured and fed to make sure their profits were large. Then Inco reinvested those large profits in places like Guatemala and Indonesia, at the same time as laying off thousands of Canadian workers.

The government sat idly by and indicated that the situation was too bad, but that it was part of our free enterprise system. Free enterprise for whom? Is it free enterprise for the large companies? That is really what it is. What about the poor taxpayer who foots the bill? Who will pay the bill if there is a cost over-run on this project? Can the Deputy Prime Minister and President of Privy Council guarantee that Canadian taxpayers will not have eventually to pay the bill if there is a cost over-run? Can it be guaranteed that the House will not have a bill before it in the next five or ten years requesting the provision of money to the company for the construction of the Alcan line? If that guarantee can be given by the Deputy Prime Minister and President of Privy Council, why can it not be included in the legislation? Why should Canadians pick up the tab because of careless negotiations and a sloppy government which has not been tough when defending their rights?

As I have said, the bill provides absolutely nothing for the settlement of native land claims in the Yukon. Those native people are concerned about the pipeline as well as their land claims. They would like those claims settled as quickly as possible. Once the legislation is passed and the pipeline proceeds, there will be a lessening of the bargaining position of the local native people in the Yukon. Those land claims should be settled before the pipeline bill is passed through the House.

Mr. Nielsen: The reverse is true.

Mr. Nystrom: I hear what the hon. member for Yukon is saying, but I should like to point out that it will be difficult to solve the problem once the pipeline is built.

Mr. Nielsen: Similar to what happened in the Mackenzie Valley project.

Mr. Nystrom: We should be thankful the Mackenzie Valley project did not go through. Many hon. members of the Conservative party wanted to see that pipeline built. They would have loved to see the pipeline go through.

• (1752)

Mr. Nielsen: It is a crock of rhubarb.

Mr. Nystrom: It takes a pretty big crock to recognize another one. I believe we should be in no hurry to pass the bill today. I think we would be doing a disservice to Canadians if we did not add three or four strong teeth to the bill.

I have just come back from Saskatchewan. When the minister made the announcement in the House about the size of the pipe, there was general elation in my province and happiness that the decision has been made so that Ipsco will have a chance to bid and perhaps get some contracts. Ipsco, the people of Saskatchewan and people in the steel communities, however, would be much happier if the government had put guarantees into the legislation. For example, Ipsco is now talking about the possibility of an $80 million expansion to the steel plant in Regina.

My colleague the hon. member for Regina-Lake Centre (Mr. Benjamin) put a question to the Prime Minister (Mr. Trudeau) regarding assistance from DREE. DREE has been considering an application from Ipsco for several months for assistance to expand the steel mill. If we had some guarantees in the bill, I am sure Ipsco's case before DREE would be much stronger. So I would like to urge the minister to put teeth into the bill for that reason as well and also to make representations to the Minister of DREE (Mr. Lessard) to process the application as quickly as possible and give the money to the plant so that they can expand their facilities, hire more people and thus bring more industry to the prairie provinces.

This is one of the many opportunities we have in the country to build an economy that is more diversified and to provide jobs to some of the areas which would not otherwise have them. We should be making sure that there will be no financial commitment in the legislation for the people of Canada once the pipeline is built if there are major cost over-runs; and there should also be a settlement of native land claims in the Yukon.

Once again I should like to urge the government to put these guarantees into the bill and to urge the progressive elements in the Conservative party, if there are such elements apart from the two or three members who stand out in that category, namely, the hon. member for Egmont (Mr. MacDonald), the hon. member for Kingston and the Islands (Miss MacDonald) and the hon. member for Vancouver South (Mr. Fraser), to do the same thing.

Perhaps we can get the government to act. They will have to go to the polls very shortly, and if they do so with a bill such as this one which does not contain the guarantees that are needed, and which the government can easily put in, then I am sure the government will be defeated. When it is defeated, members such as the hon. member for Assiniboia, who sit by idly, will go under the great tidal wave of Canadians who are concerned about developing a country like Canada. I am glad the hon. member for Assiniboia has just returned from Estevan. I heard about the winter carnival there and how he was the third guy in the parade. People were more interested in meeting the leader of the NDP, who paid a tribute to

Estevan; they were cheering the NDP candidate as he went through the streets of that city. I am told they are more interested even in the Conservative party than they are in the incumbent member from the riding of Assiniboia. I am sure the hon. member will be rising to participate in the debate because I know he is very concerned about his riding, about the strength of the other parties in his constituency, and the large turnout at the meetings of the other parties. The hon. member could have held his meetings in a telephone booth. That shows the enthusiasm he has been able to generate in that part of the country.

These are some of the concerns I have regarding the bill before us. I think we need a vision of this country where we can do things for ourselves and not always have to rely on other people. Why do we always have to be so wishy-washy and gutless when it comes to negotiating a deal? As other members of my party have said, there are many precedents we can look back to of negotiations with the U.S. where we have sold out to our American friends. That does not do us any good. That is one reason our dollar is down where it is today. There is no confidence in the economy. That is one reason we have in our country such a high rate of unemployment. We import more manufactured goods than any other industrialized country in the world, and one reason for this is that we have always had a program of selling our resources very cheaply to other parts of the world. We have no vision, no plan. When there is a worldwide recession, it is a country like Canada, which has no vision, no control over its own economy, that suffers first and the most. We have a branch plant economy, and in that type of situation it is the branch that dies, that falls off and withers. This is the type of economy that has been built by the Liberal party, by the government of this country which has been in power for far too long. The time has come when the government should be defeated and pulled down from their smug ivory towers, which I am sure they will occupy for only a few more weeks.

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I was not going to get involved in this debate—

Some hon. Members: Oh yeah?

Mr. Rodriguez: —but hearing this great silence from the loyal opposition on such an important bill I have decided to take part in the debate. Suddenly opposition members have become very silent and no longer consider their role to be that of examining the principles of the bill, elucidating its provisions for the benefit of the Canadian people and bringing forward concrete proposals.

Mr. Hees: We do not believe in thrashing old straws.

Mr. Rodriguez: The hon. member says they are old straws. These old straws keep repeating themselves far too often in our history. Bill C-25 tends to put into legislation a treaty that has been signed between the world's most powerful country and Canada, a relatively small country in terms of population. It has always been my belief, as I have observed the relationship between the giant and its northern neighbour, that the mandarins in Ottawa must have been brainwashed by the Department of External Affairs into believing that you cannot talk with the giant, that you must always back off; that you must never engage in tough negotiations with the giant because it will exert economic restraints on you and there will be economic repercussions. The treaty that was signed is the latest example of that kind of backing off.

May I call it six o'clock, Mr. Speaker?

Mr. Deputy Speaker: It being 6 p.m. I do now leave the chair until 8 p.m., at which time the House will proceed to the question of the declining dollar under Standing Order 26.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

MOTION TO ADJOURN UNDER S.O. 26

[*English*]

FINANCE

DECLINE IN VALUE OF CANADIAN DOLLAR

The Acting Speaker (Mr. Turner): Order, please. Leave has been granted to the hon. Leader of the Opposition (Mr. Clark) to move the adjournment of the House, pursuant to Standing Order 26, for the purpose of discussing a specific and important matter requiring urgent consideration, namely the steady decline over the last fifteen months of the Canadian dollar which has now reached its lowest point since 1931, the announcement, outside the House, by the Minister of Finance that extensive borrowing is being arranged to halt a further slide, the high cost of maintaining the dollar and the inflationary pressures which will result from a further decrease in its value.

Accordingly, the motion is as follows: It is moved by Mr. Clark, seconded by Mr. Broadbent:

That this House do now adjourn.

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, as is usually the case with debates of this kind, it is a debate which all of us wish would not be necessary because we all wish that the economic management of this country had not led us to the situation where our dollar is falling. Indeed, we wish there were in place in the government of Canada now a minister and a government prepared to be much more forthcoming, direct and straight with parliament and the people of the country regarding the policies they intend to follow in face of a dollar which has been falling consistently.

I think it is fair to say that there are three major purposes to this debate tonight. The first is to find out what the government is doing in the face of a sliding dollar and what it intends to do. That is of interest to us, and it is also important to have that spelled out so that the uncertainty which corrodes confidence will be put aside.

Second, we in this party want in this debate to force the government to realize the seriousness with which parliament views this matter. We think we are dealing with a matter which has virtually crisis proportions, partly because of the nature of the problem itself, but more particularly because of the nature of the response of this government. The response of this government has been virtually to pretend the problem is not there, and then when there are actions to take, to be indirect, vague and evasive about the nature of those actions as well as the motivation behind them.

Finally—and I say this seriously and with some sadness—a major purpose of this debate is to tell the Minister of Finance that it is time for him to take his responsibilities and his position much more seriously than recent behaviour suggests he has taken it. I think it is fair to say that from all corners of this House there is a respect, and at times even an affection, for the minister as an individual. He is an engaging partisan. He is a man who has gone out of his way to cultivate a reputation here and in the country as a street fighter. The engaging nature of his personality and his capacity as a street fighter—

Mr. Railton: Let's get down to the debate.

An hon. Member: Take an aspirin and come back in the morning.

Mr. Clark: The hon. member for Welland (Mr. Railton) is making his usual contribution to debate in the House. The personality of the minister is not in question, nor is his capacity as a street fighter. What is in question here, and what even the hon. member for Welland must take seriously—because his constituency among others suffers seriously when the value of the Canadian dollar drops, and if he does not care about that, the electors of Welland will make a change when the next election comes—

Some hon. Members: Hear, hear!

Mr. Clark: —is what effect the minister's demeanour and behaviour have upon confidence in the Canadian economy.

I first met the minister when I came into this House as the member of parliament for Rocky Mountain. At that time the minister was, in effect, the mayor of three of my municipalities because he was then minister of Indian affairs and northern development.

It was difficult then to get a straight answer from him, as it is now. The point is that it was probably less dangerous then for the country, and less important if the minister evaded questions and played games with the opposition, than it is now when he is Minister of Finance. It was probably even less important if he did that when he was minister of industry, trade and commerce. But he must recognize that he is now much more than a domestic politician.

The investment community, particularly the international investment community, makes its decisions about Canada in part on the basis of its estimate of the competence and the sense of responsibility of the Minister of Finance. Unfortunately—and it is as well to have it said directly here—the recent behaviour of the minister serves to erode the confidence the international community has in this government and, unfortunately, in this country. It is bad enough that the government keeps pretending that the economic situation in Canada is better than it is. That pretence, which is probably for election purposes, makes the problem worse.

That is a matter to which I want to return because it has also got in the way of some of the solutions this government could be adopting. The minister's determination to play petty politics and his determination to be a street fighter when the nation's reputation is at stake can only endanger confidence in Canada. In recent days the minister has been treating this serious matter like some kind of debating game in this House. In answering serious questions he implied that the ten premiers of Canada had approved the position of the federal government in relation to the dollar. That is not so, and the minister knew it was not so when he said it.

Today he blamed the drop in the dollar on the hon. member for Central Nova (Mr. MacKay).

Mr. Nowlan: Better than the weather.

Mr. Clark: He also blamed the provinces for not borrowing when it was the policy and the explicit request and position of this government that put the provinces in a position where they were asked by this government not to borrow. He condemned them for doing what he asked them to do.

• (2012)

Again he has been almost unbelievably careless in his statements. On Thursday in this House, in reply to a question from my colleague the hon. member for York-Simcoe (Mr. Stevens), the Minister of Finance said as reported at page 2914 of *Hansard:*

> —the Canadian dollar has been floating freely for a number of months and the government has no intention of changing its monetary policy. We do not intervene in the market place and we let the value of the dollar fluctuate according to the market situation. Moreover, the government has no intention of determining a fixed rate for the Canadian dollar.

That was Thursday, six days ago. One of my colleagues says that was last week. The policy of the government seems to change from week to week. Certainly on Tuesday, unless the minister was deliberately misleading the House of Commons when he spoke here, it literally did change from hour to hour on that day. But the point is that that careless reply by the Minister of Finance last Thursday created an impression internationally that this government would do nothing at all to bring stability to the dollar. That further endangered the position of the Canadian dollar on international markets.

Again, even when he has not been careless, he has been downright misleading. In this House on Monday, two days ago, I asked the minister a question. I will quote my question and the minister's reply.

As the minister will recall, last September the government announced the negotiation of a stand-by credit of $1.5 billion. Is it the intention of the government to draw on that stand-by credit in the foreseeable future?

That was the question on Monday at about 2.40 in the afternoon. The minister's answer was:

The answer is no, Mr. Speaker.

I repeat, that was Monday, the day he admits now he met with the Governor of the Bank of Canada, a day when there was extensive activity by the Bank of Canada to support the dollar. Either the minister was misleading the House or the minister did not know what was being done by officers who come under the general responsibility of himself as Minister of Finance.

An hon. Member: Either way, he stands indicted.

Mr. Clark: Yesterday, Tuesday, he changed his policy and announced to the public, to the country, in a press release, a policy diametrically different from the policy that he had announced to the House of Commons earlier in the day. Finally, in another move that must have been a calculated one to undermine confidence in the economy, the Minister of Finance contented himself with a brief, vague statement of position. He did not come to this House to ask for permission to revert to motions, which would clearly have been granted by this House, so that he would have an opportunity to explain to the parliament of Canada the position that his government was now taking. Had the minister done this and answered questions, there would have been some possibility of ending the uncertainty that unfortunately was created by his statement, a statement that should have bolstered the Canadian dollar significantly but did not.

The Minister of Finance has an opportunity tonight to act more responsibly. He has an opportunity now to recognize that "street fighting" is not helping the country. Until he can demonstrate that he deserves respect as Minister of Finance, his own reputation will aggravate the problems of this economy.

We are faced with a matter now that is very serious. Every Canadian in this House and across the country knows how serious it is. The problem is that we still do not know precisely what is the position of the government. The minister was anything but frank today in the House. He issued a statement in a way that shielded him from questions, so that a number of questions remain to be answered, and a great deal of uncertainty exists in the country.

[*Translation*]

Many questions remain unanswered. Rumours about money markets are kept alive and nobody knows for sure what is happening. We must be informed and the Canadians also have the right to know the answers to the following questions: First, when were the banks officially or informally advised that the government intended to obtain a credit line of $1.5 billion? Second, when will the government use that credit line? Third, what are the interest rates on loans and what are the conditions of repayment? Fourth, was the Minister of Finance well informed and did he approve the interventions of the Bank of Canada which began on Monday afternoon? Fifth, at what level will the government support the dollar to prevent it from falling lower?

[*English*]

Those are some of the questions the Minister of Finance has an obligation to answer. The failure to answer simply adds to the uncertainty which has eroded confidence in the economy and the value of the Canadian dollar.

One of the things that concerns us deeply, Mr. Speaker, is that the minister has acted as though he does not understand the reasons for the run on our dollar or the solutions necessary to stop that run. As we on this side of the House have stressed for many weeks, this devaluation is a direct vote of non-confidence in this government's ability to manage the economy.

Some hon. Members: Hear, hear!

Mr. Clark: A decade ago the international community looked to Canada as a model of managerial competence.

An hon. Member: They still do.

Mr. Clark: Someone on the other side, in one of his infrequent interjections in the House, suggests they still do. They look to this economy and to this government now as a source of concern. Perhaps if they have that kind of sense of humour it is a source of entertainment. But the international community certainly do not look to this government of Canada as a model of management, except perhaps bad management. What the international community has seen in the last decade is, in effect, the disintegration of the Canadian economy, an economy full of potential, at the hands of this government. Having seen it, the international community has decided—and it should not surprise anyone—that Canada under this government is no longer a country in which they can invest with trust and with confidence.

The lessons are clear if the Minister of Finance wants to look at them. In previous Canadian experience, and in the experience of countries like Britain and Italy, they point to the dangers which can flow from a situation like this. Speculators feed on uncertainty and indecision. So long as the Minister of Finance allows those conditions to prevail he is encouraging speculation of the Canadian dollar. To stop speculation a government has to be certain and it has to be decisive. This government has been the opposite throughout this crisis.

Last fall when our dollar fell an initial 10 points, we on this side of the House urged the minister to make a decisive response. Instead the minister made light of the situation when everybody else knew it was serious. He insisted then, as he still insists today, on misrepresenting the actions of the Bank of Canada. Even when he has forced to move last October and to put in place a stand-by credit arrangement with the chartered banks, he insisted again on misrepresenting the scope and the extent of the problems which faced the government and the

country. In the intervening weeks the minister has been asked dozens of times for a statement on government policy. Instead he has offered nothing but blithe comments about a floating dollar in a free market.

The minister has talked consistently as if the government does not care to what level the dollar floats. Sir, no one believes that is true because no responsible government could take that position. But given the absence of any kind of certainty from the minister, it is no wonder at all that the currency markets have been left to speculate where the real line is in the government's mind.

During the past 24 hours the minister has repeated all of the basic errors he has made in the last six months. Yesterday he misled this House and the country as to the extent of the Bank of Canada's activities in the exchange market. What is so absurd and difficult to understand from a minister who should be sophisticated enough to know is that it is clear that the financial community knows the truth about these activities. What conclusions will they come to when they hear the Minister of Finance, Canada's senior economic spokesman, misrepresenting the situation which they see before their very eyes?

Then having misled us during the day, the minister refused to come before the House of Commons last night to try to set the record straight. Instead he issued a press release which raises more questions than it answers, and which feeds uncertainty at a time when we can stand very little more uncertainty.

This lack of economic leadership has cost this country dearly. An already serious balance of payments situation has deteriorated further. The Bank of Canada has had to put out hundreds of millions of dollars to try and stem the speculative tide. Canadians have had to pay millions more dollars out of their own pockets, be it for imported products in our stores and supermarkets, for travel outside the country, or for assistance to relatives still living in countries from which they have emigrated.

● (2022)

As a result of this lack of leadership, and because up to now the minister has refused to take this situation more seriously than another political street fight, Canadians may well end up paying even a larger price. The minister may not admit this—he has not levelled with us on anything else—but the hard truth is that the government now faces increasing pressure to raise interest rates in Canada as a means to attract short-term investment and thereby prop up the dollar. Higher interest rates inevitably would slow down new investment and further set back our efforts to create jobs for the million Canadians who want to work. Higher interest rates would set off new inflationary pressures in the economy. Higher interest rates are exactly what Canada does not need if we are to get our economy moving forward on any path of sustained growth.

Yet higher interest rates are the price we may have to pay for this minister's refusal to take clear and decisive action to stop the run on our dollar. It is a price that Canadians should not have to pay. It is a price they need not have had to pay had the minister acted when we urged him to do so. It is a price that could have been avoided if the minister had shown any understanding of the problem and any sign of being prepared to deal with it honestly and decisively.

We know that the problems in this country are significant and serious, particularly economically. We know also that it is the strategy of the government to do everything it can to ignore the economy. We probably will not have a budget before the election. The minister will delay it as long as he can.

Economic legislation in the House of Commons has been shoved aside. If there were some way for the government to cut off the question period, they would do that. When the minister has statements to make, he makes them outside the House of Commons in order to avoid economic debate if at all possible.

We cannot ignore the reality of the economic problems facing Canada. The Minister of Finance (Mr. Chrétien) has a fundamental job ahead of him, that is, to get our economic house in order. He might be able to bluff Canadian voters, but the hard fact is now coming home that he cannot bluff international lenders.

The obligation on the minister's shoulders tonight is to come forward and state clearly and precisely what the Government of Canada intends to do about the dollar, its own extravagance and its failure to put Canadian people and Canadian plants to work. For too long this government has been proceeding with its eye on the election. That election decision will come. However, one verdict is already in, namely the dramatic fall of the Canadian dollar.

I hope the Minister of Finance will rise to the occasion tonight and begin to take actions which can win back confidence in Canada's capacity to manage the economy of one of the most fortunate countries in the world.

Some hon. Members: Hear, hear!

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, the debate we are having tonight belies entirely the claim made by the Minister of Finance (Mr. Chrétien) during the question period when he said there was no crisis. For months he has been doing his best to deny the reality that ordinary Canadians are living with, no matter where they live. They live in an economy that, in terms of inflation, has returned virtually to the same level we had when the government brought in controls. We have the same problem with inflation. We have the same problem in a different domain with unemployment, the worst since the depression.

Although the Minister of Finance is new in the realm of economics, I am sure he knows that when the international community respond to the estimate of the value of a dollar of a country, they are providing a collective judgment on the performance of the economy of that country. There is no doubt about it. With the dollar having dropped to its lowest level since the great depression, they are telling the Government of Canada, and indeed the people of Canada, that this govern-

ment has completely failed to manage the Canadian economy. That is what they are saying.

I said we have inflation. I am not going to produce all the statistics back to the period prior to the controls program, how we have re-emerged and the forecasts, contrary to what the government says, are that things will get worse. Farm prices are down. Farm costs are up. Food prices are up. Almost everything you can mention is up in price for the consumer. As I said, Canadians from coast to coast, no matter in what province, are experiencing unemployment in figures unparalleled since the days of the great depression.

The confidence that is now being withdrawn by the international community is more or less a direct response to the failure of the Prime Minister of Canada (Mr. Trudeau) and the premiers. However, the blame rests largely with the Prime Minister because it is he who called the conference which took place in Ottawa last week.

An hon. Member: Oh, oh!

Mr. Broadbent: I hear a Liberal scoff. He was probably there with the movie crew that was preparing the election propaganda. The conference was prepared by the national government. They had the obligation to bring to the premiers of Canada, representing all parties, proposals for the short run and long run to deal with both inflation and unemployment. They did no such thing during the three days of electioneering that took place last week.

I want to avoid general statements as much as I can. I want to deal frankly and candidly with an assessment of the economy and the attitude now being expressed not only by the Prime Minister and the Minister of Finance but, I regret to say, by virtually every premier, with one exception. It will surprise no one when I say the exception is Allan Blakeney of the province of Saskatchewan.

I hope tonight we can engage in a serious debate about methods of managing the economy. I want to provide the case for managing a mixed economy. What dismayed me beyond words about the conference last week was that we heard, time after time, what can only be described at this point in the twentieth century as mindless economic clichés. We heard them from the Prime Minister, the Minister of Finance, and the premiers of Alberta, British Columbia and Ontario.

What do I mean by that? I mean there is a new convention of wisdom establishing itself at the highest level of political debate in Canada. It is as though we had not lived through the 1920's and 1930's not only in North America but in the world. The prevailing words at the conference in Ottawa, and we hear them from the Conservative party and the government, were that we must get back to free enterprise, that the government must withdraw from activities in the economy. You can hear the cheering on both sides of the House.

Some hon. Members: Oh, oh!

Mr. Alexander: Don't stretch it, Ed.

Mr. Woolliams: I didn't hear a word.

Mr. Broadbent: Let me be clear. A Liberal backbencher is concerned I have left the impression that he is agreeing with the argument I made. I do not say that at all. I am saying that when I used the words magical cliché, free enterprise, and government withdrawing from the economy, some Liberals and Conservatives cheered that notion.

● (2032)

Mr. Woolliams: It is like the gas exploration in Saskatchewan; it is all dried up.

Mr. Broadbent: Mr. Speaker, it is just incredible. The same phrases were uttered by Herbert Hoover in 1929 just weeks before the stock market crash. He was saying in effect, "We must leave businessmen to manage the economy, and if governments would only do what they are supposed to do"—which for him was nothing—"that would be wonderful."

Just weeks afterwards the stock market crash came. Within months there was the beginning of the greatest depression of the century. What we are seeing now, coming from the alleged spokesmen for the vast majority of provincial governments, for the Minister of Finance and for the Prime Minister, is the same kind of cliche. There was at least a reason for Herbert Hoover thinking that way and there was a reason for R. B. Bennett's view as well—they did not live through a great depression. They did not have the experience that we have had—

An hon. Member: Have you?

Mr. Broadbent: Mr. Speaker, the level of ignorance that prevails in this place boggles the mind.

Mr. Woolliams: I could not agree with you more. I have never heard such illiteracy.

Mr. Broadbent: It is as if they were sitting on the *Titanic*, laughing away, and drinking champagne as was done at that time, and just as Herbert Hoover and his benign acceptance of the market system conveyed the impression that all would be well.

Some hon. Members: Oh, oh!

The Acting Speaker (Mr. Turner): Order, please. It looks as if it is going to be a long night. I suggest we all listen. Everyone has twenty minutes.

Mr. Broadbent: What I say on behalf of my party is that it is time a few people for once uttered the reality that we are living in a mixed economy. The most significant economic force in Canada today, whether it be at the provincial or federal level, happens to be with the governments of the day. That is the reality. It is a reality that has changed much from the 1920's and 1930's. Instead of withdrawing from investment at a time when we have one million unemployed, and instead of saying that we must turn everything over to the private sector—which is not investing and has not invested at signifi-

cant levels for more than three years—we should be using the public sector with creativity and imagination.

I want to list some of the facts.

Mr. Woolliams: What have we been listening to up until now?

Mr. Broadbent: Mr. Speaker, I listened with attention if not exactly commitment when the Leader of the Conservative Party (Mr. Clark) spoke, and I would appreciate the opportunity of presenting our views now.

Some hon. Members: Hear, hear!

Mr. Broadbent: What are some of the realities that should be conveyed to the people of Canada? Let me speak first of all of investment prospects. Both the government and the Conservative party spoke of the need to have investment in the private sector. Let me point out the past performance of the private sector. The people who produced the lay-offs—Inco, Alcan, Christie Bread—are firms in the private sector. Anyone who pretends the lay-offs in those firms had something to do with government hampering them in some way, is speaking nonsense. The situation is quite the opposite. Governments in Canada have been aiding the corporations that have been laying people off. That is another argument, however.

The reality about investment is demonstrated in a planning document produced by the Minister of Finance in advance of the first ministers' conference. It pointed out that in order to get unemployment down to 5.5 per cent by 1982, we would need to increase investment in the Canadian economy by 7.3 per cent each year for the next four years. Mr. Speaker, it should be noted that for the past three years investment has averaged about 1.5 per cent. The minister gave no reason in the planning document that would lead us to anticipate significant growth in the private sector. How in God's name then does he anticipate we are going to get unemployment down to 5.5 per cent by 1982 if the expected rate of investment continues at the past levels?

Indeed, the planning document forecast no change in the level of investment for 1978 compared to 1977. The minister's expectation about improving the economy by 1982, in terms of investment, is just hog-wash according to the government's own reports.

Similarly the planning document released before the conference said that we need at least 300,000 jobs in each of the next four years. The record from each of the last three years shows that we only achieved 175,000 jobs. Therefore the forecast of 300,000 jobs to achieve the target of 5.5 per cent unemployment is just whistling in the dark. There is no reason why we should anticipate a level of job creation in the next three or four years twice as high as that in the past three or four years.

Things are the same in the manufacturing sector, which is crucial for any industrial society. The document says we need 74,000 new jobs in manufacturing in each of the next four years. In each of the past four years, however, we averaged only 17,000 new jobs. Now the minister is saying we need an increase of 500 per cent in manufacturing in each of the next four years in order to achieve his target. Again, he is whistling in the dark. There is not a shred of evidence that we will get that number of new jobs in manufacturing. It is 500 per cent higher on average that we have had over the past three or four years.

Those are some of the facts that I appeal to members of the House to heed. If I have no hope of convincing them—and I certainly do not—I hope increasing numbers of Canadians will listen seriously to the economic debate and consider the options.

If the investment picture is as bad as the government forecast would indicate, if the prospects for new manufacturing jobs are as poor as past performance indicates, if we have no reason to believe that the private sector is going to do in the next three or four years what it has not done in the past three or four years, then I must ask why we are so reluctant to consider the logical alternatives. We must consider our immediate needs against the history of the century.

The point I am making is that when private enterprise for whatever reason, and there are complex reasons, fails to create jobs, then public enterprise must be brought to bear. Surely that makes sense.

Mr. Woolliams: Nonsense.

Mr. Broadbent: The hon. member for Calgary North (Mr. Woolliams) says nonsense. I would remind him that the premier of his own province, Mr. Lougheed, bought control of PWA, one of the largest airlines in Canada. Perhaps when a Tory government buys something that is not public ownership—but we call that public ownership.

Mr. Woolliams: That was to keep Barrett out.

Mr. Broadbent: Nonsense! Mr. Speaker, you can see frivolity that prevails here. The people of Canada will not accept frivolity. That same government led by Mr. Lougheed invested hundreds of millions of dollars in Syncrude. It made sense to have public investment there.

● (2042)

Bill Davis is the premier of a province which was the first in this country to embark on hydro development on a significant basis. That is a public investment that pays off in jobs now by creating energy in the future.

The point I want to make is that of all the times when we are talking about a need to deal with the Canadian economy and create jobs, and in the longer run bring down the level of inflation and therefore influence the international community which has responded in a way that has brought our dollar down, now is the time we must generate some growth in the Canadian economy. My God, I can tell the Prime Minister that one of his predecessors, Lester Pearson, and for that matter even Mackenzie King, recognized changing economics, and I cannot understand why the Liberals have lost their sense of historical perspective.

An hon. Member: Oh, oh!

Mr. Broadbent: Again we hear disagreement from a man who comes from Quebec where there are 450,000 Quebecers out of work, most of whom voted for the Parti Québécois. I say to you, fellow, you can blame your government for that.

Some hon. Members: Hear, hear!

Mr. Broadbent: The point I am making, Mr. Speaker, is that in a mixed economy we certainly have to concentrate on stimulating the private sector. Where has the leadership been? In France and in Japan, and there are governments there that can hardly be described as social democratic, they have had research and development policies and sectoral analyses which have led to very specific conclusions about where to place their investment over the next few years. As a result, the Japanese have become the leaders in electronics. They did not rely on a free market. The Japanese did not rely on the clichés of private enterprise. They had government leadership, and the government in conjunction with private enterprise made Japan the leading industrial nation in the world.

Meanwhile we sit back with utter and complete banal economic platitudes on the one hand on the part of the people on my right, or facing a sort of economic smug drift as demonstrated by the government with that look of infinite disdain I see now on the face of the Deputy Prime Minister (Mr. MacEachen) opposite.

Some hon. Members: Oh, oh!

Mr. Broadbent: I want to conclude with a few examples of what could be done now with imaginative enterprise in the public sector to create some jobs.

An hon. Member: That is disdain without limit.

Mr. MacEachen: For an eternity.

Mr. Broadbent: The government has the Hall Commission report. What does it recommend? It recommends that some $500 million should be spent in the next couple of years to update rail facilities in Canada. That makes a lot of sense. If the government acted on that now it would create jobs now, not only in the prairies of Canada but in Cape Breton. It would stimulate the steel industry, and it would stimulate the boxcar industry in another part of Nova Scotia. It would make sense to allocate public funds now of that kind to create jobs instead of paying people handouts to do nothing. That is one approach, Mr. Speaker.

The government committed itself to urban transit, and that means go-trains, subways, and streetcars in some cities. In 1974 the government said it would spend $290 million in this way. Now, when we have 1.5 million unemployed, this is the time when we should be embarking upon that kind of creative public investment to provide services and jobs for people today.

There are housing needs right across Canada. We could be expanding the housing budget. We could be re-equipping a fishing fleet in eastern Canada because our present fleet is a disgrace to the modern world as a result of neglect. If the government wanted to put some public capital into modernizing the fishing fleet for our eastern fishermen, that would not only create jobs now but would create long-range possibilities for a province like Newfoundland.

I could give some other possible examples such as solar energy. That could use some public investment now which would create jobs today and produce energy tomorrow. I want to conclude by saying simply this, Mr. Speaker. I wish the debate—

The Acting Speaker (Mr. Turner): Order, please. I regret to inform the hon. member for Oshawa-Whitby (Mr. Broadbent) that his allotted time has expired. The hon. member may continue with unanimous consent. Does he have unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): Order, please, I definitely heard a no.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I listened to the speeches by the two leaders of opposition parties. The Leader of the Official Opposition (Mr. Clark) referred to responsibility in these matters. I am standing here tonight replying to a proposition of the opposition that we are in a state of crisis in relation to the dollar. Those hon. members say we have to act responsibly. Tonight at the closing of the market the rate was exactly the same as the lowest rate in October 1977, yet they claim we are facing a very urgent crisis.

In regard to matters that are extremely sensitive to the operations of foreign markets, we see the opposition not checking their facts but trying to create a crisis out of a situation that is exactly the same as it was in the middle of October, 1977.

This leads me to quote an hon. gentleman who is very well known in this House, the right hon. member for Prince Albert (Mr. Diefenbaker). In the book he wrote called "One Canada", at page 131 he said that one of his problems in 1962 resulted from one of his colleagues in the cabinet speculating on the level of the Canadian dollar in the marketplace. He blamed the situation on the irresponsibility of such a move. Hon. members can verify that in his book at page 131. I was very pleased that the opposition proposed this subject as the matter for debate because I wanted to point out things like that.

The opposition parties speak about a big crisis because since the beginning of the month the dollar has fluctuated from a high point of 90.30 on February 1 to 89.73 tonight. That is a fluctuation of half a point, Mr. Speaker, yet they call it a big crisis. They try to create the impression that everything is very bad in this nation. I was listening to them to see if they would tell me, both parties, what their policies were in respect of the monetary situation. No way, Mr. Speaker. They have not told

me whether they want me to peg the dollar or not peg it. They did not speak about it.

An hon. Member: We don't want you to peg it.

Mr. Chrétien: They say the crisis is in relation to the monetary policy of the government. I listened very carefully for the last 45 minutes and they virtually made no reference to that. I did not expect too much from the NDP because they know they are in the opposition and will remain in the opposition forever. But, when the Leader of the Opposition tells me to be responsible in my job, I want to tell him he has a responsibility to be responsible. Some ten years ago when we were faced with such difficult problems in this land I remember that the hon. member for Halifax (Mr. Stanfield) acted as a responsible leader of the opposition. He told the Canadian people they must pay a big price in a very touchy situation, and acted as a real Canadian who was concerned about the economic future of this nation.

Some hon. Members: Hear, hear!

An hon. Member: That is not what you said in 1974.

Mr. Chrétien: I wish the Leader of the Official Opposition would show the same sense of responsibility, particularly if he wants the people of this land to believe he could be a responsible leader of the government one day. Of course, he prefers to try to score some little political points against the government, and even against the Minister of Finance. I can defend myself. I have no problem in explaining the policies of the government.

The policies of the government in terms of the monetary system have been the same for a long time. We are floating the Canadian dollar, which means that the marketplace decides what is the real value of our currency against another currency. I have said many times that the Canadian dollar has to float downwards, because for years Canadians have put themselves in the position of losing their competitiveness in world markets. We have to adjust to that situation one day or another. Since November, 1976 the Canadian dollar has floated downwards from a beginning of $1.03 in relation to the U.S. dollar.

● (2052)

For many reasons we have priced ourselves out of international markets. The compensation in the Canadian economy was higher than in our main market, the United States, in many fields. In my own riding, for example, workers in the papermills are receiving $1.50 or $1.75 more than their counterparts in the United States. The situation which they faced was very difficult when they were laid off for weeks this summer, because that industry was no longer competitive. We are going through adjustment processes at this time.

On top of those difficulties, everyone must recognize that we are facing a new element which adds to the uncertainty of the economy of our nation. There are a lot of people in the market place who do not know what the future of Canada is. One only has to go to New York, Chicago, Los Angeles or San Francisco, as I have done in the last two years, to find people asking what will be the outcome of this nation as a nation. Some people do not consider that to be serious.

I went to New York twice since January to explain the economic situation of Canada, to speak about the economic prospects of this land and so on. The only question those investors asked me was: What is the situation in regard to the unity of Canada? I am only stating facts. I went there to talk about what I think, that this land has a fantastic future if this problem can be solved.

Some hon. Members: Hear, hear!

Mr. Chrétien: If we act responsibly, this problem can be solved. I am not afraid of the future. We will stick together. When the level of the dollar today is exactly the same as it was in October, it is irresponsible to talk about a crisis. We had the same problem five months ago. This irresponsibility is not worthy of the hon. Leader of the Opposition (Mr. Clark), who is attempting to become the prime minister of this land.

Some hon. Members: Hear, hear!

Mr. Chrétien: We are having some problems with the Canadian dollar.

Miss MacDonald: No, never!

Mr. Chrétien: Yes, I admit we are having some problems. In the process of floating the dollar, the governor of the Bank of Canada is called upon to intervene in the marketplace in order to make sure the market operates in an orderly fashion. The exchange of Canadian dollars for American dollars, and vice versa, is subject to speculation. It is the duty of the governor to intervene in that field. I was amazed to hear this afternoon a graduate of the London School of Economics, the hon. leader of the New Democratic Party, talking about expenditure to maintain the dollar. He should know that it is not an expenditure. It is just an exchange of American dollars for Canadian dollars, and vice versa. There is no loss of money involved. For him to rise and create the impression that we are spending dollars to defend the Canadian dollar, rather than investing that money in jobs, is amazing. I was just a small town lawyer, and I knew that a long time ago.

Some hon. Members: Hear, hear!

Mr. Chrétien: From time to time the governor has to move in the marketplace to ensure the market behaves in an orderly fashion. He has done that every month since the Canadian dollar started to go down from its level in November, 1976. It is his role to do that. That is the mandate parliament has given him.

The hon. Leader of the Opposition is complaining that I did not answer his question on Monday, when he asked me if I was planning to draw on the stand-by credit we had arranged. I had discussed that in the morning with the governor. It was agreed that we were not. Because of the kind of irresponsible

questions posed by hon. members of the opposition, the market was not orderly yesterday, and the governor had to move in. In November 1977 we indicated that we had a stand-by credit which we could use when needed.

The hon. member for Halifax (Mr. Stanfield) asked me a question, and I did not have the time to reply properly to him. It is true that two years ago we asked the provinces not to borrow in foreign markets. At that time there was a very simple reason for that. The Canadian dollar was at $1.03, and borrowing in foreign markets was pushing the dollar even higher. It was substantially hurting the Canadian position in terms of exports.

Today we are not faced with the same situation at all. The Canadian dollar is not worth $1.03 U.S. It is worth 89.73 cents. The situation is different. For economic reasons, the provincial governments are not borrowing on foreign markets. One reason is to offset the balance of payments problem which is always existent in Canada, because we are a developing nation. I am not blaming the provinces. On the advice of my officials in the Department of Finance, and in consultation with the governor of the Bank of Canada, I was convinced that the right move to make was to go into the foreign market at this time in order to borrow money. That was decided yesterday afternoon. I made it public in the usual way: I made a statement after the market closed. We had discussed that matter in my office in the morning, but a conclusion was not reached. After five o'clock I called my associate deputy minister to tell him to go ahead. Even at that time we changed the formula somewhat. We do not announce every borrowing in the market in the House of Commons. I had to wait until the market closed to make that announcement. Every three months we go to the marketplace to borrow money.

An hon. Member: The House is sitting.

Mr. Chrétien: We are sitting every day, but it is not the practice of parliament every time to ask the Minister of Finance to make a statement on his borrowing intentions before the House. There is nothing unusual about what I did.

I am extremely disappointed the opposition is acting irresponsibly at this time by attempting to create the impression that there is a crisis, when the level of the Canadian dollar is exactly the same as it was in October.

We are going through a process of adjustment in our economy at this time. Hon. members speak about more stimulus in the Canadian economy. On January 1, 1978 we stimulated the economy to the tune of $3 billion. I heard the hon. Leader of the Opposition speak about his own budget propositions the other day: $2 billion, son budget de l'an I. He indicated that he would cut expenditures to the tune of $2 billion. He said that he would fire 60,000 public servants.

Some hon. Members: That is not true.

Mr. Chrétien: He is the same man who rose from his seat in the House of Commons—

Some hon. Members: That is not what he said.

Mr. Chrétien: He said that.

Some hon. Members: Oh, oh!

● (2102)

The Acting Speaker (Mr. Turner): Order, please. The Leader of the Opposition (Mr. Clark) wishes to rise on a point of order.

Mr. Clark: Mr. Speaker, I know the Minister of Finance would never want to mislead the House of Commons. I am sure he would like to correct the false information which he has just placed with such enthusiasm on the record and make it very clear that my proposal, which I hope the government will adopt and follow, is not to fire public servants but to freeze hiring in the public service. The Minister of Finance will admit that he was wrong in the accusation he made with such delight and I hope that he will accept my rising on this point of order to correct him, not only here but anywhere else where he might be tempted to misrepresent my position without having to face me when I set the record straight.

Some hon. Members: Hear, hear!

Mr. Chrétien: Mr. Speaker, if he does not replace 60,000 people, I admit that they are not fired outright.

Some hon. Members: Oh, oh!

Mr. Chrétien: I am glad to see the hon. member for Grenville-Carleton (Mr. Baker) here. Will he tell me what will be the effect on this town if 60,000 people are not replaced?

Some hon. Members: Hear, hear!

An hon. Member: Right on.

Mr. Chrétien: We are removing only 5,000 people in a period of five years, but the opposition admit they will not replace 60,000 people. That means millions and millions of square feet of space that will be vacated in the private sector in Ottawa.

Some hon. Members: Hear, hear!

Mr. Baker (Grenville-Carleton): Thank you. That is exactly what I wanted you to say.

Mr. Chrétien: He will make Ottawa, as they say in English, a ghost town. If he is right, I made a little calculation and find that the maximum he can get from this is $240 million. He is still short of $1,750 million. So he came up with two other proposals, great proposals. He wants to close down FIRA. I took a look at the books and found that he would save $4 million. Then he said that he wants to close down the Department of Urban Affairs. I told myself there must be a hell of a lot of money there, but I found that the Department of Urban Affairs would bring only $16 million.

Then he had another great proposal to cut expenditures. He said he wants to transfer Eldorado Mines to the private sector.

I checked the books and I found that this is a crown corporation which makes a profit.

Some hon. Members: Oh, oh!

Mr. Chrétien: If this is the type of facts we will be faced with, I hope he will come clean on that. Because we have stimulated the Canadian economy by $3 billion, more than any other western nation. Less than six weeks after that the opposition say we should stimulate the economy further by $2 billion. I think this is the most irresponsible proposal I have heard in years.

[*Translation*]

How can anyone, Mr. Speaker, after just six weeks, pass judgment on the income and corporate tax cuts we offered as of the 1st of January? How also can anyone believe that the Leader of the Opposition (Mr. Clark) can already judge what effects they have on the Canadian economy? At this very moment, the President of the United States, Mr. Carter, is proposing to reduce taxes by about some $25 billion in 1978, once the Senate has approved his plan. We usually multiply or divide by ten to establish the ratios; this means that our incentives are far stronger than those President Carter suggests. Furthermore, with regard to his proposals, no mention is made of the fact that he recently increased the taxes for social security and taxes on energy products so that in terms of stimulus on the American economy, if President Carter's proposal is accepted, its net results will be only half of what he in fact proposed. It is therefore very easy to conclude that in Canada, thanks to the proposals implemented on January 1, 1978, our economy has been stimulated twice as much as the American economy has been.

And the performance of the Canadian economy is starting to shape up the way we had hoped. Over the last two quarters of 1977—the relevant figures will be published shortly—the net yearly growth of the Canadian economy reached 5 per cent. As for the first quarter of 1978, we do not know yet, because this is only the middle of February. For the months of January and February, however, and as a means of maintaining this growth, we have reduced our income tax revenues by as much as $700 million to maintain and increase the purchasing power of Canadians during the first two months of the year. In the area of remuneration, for instance, Canadians are beginning to realize that we must try to reduce the demands from within the Canadian economy, and the remuneration—

Mr. Deputy Speaker: I regret to interrupt the hon. Minister of Finance—

[*English*]

Mr. Deputy Speaker: Order, please.

Mr. Chrétien: May I continue, Mr. Speaker? I hope hon. members will want to hear me speak for a little longer.

[*Translation*]

Mr. Deputy Speaker: Order, please. There does not appear to be unanimous consent of the House.

[*English*]

Mr. Baker (Grenville-Carleton): We would be delighted to have the minister carry on if he would assure us that he will begin dealing with the issue.

Some hon. Members: Hear, hear!

Mr. Chrétien: May I carry on, Mr. Speaker?

Mr. Deputy Speaker: I heard a few "no's" from the back benches.

Some hon. Members: Oh, oh!

An hon. Member: It's tit for tat.

An hon. Member: Simma said no.

Mrs. Holt: Mr. Speaker, I rise on a point of order. I object to the unparliamentary behaviour of the leader of the NDP. He thumbed his nose from across the House. I think there is an apology owing to the members of the House. For a man who leads a party to thumb his nose so rudely is most unparliamentary. It was seen by everybody on this side.

Mr. Deputy Speaker: Order, please. I have enough problems with words that are said and heard in the House without having to rule on gestures.

Mr. Nielsen: I rise on the same point of order, Mr. Speaker. I submit to you, Sir, that it is better than having the Minister of Energy, Mines and Resources (Mr. Gillespie) with a finger up his nose.

An hon. Member: So much for the NDP.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I listened to the speech of the Minister of Finance (Mr. Chrétien) with great interest, and I was particularly interested in his opening references when he said that somehow he could not see any crisis in the situation of the dollar today.

As I recall, the Minister of Finance said that some time in October the dollar was roughly at the same level as it is now, according to him, so where is the crisis? Let me say two or three things about that. First, if the minister felt there was no crisis, why did he announce last evening foreign borrowings to an extent still undetermined? Why did he indicate in the same announcement that he intended for the first time to draw down a portion of the $1.5 billion line of credit which was established last October to defend the dollar?

● (2112)

If the minister is honestly unaware of the crisis which exists in this country with respect to the dollar, I am more alarmed now than I was when this debate began. To have a Minister of Finance come in and say, "What is the crisis?" without admitting that between September, 1977, and the end of January he had lost $447 million of our reserves, I say is unforgiveable. For that same Minister of Finance to come into this House and deal in misrepresentations to the degree he did

this evening, without revealing that in addition to the $447 million of our reserves that had been lost up to the end of January a further $500 million has been lost so far in February, and to ask us, "What is the crisis?" is also unforgiveable. The crisis is that our reserves have run down to an unacceptably low level in terms of reserves among major industrialized nations. That is the crisis. The minister knows it, but he did not level with the people and with this House tonight.

However, the most alarming thing in the minister's address tonight was his choosing of certain convenient dates to compare the dollar. The minister did not refer to the level the dollar was at when he became Minister of Finance. At that time the dollar was at 93.17 cents. That is when the minister became Minister of Finance. His record between September 14 and approximately the middle of October was so unnerving to the international community that in one publication on October 13 we found the following headline, "Dollar Plunges Again to 27-year Low Amid an Increasingly Nervous Market".

Within a month of this minister's taking office our dollar had plunged to a 27-year low, and that was partly due to his inept handling of our economy. In order to gain time the minister at that time announced a $1.5 billion line of credit. Now that minister comes into this House and uses the low point he helped trigger last October as a basis for comparison for the dollar today. That is nothing short of shameful. I do not doubt that the minister wishes to leave.

The minister tried to tell us tonight that somehow the economy is in relatively good shape. He wondered why everyone is getting excited about the dollar. The minister has not levelled with the Canadian public. I suggest that that is one of the most significant reasons for the difficulty we are in, and it may cause the dollar to fall further. Let me be specific.

I referred to an article published on October 13. The article was written by Hugh Anderson, and this is what he said:

> The foreign exchange markets are having difficulty interpreting the Bank of Canada's recent announcement that it has lowered its target range for growth in the narrowly defined money supply (M-1) to between 7 and 11 per cent, from between 8 and 12 per cent.
>
> The confusion over official policy was increased by Finance Minister Jean Chrétien's repeated statements that the government does not intend to defend any particular rate for the Canadian currency. "When you have a floating currency, you have to let it float," Mr. Chrétien said.

Once again tonight the minister has put that view forward. Once again he has told the international market that the federal government is indifferent to where our dollar is going to end up. With that attitude prevalent among the minister's staff, those staff members have attended meetings of foreign exchange dealers. They have told foreign exchange dealers that they do not care where the dollar settles. In answere to the question "are you willing to have it settle at 80 cents?" they are saying that if the market says 80 cents, 80 cents it is. The minister's staff cannot undermine public and international confidence in a thing as delicate as our dollar without seeing the consequences we are debating here tonight.

I have referred to the loss of reserves since this minister took office. Unfortunately that also occurred prior to his taking office during the latter days of the former minister. For example, on December 31, 1976, we had U.S. dollar reserves of almost $3.5 billion. As a result of the deterioration in our reserves we now find that we have less than half that amount available to help defend the dollar or at least control its rapid fall.

In short, I think it is fair to say that upon this minister's becoming Minister of Finance he perhaps triggered the first run on the dollar with his unfortunate speech to the International Monetary Fund. Dealers have estimated that that speech alone cost half a point as far as the Canadian dollar was concerned. The minister's continued references to a floating dollar have cost dearly as far as our dollar is concerned.

Mr. Chrétien: Are you for pegging the dollar? Tell us. Are you?

Mr. Stevens: Let me refer to another comment which has helped undermine our dollar. On September 10, 1977, the Prime Minister (Mr. Trudeau) stated, "It's good that international money markets have forced down the value of the Canadian dollar." Those words came from our illustrious emperor, the Prime Minister. I could refer to various quotations to show how the international market has reacted to some of the unfortunate comments made not only by the Prime Minister and the Minister of Finance but also by the Minister of Industry, Trade and Commerce (Mr. Horner). That latter minister is recorded in *Hansard* as saying that the 90-cent dollar is good for Canadians.

Frankly, I am disappointed that tonight the minister would not grapple with the serious issues facing the country. He told us in his communiqué last night that he is proposing to borrow foreign funds in order to offset our current account trade deficit, but we have not yet had any indication—certainly not tonight—by this government of how it intends to narrow down that current account trade deficit.

This is a serious matter. Sometimes I feel that we overlook it, but in a Wood Gundy review dated January, 1978, covering the years 1975 to 1980 it is pointed out that from a current account trade deficit in 1975 of $4.7 billion we are heading for consistently increasing levels right through to 1980. These are the facts, and if the minister was telling us last night and presumably again tonight that they intend now to use the federal covenant to borrow foreign funds to cover that current account trade deficit, what he is telling us is that as long as we can see ahead, certainly to 1980, that requirement is to continue in Canada, putting a tremendous load, I suggest, on future generations who have to pay off that debt that this government is incurring to cover its own deficiencies.

● (2122)

I have referred to the carrying of that debt. Take a look at how Wood Gundy estimate the cost is to increase. In 1975 they say the interest and dividends pouring out of this country amounted to $1.9 billion. In 1978 they estimate it will be $4 billion. They estimate it will be $4.9 billion by 1980. The total

service account deficit by 1980 according to Wood Gundy will be $9,100 million.

The minister in his remarks asked for some proposals. He asked what would we be doing. Let me assure him the first thing we would be doing is not making irresponsible statements as he has done as Minister of Finance.

Some hon. Members: Hear, hear!

Mrs. Holt: Would you peg the dollar?

Mr. Stevens: The minister did not touch on how they intend to regain our competitive position in the world market in order to ensure that that current account trade deficit will not continue to plague this nation. We have a program to get productivity moving in this country. We have a program, when we form a government after the next election, which will bring the current account trade deficit down. The hon. member for Welland (Mr. Railton) has been asking all night for that. I do not doubt that he is getting a little desperate in that party realizing that they are absolutely void of any ideas themselves.

I am glad the Minister of Finance has returned to the House. What he and the government of the day have to do is present a package not only for domestic consumption but for international consumption that will once again restore the confidence of the international world in Canada. That is the first task this government must accomplish if it is to bring our dollar into proper balance.

You cannot continually tell the international world that you have a floating dollar when the international world knows you are losing money at the rate of $100 million a week to defend that dollar. You cannot fool the international world when they realize we have an inflation level substantially above our main competitor, the United States. You cannot fool the rest of the world when they know we have a $9.2 deficit in our own federal spending accounts this year and it is likely to be $11 billion or $12 billion next year.

An hon. Member: What about Ontario?

Mr. Stevens: The hon. member asks about Ontario. I wish the hon. member would look at the collective position of all our provinces. He will find they are in surplus. They are not in deficit.

The minister asks for a few ideas. When I try to give a few ideas we find members in his party interrupt. This country has got to face reality. The rhetoric of the Minister of Finance will not regain our prosperity. Every time he is asked an economic question, simply wrapping himself in the flag will not regain our prosperity. The minister's main responsibility is to get back to work. Let me assure you that if the minister thinks he can paddle to New York, U.S.A., or London, England, and expect those nations to give hundreds of millions of dollars of credit to this country without a package of solutions to present to but his house in order, he has a big surprise coming to him. The fact is that the hard nosed international lenders are going to take a solid, slow look at Canada before they push in to give this minister the support he apparently intends to seek.

Mr. Railton: Doom and gloom.

Mr. Stevens: I notice the hon. member for Welland, and I did not prompt him to give me these leads. He says "Doom and gloom." I refer him to the Chase Manhattan periodical published in October, 1977. Surely the minister likes that month, he has already put it on the record because he thought it might help him in his plight tonight.

The Toronto *Star* reports an article by Chase Manhattan which in a devastating and pessimistic way talked about the Canadian economic outlook saying there is virtually no hope of solving pressing economic problems. Canadian economic policy is between a rock and a hard place, it says. It calls wage and price controls a drag on the economy. We have some hard problems to solve in this country, Mr. Speaker. The time has come when this Minister of Finance, instead of pretending there is a 5 per cent real growth when his own advisers have told him he is overly optimistic, instead of pretending that we are heading for a 6 per cent inflation level when his own advisers are telling him that is not so, instead of pretending that somehow unemployment is going to be less when his own advisers are telling him that it is not so, must level with the Canadian public. It is time that he asked them, "What is the package that will correct the inflation that we have in the country, get our real growth moving?" When he can do that he will perhaps get a more satisfactory dollar and we will not have this type of debate to encounter.

The minister began by asking what is the crisis? The crisis in Canada today is our future. If we do not right our economic self our economic future will be taken from us.

Let there be no doubt the first step in our plight was the $1.5 billion line of credit. The second step down the slippery slope we are on is this proposed borrowing in foreign lands to help prop up our dollar. The third step will be into the clutches of the International Monetary Fund. If we go to the International Monetary Fund it will mean we have lost control of our economy. In short, there is a coming discipline. The coming discipline will be the regulations and control of the International Monetary Fund that will be forced on this nation if we wish to continue. That future is not needed. If this government would accept the responsibility, if it would be more disciplined and if it would stop bringing in estimates as it did today contemplating spending increases of 10 to 12 per cent, increasing the spending of this government by $5 billion, we would not be getting into the clutches of the International Monetary Fund.

Judging from the remarks of the Minister of Finance tonight I do not think he has learned the lesson. He is still talking vaguely about floating dollars and saying all is well. The fact is that, if he persists, we will have still a lower dollar and, unfortunately, all of us will suffer. It was pointed out last October that the fall of the dollar by about ten cents at that time cost Canada $2.8 billion in terms of the $28 billion of foreign debt that we had outstanding. That is indeed a costly price for any country to pay for a government led by Pierre Elliott Trudeau.

● (2132)

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, plus ça change, plus c'est pareil. I remember—

An hon. Member: The same old gang! In English, the same old gang!

Mr. Allard: The same old gang, yes! As far as I know, our dollar has already suffered from a number of colds. We have only to remember that in 1962, 1968 and 1970 our dollar suffered from very severe colds and we prescribed remedies very much like those we are using today. We tried to apply the same remedies whereas we should come to the conclusion that, in our present system, the same causes produce the same effects.

Mr. Speaker, in a country the government is the authority which can introduce legislation applicable to all citizens. We live in a democratic system and each citizen who is 18 or more is part of the sovereignty of the country. That is the gist of true democracy. Inflation, unemployment and poverty are only the external manifestations of an inequitable distribution of a remarkable gross national product of $190 billion in 1977, which means an average amount of $8,300 per citizen. This economic lack of balance could be corrected by putting into practice a new monetary and economic system which can be done within the limits of our present political and monetary system, through a number of simple adjustments in various areas.

All this can be done by this government, Mr. Speaker. Even if Canada plays an important role at the economic summits of the 7, 15 or 125 most fortunate countries in the world, there is certainly place in this country of our 24 million citizens who are longing for a monetary reform which would bring about a better distribution of our national wealth.

Here in Canada, homemakers get no salary for rearing the children and look after the house. The student in our education system gets no salary either. Citizens and workers are more heavily taxed than most corporations.

So, Mr. Speaker, in a country as rich as this, citizens require and demand that their national government come back to some balance between themselves and the leaders. The Canadian people put their hopes in this government, so they expect responsible action from that same government that has been getting warnings from the opposition and from our party. We have been sounding warnings for a long time but, as I said, by its subservience to those who maintain it in place it is reluctant to do so, it cannot make up its mind to press the Bank of Canada or put forward an amendment to the Bank of Canada Act impowering the bank to make loans to the national government, provinces and municipalities, at administration cost rates, as it has been lending for years to a number of countries that get interest-free loans for periods of 60 years and over. However, for the good operation of our institutions those loans should include the cost of administration.

The government in my view should be ashamed of posting a deficit in the order of $9 billion, when the people know for a fact that over the same period the 11 chartered banks accumulated net assets in excess of $25 billion. If my arithmetic is right 9 plus 25 are $34 billion, the difference between private banks and both the Canadian people and the government administering the Canadian people.

So who is the most efficiently governed? The banks or the Canadian people, Mr. Speaker? I leave the answer to hon. members.

The way things are going, low and medium income people are gasping for air, and sooner or later everything will bust as the saying goes. The only way out is simply for the government to regain its sovereignty and to re-establish control over the economic blood of its country. Otherwise, we are finished.

This afternoon, my colleague, the hon. member for Bellechasse (Mr. Lambert), who was taking part in the debate, reminded the government that nearly 40 years ago, the leader of the Liberal government said that a government which lacked control over its credit and its money is not up to representing a country; that man was the hon. Lyon Mackenzie King. As far as I know, he was not and never was an advocate of Major Douglas's philosophy, but he was indeed speaking the truth. And his words are even truer today than they were then. Unfortunately, the government always lends a deaf ear, and always faces the same problems for lack of listening to the wise words of their beloved leader of old.

● (2142)

Mr. Speaker, as I said earlier, Canada will have a deficit of $9 billion and perhaps more this year which is really $4 billion over last year's. We must ask ourselves who will pay these $4 billion plus the interest charges. Who will pay this back? You, Miss, you, Sir, you young man, you, Mr. Farmer, you, Mr. Industrialist, you, Mr. Professional, it is all of you, you, Mr. Speaker, and all of us. This is not easy to face when we consider that our national debt already exceeds $40 or $48 billion. As I said this afternoon, we are now paying $25 million a day in interest alone. This should make us think since there are no improvements foreseen for the future and the government does not seem to want to change its mind.

Mr. Speaker, our dollar is in a critical state and it is not the remedies administered each year by the government that can make it better. What is the use of constructing large buildings, like the hospital across Wellington Street in Ottawa? What is the use if we cannot use it to cure our agonizing dollar? Mr. Speaker, we should endeavour to make the symbol of our natural resources being built on Wellington Street the symbol of our true wealth. We should endeavour to make the institution of the Bank of Canada operate as it should and issue the credit required for the development and the betterment of each Canadian citizen, and this should be done in accordance with our great production, our gross national product, which is, as I said earlier, about $190 billion.

Mr. Speaker, I hope that the words of wisdom and good sense which will be spoken during this debate will spur the

government and make it understand that in the present system, as I said earlier, everyone is a loser. It is essential that the government amend the Bank of Canada Act to enable it, as I said before, to finance all public and para-public works, as this would necessarily reduce our taxes.

[*English*]

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, I welcome the opportunity to speak about the economic performance of my own province of British Columbia. The hon. Leader of the Opposition (Mr. Clark) and his partner in sin, the leader of the New Democratic Party, feel that—

An hon. Member: What is this sin business?

Mrs. Campagnolo: The leader of the New Democratic Party is the partner in sin of the Leader of the Opposition. They feel that by embarking on this emergency debate they can create an illusion of crisis that will reflect badly on the government. They will find, of course, that honest figures will put the lie to the outrageous and irresponsible approach that they have brought forward tonight. In fact, the only person they are harming is the personification of Canada, and the hon. member from the Western Bank knows that very well. Although Canada with the rest of the world faces the consequences of an economic downturn—

An hon. Member: Who wrote that speech for you?

Mrs. Campagnolo: I write my own speeches, my friend. I wish you could do as well. You cannot even stand up and make your own comments.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: This country's economy has performed remarkably well and shows every sign of being on the upturn. That attests to the economic good sense of my colleague the Minister of Finance (Mr. Chrétien), who spoke so forcefully in this chamber just a short time ago.

I am happy to be able to say that in British Columbia the economy is particularly healthy in most sectors. It is outpacing the Canadian economy at large because it has been the direct beneficiary of a number of federal government programs designed to stimulate the economy, and because certain British Columbia industries have also benefitted from the very phenomenon the Conservatives are so strongly denouncing tonight—the devaluation of the dollar. Devaluation has made the exports of British Columbia much more attractive to other nations. The devaluation of the dollar was very much desired by the government of British Columbia. You will not hear Bill Bennett or Grace McCarthy speaking the kind of heresy we hear tonight.

This House has heard some very critical statements from across the way. I find it shocking that a few days after a federal-provincial conference, where we saw the people concerned with the economy of our country move into a new and co-operative arrangement in order to find solutions, we see the opposition trying to refute what five governments sought to improve.

During the coming year British Columbia is expected to outperform its enviable record of the past two years. Economists in the provincial and federal governments, together with such groups as the Employers Council of British Columbia, predict a real growth rate that will exceed 5 per cent.

The recovery of the British Columbia economy from its low point in 1975 can be directly attributed to exports. Of the province's commodity production, more than 60 per cent is now exported. This level has been reached through the boost made possible by the drop in the value of the dollar.

On the west coast our major markets have been the United States, Japan—that favourite country of the leader of the NDP—and the European Economic Community. All three of these economies promised to be stronger in the coming year and all three will consume increasing quantities of Canadian goods. Many of them will be shipped through the ports of British Columbia.

British Columbia commodities that have been particularly important in this advance are first, lumber, which led the way with a gain of 29.9 per cent in volume and 48 per cent in value in the first nine months of 1977. Just a year ago the purveyors of gloom and doom across the way said lumber would not rise. Then there is natural gas, which grew by 16.9 per cent in volume and 37.1 per cent in value; aluminum at 13.2 per cent in volume and 35.7 per cent in value; and coal at 10.3 per cent in volume and 14.5 per cent in value. Other commodities have also recorded these sorts of advances.

The British Columbia fishing industry experienced an exceptionally good year last year due in part to good management by God and much of its product being exported to foreign consumers. The dollar value of the catch last year exceeded $300 million.

The provincial tourist industry recorded an increase in receipts of the order of 10 to 15 per cent.

Factors cited for this remarkable one-year advance include good weather, a low inflation rate and the decline in the value of the dollar. While perhaps the Minister of State (Environment (Mr. Marchand)) cannot claim responsibility for the good weather that brought tourists to British Columbia, the government has acted with courage to keep inflation down, courage that we do not see demonstrated across the aisle too often, I might add. The government has wisely allowed the Canadian dollar to reach its own level on international money markets. These are the reasons industries in my province have performed very well and why Canada is so attractive to foreign visitors at an ever-increasing rate.

Hon. members across the floor, of course, wish not only to make the impossible argument—

An hon. Member: You had your turn.

Mrs. Campagnolo: You are not on camera; you are not on a microphone. I did not interrupt you and I expect you not to interrupt me.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: Hon. members across the floor wish not only to make the impossible argument that our economy is far on its way to self-destruction, but they also argue that foreign investors have lost confidence in Canada. This is the crisis the opposition wish to see and may yet create with the sort of black murmurings and mutterings we have heard this evening. They say they have a plan, Mr. Speaker. If they had, the Conservative provinces in this country would all be behaving quite differently than they did last week at the federal-provincial conference. In my province the facts point not to crisis but to confidence and to a preparedness to make long term investments in Canada's united future.

Last year as the dollar dropped below its unusually high level and sought an equilibrium more in keeping with its true position, private and public investment in British Columbia reached $7.2 billion, a 12.6 per cent increase over the previous year. This investment was spread through the whole spectrum of business activity with almost $2 billion spent on new equipment and machinery and close to $4 billion on the construction of primary industry, utilities and factories.

● (2152)

People who fear for the future do not invest this sort of money. It suggests that investors know something that the opposition either does not wish to see or, for political reasons alone, refuses to see, namely, that Canada is a good place to invest for excellent returns in both the long and short terms.

There are many other measures of British Columbia's economic health I could list, including a much improved labour situation, promising developments in the energy field, a buoyant consumers' service market. But to go into these in detail would be to belabour the obvious. I repeat for the benefit of the opposition that by no stretch of the imagination can we be said to be facing an economic crisis. In this country today we have unity on the verge of achievement if we can only get these doom and gloom people to look at the major moves we must take together as a unified group. In spite of the missionary of monetary disaster over there, we will make it.

If the hon. Leader of the Opposition were to say that some sectors of our economy require special attention because world economic conditions have created hardships for them, then I would agree with him. There are examples of this sort and I have them in my own riding of Skeena. They are of immediate concern to me. I think it is important to rise and debate this sort of question, which I have been doing since I came to this honourable House.

As an example of this pressing concern I would like to draw members' attention to the plight of one-industry, one-resource mining communities. These communities have suffered as a result of the temporary downturn in certain metal markets.

An hon. Member: Get to the matter of the floating dollar.

Mrs. Campagnolo: Such communities have known a boom or bust cycle—

An hon. Member: Come back to the economic question.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: Are you not interested, hon. members, in the plight of a one-resource town?

An hon. Member: We are very interested in the economic situation.

Mrs. Campagnolo: I am delighted and I hope hon. members will stop and listen to what is being done. They are always asking for solutions.

An hon. Member: Who wrote your speech for you?

Mrs. Campagnolo: They are always asking for improvements so I will tell them about some. These communities have known a boom or bust cycle for as long as they can remember. Let us use as an example the town of Stewart in my riding, perched at the head of the Portland Canal on the border of the Alaska panhandle. Stewart has been a mining community since the early 1900 when it first drew more than 10,000 treasure seekers anxious to denude the territory of its gold and silver, all southerners, I am sure.

When the easily accessible veins of these metals were exhausted most of the population just drifted away, some with their pockets filled. The discovery of an anthracite coalfield in nearby Groundhog Mountain briefly restored interest in the community in latter years. It was not until the 1940's or the 1950's that interest in copper set Stewart's future.

An hon. Member: It sounds like somebody is in trouble in Skeena.

Mrs. Campagnolo: It has since been a small but prosperous copper mining community which has contributed more than its share to the health of the B.C. and Canadian economies. However, the mid-1970s recorded a dramatic slump in world copper markets. Refiners unable to sell their finished product stopped buying ore concentrates in quantity, and an over-supply caused prices to plummet. In Stewart production was cut by half in 1975 with the loss of 600 jobs. As we sit here tonight it is entirely possible that some New York owners could with the stroke of a pen close the mine altogether, if that is their choice or if prices and volume do not improve dramatically.

An hon. Member: Speak about the dollar.

Mrs. Campagnolo: Stewart is faced by another bust of the sort that took place when the gold seekers went home and, yes, of course, some pockets were filled. In the face of a threat like this what can be done and what should a government do? Indeed, what have we done?

An hon. Member: Yes, what have you done?

Mrs. Campagnolo: As this government is not of the mind that private companies should be nationalized at the first sign of trouble, the answer lies in the diversification of the economies of such communities. This can be done first by ensuring

the community has the infrastructure it needs to meet the demands and needs of new industries which can be encouraged to locate there.

To this end the federal government has entered into a road improvement scheme with the province of British Columbia to provide the town of Stewart for the first time with what will soon be first-rate road access to the outside world. Already a number of inland mining companies are considering using, or have decided in fact to use, Stewart as a transshipment point to help diversify its economy and improve transportation access, providing two-way traffic which cuts incoming food transport prices.

Road access to this beautiful part of the country will result in an upgraded tourist industry, increasing the number of tourists who will be able to come to Stewart and resulting in immediate and sustained growth.

An hon. Member: Where is Stewart?

Mrs. Campagnolo: Oh, well, people across the way from the south have never heard of some of these towns, but then people in my area have never heard of the town which the hon. member represents.

An hon. Member: Are you having trouble at home?

Mrs. Campagnolo: Through the Department of Regional Economic Expansion the government declared part of northern B.C. a designated region eligible for five different types of DREE assistance. Under three distinct but integrated programs the government has made money available to municipalities to develop sites suitable to industrial expansion—

Some hon. Members: Get back to the motion.

Some hon. Members: Hear, hear!

Mrs. Campagnolo: Mr. Speaker, the yapping hyenas across the way are still at it, and the supercilious smile on the face of the hon. member for York-Simcoe (Mr. Stevens) is really as appalling a thing as one could see. He is that economic cheshire cat. If he feels that the debate tonight is a joke, well, he called it so perhaps it is. So we move into the various other ways—

An hon. Member: Tell us about the 89-cent dollar.

Some hon. Members: Hear, hear!

An hon. Member: Meow!

Mrs. Campagnolo: Mr. Speaker, I believe that aside is very apt for the hon. gentleman across the way. These five programs which I have listed tonight are ones which will help diversify the small one-resource town and promise to pump more than $100 million into the economy of that single, isolated part of northern British Columbia. This is action, Mr. Speaker, not messianic mumbling by that pathetic group across the way. Canada is not prepared to listen to them. Canada saw good action last week in the federal-provincial conference. I hope hon. members will look at the reviews on their television sets to see what happened, because obviously they missed even their own Conservative member's responses.

Mr. Deputy Speaker: The hon. member for Pembina on a point of order.

Mr. Elzinga: Mr. Speaker, I wonder if the hon. minister would permit a question?

Mrs. Campagnolo: Yes.

Mr. Elzinga: I thank the minister and I thank you, Mr. Speaker, because I am bootlegging this question in. I would ask the minister whether she does reply to her correspondence. I sent her a letter three months ago and to date I have not had a reply.

Mrs. Campagnolo: Mr. Speaker, I think the question is more appropriate for the question period. I hope the Speaker will have a chance to recognize the hon. member from the oil-rich part of southern Canada. I promise I will research to see if that gentleman's letter has been misplaced.

Mr. Deputy Speaker: The hon. member for Don Valley.

Mr. James Gillies (Don Valley): Thank you very much, Mr. Speaker.

An hon. Member: Now we will hear the truth.

Mr. Gillies: This is really "Alice in Wonderland."

An hon. Member: No, it is "Iona in Wonderland."

Mr. Gillies: We have a situation this evening in which the Parliament of Canada has been called together at a special session to talk about a very serious problem and we get a constituency speech, to be delivered at home, I suppose, to help the election of the hon. member. This is the most disgraceful thing I have ever seen in this House of Commons.

Some hon. Members: Oh, oh!

Mr. Gillies: Absolutely disgraceful!

Some hon. Members: Hear, hear!

Mr. Gillies: It is absolutely outrageous that the government would put up a member to make a constituency speech on a problem as important as this.

An hon. Member: That's what you call hypocrisy.

Mr. Deputy Speaker: Order, please. The hon. Minister of State rises on a point of order.

Mrs. Campagnolo: Mr. Speaker, may I ask the hon. gentleman if he truly feels that the real heart of Canada is his own constituency, since he answers for it every day in the House, and speaks for it during every question period? There is a time when we must ask where the heart of Canada is located. I submit it is located from sea to sea to sea.

Some hon. Members: Hear, hear!

Mr. Gillies: Mr. Speaker, some people believe the Parliament of Canada is important. Some people believe that when there are important issues facing this nation it is not an excuse to get up and not talk about the problems that are facing the country.

An hon. Member: Talk about the issue.

Mr. Gillies: I will talk about the issue.

An hon. Member: Talk about southern Ontario.

Mr. Gillies: I will not see this parliament demeaned on an evening like this when we have a serious problem that presumably you haven't the intelligence to understand.

Some hon. Members: Hear, hear!

Mr. Gillies: We had a speaker get up and make a constituency speech. It is unbelievable for a minister to talk so naively about the economic problems of this country. I cannot believe it when I experience this happening in the Parliament of Canada.

● (2202)

Mr. Guay (St. Boniface): Get on with your speech.

Mr. Gillies: The hon. member opposite has a cabinet posting because he is the only Liberal who was elected from the province of Manitoba. Another indication of Alice In Wonderland was when the Minister of Finance (Mr. Chrétien) indicated that the dollar is at the same level as it was last October. He seemed to ask what the problem was. The reason the dollar is at that level today is because it has been supported for two days. The government has gone to other countries in order to get support. The government has gone to the commercial banks and asked for $1,500 million to support the dollar. That is the problem with which Canada is faced. Where would the dollar be today if it had not been supported? That is the question which is really significant, important, and counts.

The rapid drop of the Canadian dollar in the foreign exchange markets is a symbol of the attitude other nations have about this country. It is an indicator of the true shape of the Canadian economy. Markets have no political values. The market reflects the decisions of hundreds of thousands of people all over the world in regard to the Canadian economy. People who have any interest in our economy are indicating that it is in trouble. That is not a political judgment. It is a judgment of the market. That is why the dollar is falling.

The dollar floats in response to the forces of supply and demand. The manner in which the forces of supply and demand operate depends upon the economic policies followed by the government. The economic policies of this government over the past few years have been disastrous. Our economic condition, as viewed by independent forces in the market, is very serious. It is appalling to see hon. members coming into the Chamber and laughing. It is beyond any sort of comprehension.

Mrs. Campagnolo: What about the economists?

Mr. Gillies: I have outlined the problems hon. members should speak about this evening. We do not need to talk about the problems of the economists.

Mr. Fraser: The hon. minister does not know anything about international economics.

Mr. Gillies: Apparently the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo) is a marvellous addition to the cabinet. She seems to think that 1½ million people unemployed is no problem. The fact that the inflation rate is 10 per cent does not seem to matter to the minister. The Canadian inflation rate is almost as high as that of Great Britain. For years Great Britain was used as an example of how badly an economy could be operated. Our growth rate has slowed down, our retail sales are off, and the operation of our plant and equipment is at approximately 83 per cent capacity. What other indicators are needed?

Everyone around the world is asking why a rich country like Canada should be in such desperate shape. The resource rich countries of the world are getting richer, but Canada is not. How can that possibly happen? The answer to the question is obvious. It is the manner in which the economy has been managed. Our difficulties are not because of lack of resources or people. Our difficulty is the manner in which the economy has been badly operated. Consistently we have been running deficits.

The deficit of the federal government this year will be close to $10 billion. One should remember that ten years ago in 1968 the total budget of the government was $10 billion, and today the deficit is about that amount. A country can handle that situation as long as there is real economic growth. Canada is not experiencing any growth. Thus, Canada cannot continue to operate with the amount of spending that is taking place.

For the last few years the government was paying for the things it gained through inflation. We have been faced with a serious inflation rate. As any economist knows, the time comes when things cannot be financed any longer through inflation because people will not accept the currency. That is the situation we are facing in Canada. If our expenditures are to be increased, as was indicated in the estimates today, and if the government is not going to tax in order to pay them, there will be serious economic problems. That situation is made dramatic by the drop in the value of the dollar.

The government has had no courage to face up to reality. How long does the government think it can spend far more than it has in revenues? At some point the courage must be found to deal with the situation. Like other hon. members in the House, I have an interest in parliament and the history of Canada. What has happened? Is the government more interested in power than in solving problems? Is it afraid to tackle the tough issues before us at this time? Will politics always be

placed before prudence in the management of the economy? Is there no situation more important than being elected? Is Canada not to adjust to the world economic situation?

The former ministers of finance, and in particular the hon. John Turner, were not willing to put any restraint on the economy. They were not willing to tell Canadians that major changes were necessary to take care of the problems. They were more interested in receiving political bows for finessing their way through difficult situations. The government cannot say that it did not know what was happening. The problems Canada is facing at the present time were not difficult to predict. Anyone could foresee that those problems were coming.

A year ago the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) pointed out that if the government insisted on following policies which would result in large deficits in the balance of payments, there would be a serious decline in the value of the dollar. When there is a large devaluation, there will be an enormous amount of inflation. Thus, our inflation rate was predictable. A great deal of that inflation is as a result of the devaluation which is being experienced at the same time. The net result of this situation is that in the eyes of the world we have a discredited government. That is being expressed by the manner in which the dollar has devalued during the last two or three days. There is no confidence in the economic management of Canada. If there were confidence, there would be no problem.

Mr. Anderson: It is travelling.

Mr. Gillies: It is not travelling. There is no confidence anywhere in the world in the economic management of Canada.

● (2212)

The great question is: why has our economic management been so bad? Part of the responsibility has to rest with the Department of Finance. Forecast after forecast they made has been wrong. The monetary policy of the Bank of Canada in the mid-1970's was disastrous. The increase in the deficits against the falling rate of growth has been lunacy and, as anybody could observe, would create enormous problems for the country.

For several years many members of the House have been calling for changes in the way in which we make economic policy. It should be open and it should have countervailing forces going. Almost every country in the world has a committee system which examines estimates in a meaningful fashion, or has debates on budget-making before the budget is brought down. These things are done before, not after the fact. But in Canada we still have a closed in, locked in way of making economic policy, and we have certainly seen the consequences of that.

We have heard a lot of talk about the first minister's conference which was held a week or so ago. The reaction of the world to that conference was rapid. As soon as people assessed what really happened at that conference and what the federal government was really going to do, it was reflected in the money markets, and the dollar fell. You can say what you want about the conference, but the evidence is clear that the assessment of world money markets was that it failed because no hard policies were put forth at that time to deal with the situation we are facing in this country. There is no secret about those things; they are not hard to understand, but you have to take some action about them.

There is something unreal when you listen to the government members talk about the economic management of the country. Just before the first ministers' conference the government put forward its short term economic forecasts. They were ludicrous. The short term economic forecast is for declining inflation. At the same time that they are forecasting declining inflation, the dollar is falling. When the dollar falls, it means higher inflation. It does not make sense.

The government is talking about decreasing unemployment. At the same time it is talking about increasing investment. You cannot have increasing investment when you have increasing inflation. It is ludicrous to put forth proposals of that sort. That is exactly what the world markets have been saying about the conference and about the dollar.

An integral part of the operation of an economy in any country is confidence. You really cannot do much in a country if you do not have confidence in it. Indeed, without it almost any economic policy you put forth will be difficult to operate. It is interesting to note what people were saying about confidence in the Weimar Republic in the 1920's. We know what happened in the Weimar Republic because people did not have confidence in it. In the 1930's, until the inauguration of the first term of Franklin Roosevelt, no one had confidence. His admonition that "we have nothing to fear but fear itself", is, I suspect, more important than any economic theory because what the people in the U.S. needed at that time was some confidence. I say as seriously as I can that the way in which the Minister of Finance is managing our economy is destroying the underlying essential and most significant ingredient we must have to get this country moving again, that is, confidence.

Some hon. Members: Hear, hear!

Mr. Gillies: No one believes the things he says. The Minister of Finance is not like any other minister, and I say this with no pejorative connotation. He has to be careful about every single word he utters. He cannot have a wry sense of humour, because bankers in Switzerland may not know what he means. People read and listen to what the Minister of Finance says. If it becomes apparent that one cannot believe what he says or one cannot understand or make sense of what he is saying, then his credibility is lost, and with that goes the confidence in his economic management.

I say as seriously as I can that confidence in this government is shaken to its foundations so far as any economic aspects are concerned. I do not know whether the Minister of Finance can regain his credibility. You can laugh all you want, but I tell you that this is the most serious problem in the country today,

the lack of credibility of the government and the lack of confidence in what the Minister of Finance is saying. I tell you that confidence is shaken. Confidence in the government's economic policies is shaken, because it reverses itself. But those things work themselves out. What does not work itself out is the day-to-day trading operations of the exchange markets. Those dealers, whether the Bank of England, the Government of the U.S., or the trading banks in the U.S. markets, watch and listen to what the Minister of Finance is saying.

I say that no one could watch the performance of the Minister of Finance in the last couple of days and have confidence in the economic management of this country because the minister literally said today that the Government of Canada was not intervening in the market and what they are doing is normal. But the last time they did what they did yesterday was ten years ago. Yet he is trying to say this is a normal sort of operation. To put forward such a proposition is ludicrous. There is nothing really secret about it. There is nothing secret about trading in exchange markets. These are transactions and people know what is going on. For the Minister of Finance to say that the Bank of Canada did not take defensive action to support the dollar destroys the credibility of that minister and confidence in his management of the economy. He had to know and, if he did not know, then he should not be doing the job he is doing today.

In his book "The Great Crash" professor Galbraith of Harvard points out that in the years 1927-1928 one of the most disastrous things that was happening was that the statements being made by responsible officers about the economy were not taken very seriously.

The Government of Canada is mistaken in its policy if it thinks the devaluation of the dollar will cure its problems. As the Conference Board in Canada stated today, no country can solve its problems by devaluing its currency. You become trapped in the devaluation inflation cycle, and then you have to do something about it. There is no evidence that this government is about to correct the situation.

I say, with as much seriousness as I can command, that what this country really wants is not more platitudes or political footwork on the part of the minister. What the country wants is honesty and candor. Why can the Minister of Finance not stand up and say "Look, we have this serious problem and we are trying to deal with it. We are willing to take you into our confidence"? The Canadian people have responded to very serious situations in the 110 years we have existed, and we can respond to another one. But Canadians cannot respond if they do not have confidence that they are being told the truth and that they are being told openly about our economic problems, that they are not having these foolish propositions put forward but are asked to search for solutions together with the government.

The decline in the value of the Canadian dollar is quite clearly a question of confidence and credibility. The lack of confidence in the minister and in the government is apparent, but I do not think there is lack of confidence in Canada. I think people around the world are mystified that the Canadian situation should be as it is today. What people really want is a government which will do something about these serious problems. If the government and the minister would forthrightly, openly and honestly come forward and explain the realities of the economic situation to the Canadian people and take them into their confidence, I am sure we could handle the problems we have right now.

● (2222)

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

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, I have listened with great interest up to this point, and there have been some very worthwhile contributions. I thank the hon. member who spoke before me for the sincerity and honesty he displayed. Unfortunately, many members of the opposition tonight have not addressed the problem, or given any solutions.

Mr. Alexander: Let's hear what you have to say.

Mr. Anderson: I have listened quietly this evening, and I hope hon. members will do the same while I am speaking.

In his statement this afternoon the leader of the Opposition (Mr. Clark) referred to the high cost of maintaining the dollar. The financial critic of the Conservative party stated that $100 million a day was being drained out of Canada. I wonder if he can table any document to show that that is the correct figure. If he does have evidence to substantiate that, I hope he will provide it to the House because I do not think that figure is correct. Until he can substantiate that figure, I think we are talking about a straw man.

There is no question that in October of 1977—the Minister of Finance (Mr. Chrétien) advised the House of the creation of a $1.5 billion stand-by fund. That was not something thrust upon us today. It is not something about which none of us has been unaware. At that time the minister said that he was not pegging the Canadian dollar but he wanted to maintain an orderly floating of it. I do not have to hear what the minister said five, six or seven times. He was talking about an orderly Canadian dollar on the market, which seems reasonable. If we had not set up a fund to have an orderly marketing of the Canadian dollar, I suspect that the opposition would stand up and ask why we had not created such a fund, why we were allowing ups and downs, and why we were allowing speculators.

An hon. Member: I can't stand it.

Mr. Anderson: I am sorry the hon. member has to leave. When the government does something, it is criticized; and when it does not do anything, it is criticized.

There is no question that in the last 14 months the Canadian dollar has gone from $1.03 American to 89 cents American. To be exact, the drop is 14 per cent. I wonder if hon. members opposite have considered that the U.S. dollar has declined 50

per cent against the Swiss franc, 34 per cent against the Japanese yen, 31 per cent against the West German mark, and 21 per cent against the British pound. Perhaps the opposition should be telling the American Congress and the American Senate that they face a crisis, an economic emergency. The figures I just related, 50 per cent and 34 per cent, perhaps do not look as bad as our 14 per cent against the American dollar. The difference between Canada and the United States is that in the American Congress and Senate there is no great worry about the economic future of the United States. Those bodies do not cry wolf every time the American dollar goes down a few percentage points against the Swiss franc, the German mark or any other currency, because they know there is strength in their economy, that economies rise and fall, and that dollar values go up and down.

Opposition parties would have us believe that we have an unusual situation in Canada and that this situation is not in existence throughout the world. The hon. member for Don Valley (Mr. Gillies) says we have nothing to fear but fear itself. I agree 100 per cent, but do all hon. members opposite believe that? Not from what I heard tonight. What I have heard tonight has been nothing but gloom and doom. Hon. members opposite are experts on that. By no stretch of the imagination is there any group which could be put together in any room and find as many faults with Canada and so little right. However, the opinion of hon. members opposite is not the opinion of the people of Canada.

There is no denying that the 14 per cent devaluation of the Canadian currency has had an effect on our economy. This devaluation has also had an effect on our most important trading partner, the United States. We do approximately $70 billion worth of trading back and forth, but not one hon. member opposite has stated what this 14 per cent means. Looking at it another way, Canada has erected a 14 per cent tariff on goods coming from the United States. By the same token, goods going to the United States have a reduced tariff of 14 per cent. I am not saying that devaluation is the greatest thing since green cheese, but it has made our goods more competitive on the American market, and American goods more expensive on ours. I am not arguing that there should be an 89-cent dollar.

An hon. Member: What are you arguing?

Mr. Anderson: However, if hon. members opposite do not like an 89-cent dollar, do they want a $1 dollar? Do they want a $1.03 dollar or a $1.05 dollar? If the present situation is a crisis, are hon. members opposite saying that it is beneficial to have a Canadian dollar at $1.05 pegged to the American dollar? Are they saying that it would be even more beneficial if our dollar were worth $1.25 compared with the American dollar? If they do not like it where it is, where do they want it? If they do not like the free system, do they want the dollar pegged? There has not been one hon. member opposite who has addressed the question that the opposition itself has raised.

Some hon. Members: Hear, hear!

[Mr. Anderson.]

Mr. Anderson: Time and time again I have heard hon. members opposite complain, but they have no solutions. I am used to that, but the subject they raised tonight is very narrow and precise. The Leader of the Opposition spoke for 20 minutes, but said nothing. If he had written a speech like that for the former leader of his party, he would have been fired.

The Leader of the New Democratic Party (Mr. Broadbent) spoke about the federal-provincial conference. I am not exactly sure what that has to do with the motion, but I hope hon. members opposite who speak later in this debate will say at what level they think the Canadian dollar should be in relation to the American dollar. If they do not like it where it is, where do they want it, or do they know?

Mr. Alexander: Your speech is better than the minister's, anyway.

An hon. Member: Say something.

Mr. Anderson: Hon. members opposite do not like being at the receiving end of catcalls and criticism, and I do not think they will get a chance to be criticized as a government. But I hope they can stand being criticized as an opposition because it is give and take on any day in the House.

• (2232)

Only a few months ago I was in the Fraser valley and I was talking to a group of people in the agricultural business. Those people said they were being forced out of business because of products coming from the United States. They asked the federal government to give them a 15 per cent tariff on vegetables and fruit coming from the U.S. I told them we had already done that. We did not put it in by legislation, but with the devaluation of the Canadian dollar.

Mr. Fraser: Would the hon. member accept my question?

Mr. Anderson: Will he wait until I have finished my speech?

Mr. Fraser: I might point out he has been asking a lot of questions, and I would like to ask one.

The Acting Speaker (Mr. Turner): The parliamentary secretary refuses to answer a question at this time. He has indicated he will answer it if he has time at the end of his speech.

Mr. Anderson: Mr. Speaker, I have no objection to a question from the hon. member. I indicated that I would do it at the end of my speech. I do not want to take time from my speech listening to his questions.

Mr. Fraser: The question is not the problem; it is the answer.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Vancouver South (Mr. Fraser) on a point of order.

Mr. Fraser: I just want to point out, Mr. Speaker, that I am quite sure—

The Acting Speaker (Mr. Turner): Order, please. The Parliamentary Secretary to the Minister of Fisheries and the Environment (Mr. Anderson) has the floor, and I will go to the hon. member for Vancouver South at two o'clock in the morning if he wants to stay.

Mr. Anderson: Mr. Speaker, I am amazed that a fellow member from British Columbia would interrupt a speech concerning British Columbia. I hope that he will allow me to finish the remarks I was making.

There is no question that British Columbia, the province which I am proud to come from, is a resource oriented province. There is no question, on the other side of the coin, that we know that having a devalued dollar does increase the price of goods. Not one person on the opposition side has ever brought up the point that if goods coming into this country are costing more, why buy them? Buy Canadian! The premiers of the provinces got this message. Why do you not understand it?

It may sound like a spurious point, but the consumer realizes it is to his advantage to buy Canadian if the price of goods coming in from the United States or any other country goes up. If the price of bananas goes up because of a lower Canadian dollar, maybe we should buy Okanagan apples. I do not find anything wrong with that.

I know the hon. member for Hamilton West (Mr. Alexander) would like me to wind up my speech, but I am speaking the truth. You are not forced to buy one thing or another. I would hope that one of the messages brought across Canada by myself and by other hon. members of this House is that it is time to look at where goods originate. If we buy Canadian, we create Canadian jobs. We create security for those people buying Canadian goods. I would hope for the hon. member for Hamilton West that we buy Canadian steel.

Mr. Alexander: I hope we get some of the pipeline.

Mr. Anderson: I would like members on both sides of the House to make that message clear that it is to our advantage to buy Canadian goods. Members who have brought up the fact that it is inflationary are correct if one purchases imported goods. If the price of coffee goes up because of the devalued dollar, you do have that right to choose whether you will purchase coffee or not.

I realize economics is not a strong point in the New Democratic Party. However, there is a discretionary power in our economy. With the devaluation of the dollar we have a breathing space. If we use that breathing space wisely we must try to become more competitive in our industries. The resource industries cannot continue to provide a surplus of trade balance in the Canadian economy. The breathing space is there. If we do not use it wisely we know some of the consequences that may happen.

The question was brought up earlier regarding the situation of the Canadian dollar being higher than the American dollar. I hope hon. members realize that a majority of those dollars were coming in from the United States through provincial and municipal borrowing, for example the James Bay, B.C. hydro, and other large projects. These projects were the main stimulus to an overly inflated Canadian dollar.

It is rather unique that if we borrow more from the United States our Canadian dollar would go up in value and we would be more in debt. If we borrow less from the United States, our dollar goes down. If the hon. members in the opposition would address themselves to that question, and while they are saying there is a crisis, are they basically suggesting that we should return to the artificially high Canadian dollar which was caused by provinces and municipalities borrowing in the American market? This occurred several years ago. If you do not like the dollar where it is, there is a way to get it up again.

An hon. Member: Change the government.

Mr. Anderson: One of the basic things that has destroyed confidence in the Canadian dollar and the Canadian economy is the takeover of the potash industry in Saskatchewan. That amazed the financial communities not only in the United States but throughout the world. This was an industry that was socialized and nationalized, taken over by the Saskatchewan government. The leader of the New Democratic Party who, I understand, is a graduate of the London School of Economics, surely must realize what effect that wrought on the international markets.

We had a New Democratic government in the province of British Columbia and, in the wisdom or non-wisdom of that government, the former premier decided that he would put a super royalty on minerals. This industry has not recovered yet and it will be a few years before confidence in the British Columbia market will return.

I am sure that the hon. member for New Westminster (Mr. Leggatt) will be rising to his feet in a few minutes, and I will listen to him with great interest. Markets do change and are affected by the actions of governments, especially when they nationalize industries or set artificially high royalties. If the hon. member for New Westminster wishes to debate that, he will have a chance to contradict the statement that actions by the NDP premier of British Columbia affected the mining industry in that province.

Mr. Leggatt: Absolutely correct.

Mr. Anderson: If he says that, Mr. Speaker, I will excerpt his statement and send it back to British Columbia because there are a lot of people in the mining industry who, I am sure, will be writing letters to him.

There is no question in most member's minds that the devalued Canadian dollar is not the cause of our problems, it is resulting from problems in our economy and is reflecting them. The devalued dollar is a barometer showing us various things, including the fact productivity is not on our side at this moment.

● (2242)

As I said, this is a breathing period, a period when we can catch up and get our house in order. It will not only require the

co-operation of the provincial governments, but of the municipal governments and the Canadian people. It may not be the easiest two or three years, regardless of what government is in power.

It will require one other thing. I say this with all sincerity. If the opposition parties sincerely believe in our Canadian style of government, our Canadian way of life, and believe that this country has a future, the way to express that is not to say that we are on the edge of an abyss.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the parliamentary secretary but his allotted time has expired.

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, this afternoon we were treated to the annual medicine show by the President of the Treasury Board (Mr. Andras). At that time I did not know it was only the matinée performance. Tonight we have the comedy acts. The hon. member for Comox-Alberni (Mr. Anderson) would have us believe the devaluation of the Canadian dollar is a marvellous thing. Now we can buy Canadian bananas cheaper than foreign bananas, and Canadian coffee cheaper than foreign coffee. It sounds as though it was a master plan by this brilliant government.

One can, of course, forgive the hon. member. He has been taking notes and learning from the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo) who had the same thesis. They think it is wonderful that our dollar is being devalued. They believe it is having a marvellous impact. Listening to their speeches, one would think that if we could get the dollar down to a nickel, we would all be millionaires, flooded with Canadian coffee and bananas and other good things.

It is funny in one sense, but tragic in the other. It is not so tragic in terms of the hon. member for Comox-Alberni or the Minister of State (Fitness and Amateur Sport) because they do not really matter a hill of beans with regard to what happens there or anywhere else. However, it is tragic in terms of the Minister of Finance (Mr. Chrétien). During the debate tonight he contributed absolutely nothing in terms of plans, policies, programs, or even an acknowledgement of the seriousness of this crisis.

In his opening remarks the Leader of the Opposition (Mr. Clark) asked the Minister of Finance five very important questions. I will repeat them. When were the banks formally or informally advised as to the government's intentions to draw down the line of credit? What will the rate of interest be on the borrowing and what will be the means of repayment? When will be the time of repayment? Was the minister advised, did he consent, or was he asked with regard to the Bank of Canada's action which started Monday afternoon? What level will the dollar not fall below? What is the dead bottom level at which time the government will step in?

Those five very reasonable and important questions were put by my leader because of our interest and concern in this question. What did we get in return? We got flim-flam from the Minister of Finance. He either does not understand the crisis, does not care about it, has no respect for the House of Commons and the people of Canada, or was simply making his contribution to the evening performance of the medicine show.

The Minister of Finance told us there is no crisis. He used specious arguments, picking selective dates to indicate there is no crisis. Previous speakers from my party, the hon. member for York-Simcoe (Mr. Stevens) and the hon. member for Don Valley (Mr. Gillies), demonstrated the ignorance of the argument put forward by the Minister of Finance.

There is a serious crisis, a crisis of confidence. The international money markets are saying they have no confidence in the Canadian dollar. That is the message of the slide.

The Minister of Finance says the Bank of Canada has been intervening to keep an orderly market. Well, Mr. Speaker, when you intervene to the tune of $1 billion, $500,000 in the month of February alone, it is not to keep an orderly market. It is to prop up the dollar.

Mr. Baker (Grenville-Carleton): It is a salvage operation.

Mr. Andre: Yes; not keeping an orderly market. When you are keeping an orderly market, you are buying and selling in order to remove fluctuations. You are not continually using our reserves of foreign currency, currency which the Bank of Canada cannot print. They can print Canadian currency and use that to finance this government's operations, but they cannot print foreign currency.

They have run out of foreign reserves. We have had to go to the international money markets to make use of the bank line of credit. Now we have to borrow abroad. That action by the Bank of Canada, necessary though it may be, is not a solution to the problem. It is a dressing, merely a band-aid. It may stop the hemorrhage, but it will not heal the wound.

This crisis of confidence will not go away as a result of this type of intervention. It will not go away as a result of current economic plans by the Minister of Finance and this government. It certainly will not go away as a result of the minister ranting and raving irrelevant and erroneous critiques about suggestions made by members of my party.

The international money markets are telling anyone who cares to listen the same thing the American money markets told the city of New York two or three years ago. The international money markets are telling Canada, "Your house is in disorder. We do not have confidence you are managing your affairs. Get your affairs in order." That is the message and that is the crisis in confidence that is occurring. Only a ship of fools would ignore a message like that. It is tragic that this ship of fools who are guiding the ship of state at this time refuse or are unable to heed this message being directed at them by the international money markets.

You do not have to search too far in the Canadian economy to find this. The Canadian dollar is being devalued with regard to foreign currencies in exact proportion to the degree of inflation in Canada with respect to these foreign currencies.

Some hon. Members: Oh, oh!

Mr. Andre: Look at the figures. The Parliamentary Secretary to the Minister of Finance (Mr. Lumley) is so busy running around protecting the Minister of Finance that he has not had time to do some simple research. The fact is those countries which have low inflation have the strongest currencies, and those which have high inflation have the weakest currencies. It makes sense.

Through our policies we are devaluing and discrediting our dollar at a rate of 9 per cent. We are debasing our own currency. Who wants to hold on to a currency being debased at 9 per cent a year when they can hold on to a currency which is holding its value? You do not need a Ph.D. in economics to figure that out. Even a country lawyer like the Minister of Finance should be able to figure it out.

● (2252)

Then what is the cause of inflation, Mr. Speaker? Let us consider what a big city lawyer says it is. The big city lawyer says you can never spend more that you have, otherwise you have endless inflation. Mr. Speaker, that big city lawyer was the Prime Minister (Mr. Trudeau), as reported in *Maclean's* magazine of October 20, 1975, if the Parliamentary Secretary to the Minister of Finance cares to look it up.

Mr. Lumley: I will go out and check on that.

Mr. Andre: He says if you spend more than you take in you have endless inflation. So what is that big city lawyer doing with the government for which he is responsible? Last year that big city lawyer, who says if you spend more than you take in you have endless inflation, and who previously had wrestled inflation to the ground, was responsible for his government spending $44,450 million. That government only raised about $36 billion so it spent $9 billion more than it raised. Of course, it got that money by turning on a printing press across the street in the glass tower. It debased the Canadian dollar, and now international money markets are saying they want to hold on to something more stable, like the Swiss franc or the German mark. And that is what they are doing. Even a small country lawyer could figure that out and should be able to do something about it.

That is the root of the crisis in this country, Mr. Speaker. That is the problem that has to be addressed and the problem that this government refuses to address because it would take political courage to attack government spending in a vigorous way. Not only do they lack courage to attack the problem but they attack vehemently every positive suggestion put up by our side, even it they have to distort what we say in order to create a strawman at which they can flail. It is irresponsible behaviour.

Government spending is totally out of control. The annual increase in expenditures from the year this government took office until now is 11 per cent, 11 per cent, 14 per cent, 7 per cent, 23 per cent, 28 per cent, 18 per cent, 10 per cent, 18 per cent, and this year it is 13 per cent. With that kind of cancerous growth in spending it is no wonder that revenues have not kept pace. I wonder if the House and the country are aware that even if the government raised income taxes in order to meet the deficit of last year, it would have to raise them by a full 50 per cent. It certainly will not do that, but it does not have the courage to cut back on spending either. The $9 billion has to come from somewhere, so it has been borrowing part of it, and printing money to cover the other part. The only problem is that it has to be paid back.

Last year the interest on previous debts amounted to nearly $7 billion. That is more than the annual expenditures of the Pearson government. We spent more money on interest on the debts of this government than the Pearson government spent in total.

We are now borrowing money to pay interest on money borrowed earlier. On and on it goes. With that kind of operation it is no wonder the international money markets are saying they do not want to hang on to our dollars but want more stable dollars. Small wonder our dollar has fallen to 88 cents, and pressure is still building.

All the loans we can get from banks and offshore sources are not going to solve the problem. They may enable the government to survive until an election, however. The problem of an uncontrolled economy that is spending at cancerous rates has to be tackled, and this government refuses to do that.

I would refer the Minister of Finance to the debate on February 2 as he was not present at that time. This party put forward four concrete proposals to aid the government in addressing the problem of government spending. They were positive proposals, and the government would be well advised to adopt them.

I plead with the government to try to bring things under control because this is truly a marvelous country. We are blessed as is no other industrialized nation. We have great resources, a highly educated population, and a well developed infrastructure. We have all that is necessary to give this country a future that no other country can dream of. The only thing wrong is the continuation of the stupid, ignorant policies of this government over the last few years. As the Liberal party said in the election campaign of 1972, "The Land is Strong". We agree, Mr. Speaker. The land is indeed strong, but it cannot endure this kind of mismanagement forever, and the time has come to take corrective action.

Some hon. Members: Hear, hear!

Mr. Max Saltsman (Waterloo-Cambridge): Mr. Speaker, in the early part of the evening it looked as though we were going to get into a great big brawl. Fortunately, it deteriorated into a debate—but this debate is becoming curiouser and curiouser. As my friend, the hon. member for Regina-Lake Centre (Mr. Benjamin) would say, "I am just a little old country boy and there are some things I do not understand." I am trying to understand, Mr. Speaker: I am a little old country boy from Waterloo-Cambridge.

What I do not understand is that speaker after speaker from the Liberal side of the House has defended the devaluation of the Canadian dollar and said how curative the whole process

has been. It seems as though they were overwhelmed with their success and worried that it might become too much of a good thing, so they stopped it. "The dollar is dropping, and that is a good thing," they seem to say, "But we have to stop it." That approach is difficult to understand.

I see that my friends on the far right are smiling. I suspect they are rather supportive of the proposition I have put forward. But, Mr. Speaker, I find their position to be even curiouser. I have been trying to assess it. My very distinguished friend, the hon. member for Don Valley (Mr. Gillies), was haranguing the government, accusing it of not taking the House into its confidence. I think he was right: there should be confidence in the government. I have been listening very carefully tonight to a series of excellent interventions from this side of the House, waiting to learn the position of hon. friends to my right. I am in a very tough position because, I am just a little country boy.

● (2302)

I want to speak about the Conservative position, but I find it difficult because I cannot discern what their position is. In desperation, I may have to ask our favourite country lawyer who is occupying the exalted position of Minister of Finance (Mr. Chrétien). I am sure he understands the Conservative position. I wish—just as the Conservative party wishes—with great sincerity that the government would take them into its confidence, and I wish the Conservative party would take the House into its confidence by explaining just where it stands on this issue. Do those hon. members want the dollar pegged, or do they want it to float free? That is a very simple question.

It is very difficult to understand the problem. Let us get back to the shakers and the movers in this House. Let us get some of the irrelevancies out of the way of what is a really a very important and serious discussion. First of all, it is suggested the Minister of Finance should come to the House and take us into his confidence regarding what he intends to do about the Canadian dollar. There is no way that this is important to this debate—that is, whether the Minister of Finance does that or not. As a matter of fact, if the Minister of Finance were ever to leak that kind of information, we would insist that he be thrown out of office. The last thing in the world a minister of finance is supposed to do is tip off the government's intentions respecting its currency exchanges. Let us get that suggestion out of the way.

An hon. Member: Hear, hear!

Mr. Saltsman: Let us get that matter out of the way, because it is not important to this debate.

Is there a crisis? There has been a crisis for a long time, and it is difficult to know whether one crisis is worse than another. It is like watching a punch-drunk fighter: you can hit him a couple of times and he does not even feel it. That is the position the government is in: it has been in a continuous crisis for a long time. To use hyperbole, this is the worst crisis we have ever had—but we have had the worst crisis we have ever had every day for a long time.

[Mr. Saltsman.]

The other question is, what is the government doing? The government is talking about trying to even things out. The worst possible thing the government could do, in my opinion—if it believes in a floating exchange rate and is committed to that and realizes the Canadian dollar has to be devalued—is to intervene in the market. If you want the gnomes to step in and speculate against the Canadian dollar, this is the way to do it: that is really the way to accomplish it.

I do not know the special circumstances. I do not know what the governor of the Bank of Canada said to the Minister of Finance to persuade him to do this, but it seems to me he has taken absolutely the wrong course. A lot of problems are associated with devaluation. There is no doubt it had to happen; and it had to happen because the government failed in its responsibility to do anything else.

Over the last period of time the government had one of two options, and only one of two. It could have stimulated the economy to full employment through positive government measures; it could have listened to my leader who has been talking about capital projects: he has been saying for a long time that, rather than putting people on unemployment insurance, the government should find jobs for them. Now is the time to do something about railway debts; now is the time to look at the possibilities of Fundy power; now is the time to consider future energy sources. There are a lot of things to do in Canada. That was an option the government had to deal with—unemployment. The government failed to deal with it; it failed to use the authority and responsibility entrusted to it to get Canadians back to work. Because it failed, the international community had disciplined the government. You can fail only up to a point, and then the chickens come home to roost—and they are roosting now.

This is going to be a corrective measure, but a painful, corrective measure. It is not a corrective measure that should be stopped. The government is to be faulted for stepping in at this time, trying to intervene in the money market. While we may not pay for this over the next month or so, what this policy will do is create a state of speculation against the Canadian dollar. That is just what the gnomes like; that is just what they want: they want to know they are being protected. If the dollar is not protected, you have one gnome speculating against another. When the Canadian government says it is going to intervene, they can speculate against the Canadian dollar without too much fear of losing out. After all, the government of Canada is protecting them to some extent.

Our dollar has been too high in relation to other currencies. This has been costing us jobs. This is not the time to go into the reason our dollar has been too high, but obviously it has been too high and had to drop. When the dollar drops, one does not go out and find a gibbet for the nation. As a matter of fact, the United States dollar, vis-à-vis other currencies, has been dropping even more substantially than our dollar. In fact, what other countries have been doing is not dropping their currency—and that is what the United States have been complaining about in relation to the behaviour of the money markets of Germany and Japan. They have been dropping

their currencies too low and, therefore, have been operating at an advantage in terms of world trade. The United States has been insisting that Japan and Germany revalue upward so that they more truly reflect the currency position as against the currencies of other countries.

What appears from the determination to intervene at this time is that it is all part of an election psychology. It seems quite clear that there is to be an election. I wonder whether, in fact, the government would have intervened at this time if that were not the climate or the mood of the country.

The unfortunate aspect of the government's willingness to behave as it has is that it knows, or should know, that the most serious problem facing this country is unemployment. This is an absolutely disgraceful situation facing this country, yet for some reason the public does not perceive unemployment as a most serious problem. The public can be persuaded by all kinds of headlines and by the kind of debate we have heard from our friends to the right—and from Liberal members as well—that the real problem is in relation to the integrity of the dollar, as though that means anything. What does mean something is the number of jobs available. That is what really means something—not the mercantile view that you have gold in the vault and money in the bank. We had plenty of gold in the vault and money in the bank during the great depression, but that did not mean anything because there were no jobs for the people.

This government, at political risk, thought it was better—rather than putting people back to work,—to put some cosmetics on the Canadian dollar which the government itself felt should be lower in relation to other currencies. This is a kind of justice from above. There is a great article in today's *Citizen* by Charles Lynch. The circumspect hon. member for Nickel Belt (Mr. Rodriguez) took away my article by Charles Lynch; however, I will see if I can do justice to Mr. Lynch. The trouble with reporters like Charles Lynch is that they hang around the press gallery for too long and become memories. They remember things, but what they are remembering is 15 years ago when the Liberal party sat on this side of the House and laughed like crazy at the Conservative party, which was on the other side, for devaluating the Canadian dollar.

An hon. Member: The "Diefendollar".

Mr. Saltsman: Yes. And the Liberals campaigned on that and persuaded the Canadian people that the world was coming to an end and the sky was falling because the first thing the Conservative government had done wisely for four years was to lower the value of the dollar. We now have the same play and the same repertoire. We have a road show with an out-of-town cast of players. We have the reverse of the previous position. I think there is a kind of poetic justice here. I say to you, Mr. Minister and through you, Mr. Speaker, that if you get tossed around a little bit, if you are punch-drunk and your head is ringing, you have it coming to you. You have it coming to you and they have been waiting a long time for it.

• (2312)

Charles Lynch is always around to remind the government: he never forgets anything. Some provinces did not go to the minister; some behaved foolishly: they borrowed money in the United States because interest rates were lower— The money was available in Canada, but the interest rate was higher. When provinces did that, they took a risk. I have used up enough of my time talking about Charles Lynch; I have given him more glory that he is entitled to.

Was it the provinces? Was it the fear of repatriation of dividends? The Minister of Finance should answer these questions. If he were frank, perhaps we would feel differently about the action he is taking. No explanation has been put before the House. Was it pressure from other countries? I suspect that it was. Was Canada becoming too competitive? I suspect that it was.

Mr. Chrétien: No.

Mr. Saltsman: Currencies in other countries of the western world have gone down too much. They did not want that position; they were worried about it.

Mr. Chrétien: Mr. Speaker, with the permission of the hon. member, I can reply to that question. There was no pressure from anyone. I discussed that matter with my advisers and the governor of the Bank of Canada.

Mr. Saltsman: I have no reason not to accept what the minister says at face value. Whether there were any direct discussions or not, it was forced on Canada. The Diefenbaker government, in 1962, paid a price for the rescue operation of the Canadian dollar. It was to go on a fixed exchange rate. That was forced on Canada; it was not wanted. There has been pressure on Canada not to be on a floating exchange rate and not to allow its rate to go too low. I am sure those views are taken into account in the Department of Finance.

A few days ago, when the minister was before the Standing Committee on Finance, Trade and Economic Affairs, I accused him of living in a fool's paradise when he told the committee that the inflation rate in the 1980s would be 3.5 per cent. That was commendable, but unrealistic, especially after one considers what people in other countries are indicating; that is, that the inflation rate cannot be brought down below 6 per cent. Given the past history of this government, it would be surprising if the government brought it down to 3.5 per cent.

This government is determined to live up to a silly projection which has very little basis in fact: it is little more than a pious hope. The government refers to this as a real figure; then it attempts to twist and distort the economy on a Procrustian bed in order to make it fit. The consequence is that the people whose arms and legs are stretched are the unemployed, while the government pursues a goal which cannot be reached.

Devaluation has a price. Nothing is costless. The price paid for devaluation is that the dollar falls, exports are improved, imports are reduced, the cost of living is raised and inflation is contributed to. While it has a positive effect on employment, it

has a rather less than positive effect on inflation. The government cannot have it both ways. It has to choose whether it will attempt to make its record on a reduced level of inflation at the cost of keeping more people out of work, or whether employment will be looked upon as the most important objective of public policy at the same time as living with a somewhat higher rate of inflation than it wants.

Hon. members of the New Democratic Party have made a decision. The decision was not easy to make, because something wanted is traded off for something needed. There is nothing more important than putting the 1.5 million unemployed Canadians back to work. A price has to be paid for that and the level of inflation will be somewhat higher. Perhaps the government will have to eat humble pie. That is better than 1½ million people remaining unemployed. The New Democratic Party does not like the idea of the devalued dollar: we would rather see a full dollar and full employment. If the choice is to let the dollar fall in order to create more employment, then we are prepared to do that.

I would like to hear the government suggest something constructive, rather than just saying that everything it does is correct and everything the official opposition does is wrong. There should be an evaluation of the kind of costs; then there can be debate and the people can be asked to assess what they want. They would know the prices they are required to pay and the advantages they would receive. No advantage comes without a disadvantage. The government has been asking the opposition where it stands. In straightforward terms, the New Democratic Party stands for full employment. Whatever has to be done should be done.

Devaluation does not hit everyone the same way: the poor do not consume imported goods to the same extent as the rich. At a time when the country has to make sacrifices to put people back to work, we should be concerned about jobs and how the poor are affected. The poor are not able to buy imported stereos or to take trips to the Caribbean. That is the kind of trade-off the country should be willing to accept.

An hon. Member: What about Canadian travel?

Mr. Saltsman: If public policy encourages Canadian travel, it is a good thing. There is a need for more frankness in this kind of debate. I criticize the government because it wants it both ways. It wants devaluation, it talks about the benefits of devaluation, and then for some reason it decides it will not go through with it. I think that is wrong, and it has not been explained to the country.

● (2322)

Mr. D. M. Collenette (York East): Mr. Speaker, it is a great pleasure of me to take part in the debate this evening, but before I get into the subject matter of the motion under Standing Order 26 I should like to make a few remarks directed toward the hon. member for Don Valley (Mr. Gillies) who spoke about an hour or so ago. He launched into one of the most virulent and vitriolic attacks I have heard on an individual member of the House, namely, the Minister of State for Fitness and Amateur Sport (Mrs. Campagnolo). He criticized her for being a good constituency member. I can tell the House that the hon. member for Don Valley cannot hold a candle to the efforts of the minister.

An hon. Member: Do you want to be her parliamentary secretary?

Mr. Collenette: No, Mr. Speaker. I speak as one of the neighbours of the hon. member for Don Valley in metropolitan Toronto. He also ridiculed the Minister of National Revenue (Mr. Guay) for being the Liberal member from Manitoba. But he did not look around at metropolitan Toronto to see what happened to the Conservatives in that city when one of his colleagues, one of the only two Conservative members, namely, the hon. member for High Park-Humber Valley (Mr. Jelinek), is steering away from Toronto and going to Oakville where they do not want him. Let the hon. member for Don Valley remember the glass house in which he lives before he casts stones at some of the members on this side. I am sorry, Mr. Speaker, but I felt compelled to make these remarks because they came up in the cut and thrust of the debate this evening.

Some hon. Members: Tell us about Sun Life.

Mr. Collenette: Our position on Sun Life was morally defensible, I think, and one which did a lot for the cause of national unity in this country. But where was the Conservative party and where was the Leader of the Opposition (Mr. Clark)? Anyway, we do not want to get into that this evening.

Some hon. Members: Oh, oh!

Mr. Collenette: What we have here this evening is a debate called by the Progressive Conservatives, and of course the NDP, to boost their sagging popularity, to show their concern, and to get headlines.

Some hon. Members: Oh, oh!

Mr. Collenette: It is true. Look at the Gallup polls. The P.C. party is going nowhere and they are becoming desperate.

I also take exception to some of the remarks of the Leader of the NDP (Mr. Broadbent). My colleague, the hon. member for Comox-Alberni (Mr. Anderson), made reference to the fact that the hon. member for Oshawa-Whitby attended the London School of Economics. He was one of my professors at the university about ten years ago.

Some hon. Members: Oh, oh!

Mr. Paproski: So that is the connection! Now we know.

Mr. Collenette: I did not realize what was wrong with his kind of econo mics until I came to the House, as was pointed out by some of my colleagues.

Let us talk about the declining dollar and the economic situation in this country which has brought about the decline in the dollar. I believe that the dollar drop should not cause that great an alarm. A 90 cent dollar, as the Minister of

Finance said on a number of occasions, better reflects our trade relationship with the U.S. We should look at one reason which has not been explored fully this evening, although the hon. member for Waterloo-Cambridge (Mr. Saltsman) alluded to it. We are all aware that U.S. multinationals control a great deal of our economy, I believe about 85 per cent of our oil and gas industry, and 60 per cent of our manufacturing industry. Because of this extensive U.S. control, much Canadian money is being transferred to the U.S. in the form of interest and dividend payments. Interest payments are necessary because there is much borrowing in the U.S. for Canadian purposes, or at least there has been. Dividend payments are necessary because many U.S. companies operating in Canada are only listed on the New York stock market.

This extensive flow of Canadian dollars into the U.S. is increased by the fact that Canadian tourists spend more in the U.S. than U.S. tourists spend in Canada. Although we have a surplus of trade with the U.S., it is not sufficient to cover this services account deficit.

A year ago our interest rates were 4 per cent higher than those of the U.S. This higher interest rate attracted U.S. capital into Canada for safe investment. This capital more than balanced the deficit we have from interest payments, dividends, tourism, etc. Hence, our dollar was worth more than the U.S. dollar, about $1.03. Today the U.S. has raised its interest rate so that there is only a 1 per cent point spread between the rates in the U.S. and Canada. This has had the effect of drying up U.S. currency flowing into Canada. As we have switched from an over balanced account to an under balanced account, our foreign exchange reserves are low and the dollar hovers at 90 cents U.S.

To display confidence in the dollar, the Bank of Canada has borrowed on the open market. In case it slips too low, the bank can support the dollar by buying up Canadian dollars from the U.S., as it has done in the past few days.

Interest rates are a valuable tool for controlling the national economy. A high interest rate set by the central bank will discourage inflation by encouraging investment from speculative channels into long term yields. Hence, Canada's relatively high interest rate is part of an intentional policy of the central bank to keep inflation down.

Throughout the time our dollar was high, foreign borrowing exacerbated the foreign capital surplus. Lending rates were lower in the U.S. and provincial governments were borrowing extensively in New York, Zurich, and throughout the world, in fact perhaps too much. This borrowing increased the flow of U.S. capital into Canada and kept the dollar high.

Having mentioned this one aspect, which I believe is a new aspect in tonight's discussion on the decline in the value of the dollar, I want to take a general look at our economy which has been attacked on the other side all evening and which was reflected in the value of the dollar at around 89 cents or 90 cents. As we know, Canada moves into 1978 with the expectation that the worst of the recent economic slack is over and that solid economic growth will resume this year. There are increasing signs that the economic recovery has begun in the first quarter of 1978. Most economists believe that in 1978 we shall see better results than last year.

This optimism does not overlook the fact that rates of unemployment and inflation are far from satisfactory. It is not enough for representatives like me merely to talk confidently about the future. What is needed is constructive action to stimulate the economy without contributing to inflation, and measures to aid those who have been dislocated by the economic slowdown. I believe that the government has done that in a series of policy decisions last fall and early winter providing tax incentives to business and consumers. The government has also decided not to wait for the expected recovery to begin but to attack the unemployment problem directly by putting up the money to create jobs now.

The basic dilemma that is facing this country at the moment is one that should be looked at closely. There are many people who believe that the government should adopt similar policies to those developed in the 1930's both in the U.S. and in Canada. Critics of the government such as the Conservatives, the New Democrats, and elements of the media such as the Toronto *Star* in my city, to name but a few, offer a Keynesian approach which perhaps had some value but which is not the sole answer in the particular economic circumstances in which we find ourselves in 1978. They advocate the cutting of taxes, the stimulation of consumer demand, and spending on massive public works projects. This approach was successful in the 1930's because of high unemployment, which was around 20 per cent in Canada at that time, and massive deflation, in other words falling prices and values of goods. However, today we have a high unemployment rate of 8.5 per cent, but we also have continued inflation of 8 per cent or 9 per cent which we did not have in the 1930's. Therefore, I think it follows that pump priming by the federal government can only be a temporary measure and can only be an incomplete solution to the problem.

● (2332)

The federal government is not the only player in the economy. We saw the truth of that last week at the first ministers' conference here in Ottawa. Since we are not the only player in the economy, it would be foolish to expect that the federal government alone has all the answers. The official opposition advocates federal income tax cuts while telling the government to cut government spending. Hon. members ridiculed the President of the Treasury Board (Mr. Andras) this afternoon when he brought in the estimates for the next fiscal year. It is quite evident that the official opposition is trying to have it both ways.

Hon. members opposite are talking out of both sides of their mouths, to use an old cliché. The approach they offer belies a great inconsistency. Cutting taxes means less revenue to the government, which forces higher deficits. The other aspect of cutting government expenditures is that with less revenues generated as a result of tax cuts, some government services must be cut.

I hope that in any federal election campaign which might come up in the next year, the official opposition will be prepared to tell the voters of Canada which services it would cut in the interest of balancing the budget or reducing government expenditures.

Mr. Baker (Grenville-Carleton): You will be the first cut.

Mr. Collenette: Would the official opposition cut unemployment insurance, old age pensions, or veterans' pensions? If 50,000 public servants were eliminated through attrition—not firings, but through attrition from the Public Service—the resulting saving to the Canadian taxpayer would be like a drop in a bucket. Hon. members opposite are not really getting at the root of the problem. The Progressive Conservative party wants to turn back the clock 30 years to that so-called laissez-faire free enterprise era when the weak and the poor in society were the downtrodden, and only the strong survived. I dare hon. members opposite to address themselves to the essential question of what services they are prepared to cut to achieve their economic policies.

I would like to talk for a minute about co-operation with the provinces. The Prime Minister (Mr. Trudeau) has recognized that there is a need to seek a co-operative approach to solving our economic difficulties. In his recent travels to all provincial capitals, and in talks with provincial premiers, he laid the groundwork for the first ministers' conference which was held last week, where for the first time in Canada's history—certainly in my memory—there was general agreement between the provinces and the federal government on prescriptions necessary for restoring Canada to a more healthy economic situation.

Inflation and unemployment are understandably immediate concerns for all, and have been the major focus of government attention over the past few years. What is needed is an attack on the so-called structural problems facing the country like declining competitiveness and changing patterns in manufacturing and world trade. This is the task which now confronts government leaders, but while the necessary study and adjustments are made the federal government has to concentrate on making it easier for those whose lives have been disrupted most by our economic problems.

It may be scant comfort for those without jobs, but it is generally recognized that the burden of unemployment today is not as heavy as it was in the past, thanks to generous social assistance measures such as family allowances and unemployment insurance. These and other measures provide a basic level of family income. That is one of the greatest arguments we can use for our submission that the New Democratic Party is wrong when it talks about the present situation in Canada being analogous to the 1930's. We have a generous social support system which shields those who are most hurt by economic problems. It is obvious that the Conservative party wants to dismantle those social guarantees.

Mr. Kempling: Don't be dishonest.

[Mr. Collenette.]

Mr. Collenette: It is one thing to talk about getting better value for our dollar and another to talk about productivity in the Public Service, but what the Conservative party wants, and what it is not levelling with the Canadian people on, is that it wants to change fundamentally the nature of this country. I believe this notion will be rejected by the people of Canada in the next federal election.

Getting back to the provinces, in addition to negotiating better working arrangements between the two levels of government, the Prime Minister and the premiers discussed ways of encouraging the private sector to do its part. Hon. members in the official opposition should applaud this. Government action to promote recovery will be of little use unless businessmen take full advantage of the various tax and economic incentives this government has given. However, the business community does seem to be heeding the advice and responding to the help provided in last year's budget and last fall's economic message from the Minister of Finance (Mr. Chrétien).

The business community is now less pessimistic about the future trend to inflation and is thinking in terms of getting ready to meet a resurgence of demand when the economy picks up. Is it not a pity that the official opposition does not show that same confidence? Hon. members opposite are the ones who are creating confusion on the money markets of the world with their continual hacking away at Canadian confidence. They will pay dearly for that when we go to the polls.

It is interesting to note that economic problems are worldwide. It is important to emphasize that most of the industrialized countries in the world are suffering from the twin dilemmas of mounting unemployment and inflation. Economists predict that even those economies alluded to by hon. members opposite, West Germany and Switzerland, will not grow nearly as much as Canada's economy this year.

I would like to talk about the West German and Swiss situation for a few minutes. I am prompted by comments made by the hon. member for Spadina (Mr. Stollery) in an informal chat we had the other day. He brought this to my attention, and I thank him for enlightening me. One aspect of the Swiss and West German performance bears a closer look.

When Canada admits immigrants, it does so by accepting them as equal partners in Canadian society. After three years in Canada landed immigrants have the right to apply for Canadian citizenship. Although we reduce immigration in times of high unemployment, those who are here may stay on to become citizens. That is not so in West Germany and Switzerland. That is why they have lower rates of unemployment. They put immigrants on trains and send them back to Yugoslavia, Portugal, Greece or Italy. That is why they have a lower rate of unemployment. Is that what we want in Canada? Is that what the Conservative party advocates? I dare hon. members opposite to say so.

It is bad enough that the Leader of the Opposition has stated that if a Conservative government is elected, the Department of Multiculturalism will be eliminated. What would the Leader of the Opposition do to all the people who have come here and contributed to Canadian society? He

would do the same thing the West Germans and Swiss have done. He would send them all home after they have been milked and made use of here.

When we look at the economic performance of industrialized nations, a clear picture of the strength of the Canadian economy emerges.

Mr. Kempling: Mr. Speaker, I rise on a point of order. I hope the hon. member will forgive my interrupting his remarks, but surely we should not leave the remarks he just made about immigration on the record. I do not know what immigration into Germany and Switzerland has to do with the devaluation of the Canadian dollar and why that matter has been raised in this debate, but surely the hon. member knows that the immigrants who come into Germany and Switzerland come under contract for a specified period of time, after which time they leave.

Mr. Deputy Speaker: I think the hon. member for Halton-Wentworth (Mr. Kempling) will agree that his remarks constitute an argument which he could include in his intervention.

Mr. Collenette: Mr. Speaker, I hope those remarks, which constitute debate, are not taken as part of my time. It is quite evident the hon. member for Halton-Wentworth (Mr. Kempling is going one step further. He wants contract workers in this country. It is on the record here tonight. When Canadians read that, they are going to take another look at the Conservative party.

● (2342)

An hon. Member: That is stupid!

Mr. Collenette: I know I have a few minutes remaining and I want to make reference to a speech made in Montreal recently by the chairman of the Royal Bank of Canada. He talked about the strength of the economy.

Mr. Mazankowski: I was there.

Mr. Collenette: The hon. member for Vegreville (Mr. Mazankowski) knows full well what the chairman of the Royal Bank said. It was my intention to bring to the attention of the House the worth-while points made by the chairman. However, Mr. Speaker, you think my time is up, and unless the hon. members would be so kind as to let me continue—

Mr. Deputy Speaker: Order, please. There does not seem to be unanimous consent, and there is no time for questioning either. The hon. member for Carleton-Charlotte.

An hon. Member: Here comes the sardine man.

Mr. Fred McCain (Carleton-Charlotte): Mr. Speaker, perhaps there are others who should eat sardines and it might give them a little brain food. Evidence from the interruptions to your right tonight indicate they could use a little brain food, so I recommend the sardine to you.

I do not intend tonight to deviate from the subject matter of this debate, namely, what should the government do which might contribute to the improvement of the dollar's position? But I would like to say of the remarks of the hon. member for York East (Mr. Collenette) that his remarks were, in the main ill-considered, irrelevant, and non-contributory to this problem and to this debate. The dollar decline is serious, and its cause is serious. That cause is lack of properly considered fiscal and monetary economic policy in the Dominion of Canada by the government which the member just supported. That is the cause, and it is serious. There seems to be no government inclination to call in the economic doctor to get on a path to correct the problem rather than see it continued and accentuated.

No matter what the government has done or how great the hon. member for York East thinks it is, he must accept the fact that its economic policy, or the absence of well-considered economic policies, has precipitated the crisis which we are debating tonight. His historic rhetoric will not dissolve the problem. The problem will not disappear as if by magic or ill-tempered discussion, and his accusation of members of the opposition regardless of the party to which they belong. It must be a debate which remains related to the discussion of the value of the dollar. Another speech has been made for a constituency, abusing the opposition and failing to stay on the subject.

Tonight in Ottawa 1,000 farmers met in the Chateau Laurier hotel. They were mainly from Ontario, but they were supported by representations and messages from every agricultural province in the Dominion of Canada. They made concrete suggestions which I would like the hon. member for Comox-Alberni (Mr. Anderson) to note. Those suggestions came in the form of four recommendations and were of importance to the Canadian economy and the Canadian dollar, its value at home and abroad. The Leader of the Opposition (Mr. Clark) met with that group and he assured them he agreed with the four recommendations which they made. He was sympathetic with the problems they were experiencing and he stated he would adopt policies in an attempt to correct the problems which they cited.

Let me read three of these recommendations.

> The first action required for a healthy agriculture is that markets for farm products must be expanded both at home and abroad.

Another was as follows:

> Thirdly, the Government of Canada must dissociate itself publicly from open pronouncement by some cabinet ministers that the policy of this nation shall be cheap food and must abandon plans to limit the price of food.

The cheap food coming from abroad is taking Canadian dollars, it is reducing farm income, and it is detrimental to all facets of the Canadian public's economic welfare.

Finally there was this recommendation:

> The federal and provincial governments must implement effective co-ordinated and meaningful stabilization and/or income assurance programs.

This last recommendation will increase agricultural production in Canada. It will incorporate a stop loss program and it would encourage production of food which we would not have

to import but which we are presently importing to the detriment of the Canadian dollar and our total economy.

From coast to coast in Canada federal policies have contributed to a decline in the export of agricultural products, fresh and processed. I suppose the most stark example of idiotic policy was the failure of the government to hold the international markets which we had, and to combine that with an increase in the quota for cheese to be imported from abroad. We lost the U.K. market, we lost the European Economic Community market, and in turn we increased the imports of cheese to Canada. These are two contradictory measures which, for the benefit of the hon. member for Comox-Alberni, have accentuated our unfavourable cash flow differential and therefore have affected the value of the dollar.

I suggest to you, Mr. Speaker, that a reasonable and rational duty and trade policy must be adopted by Canada at GATT. We must obtain fair and equal trading opportunities with our world trading partners. We can no longer exist while duties on our products to our friendly trading partners are prohibitive, while our market is traded away for advantages about which the farmers are not informed and which are very unsatisfactory to the total economy.

We have a government dealing in total secrecy at GATT. Its members have had input which they have rejected. They have had a tariff report which has been criticized and for which there were amendments requested by agriculture in Canada. There has been no consideration given to this as far as the public knows. It is totally secret. This is not satisfactory.

We have increased imports and we have generated a weak agricultural economy. For the information of the hon. member for Comox-Alberni, we have a decline in the Canadian dollar which has put a temporary protection on agricultural products, but only temporary. We must have a trading pattern which must be permanent. If by chance the fluctuation of the dollar gives a temporary position of advantage to any industry such as agriculture, we know it will be only temporary because, sooner or later, sanity will return to the economists and government, and the dollar will return to its proper value.

The net farm income of agriculture is going down. Imports are going up, whether they be fresh or processed. The Conservative party does not stand for that kind of treatment for agriculture and that kind of effect upon the Canadian dollar's value. This industry has contributed $1 billion in trade surplus historically. It has recently declined to about three quarters of a billion, and it will decline even further if we do not have a marketing structure, with farming representatives of Canada being abroad, something we do not have at this time. In the hundred or more nations where we are represented, we have eight agricultural representatives to promote our agricultural trade. Some of those are located in cities where we could not sell anything unless they had none of a certain product or were starving. Therefore, we are not promoting trade.

● (2352)

Whether it be fruits or vegetables from British Columbia, dairy products from Quebec, fruits and vegetables from the Niagara Peninsula, the potato products of the Atlantic area, or the apple products of Nova Scotia, they have all been seriously affected by adverse trade negotiations conducted by this government in the last ten years. Our party does not stand for that. We believe that the billion dollars of favourable trade balance can be expanded. When it is expanded, it will increase the profitability of agriculture. When agriculture is more profitable, the economy of Canada as a whole will rise.

I suggest to the hon. member for Comox-Alberni that he acquaint himself with the curve of prosperity in Canada and relate it to the net farm income of Canada. He will see they are parallel. When agriculture is weak, the Canadian economy weakens. I make that as a concrete suggestion to the hon. member for Comox-Alberni, a suggestion which could favourably affect the value of the Canadian dollar. It would increase the favourable balance of payments which agriculture can generate and which we need to restore the dollar to its value.

I want to assure the farmers that we do not and never have associated ourselves with policy of slow stabilization payments, or trading away agricultural benefits for hidden benefits to some other industry, creating low income for farmers. That is not our policy. We wish we had a chance to correct it. We surely would take the necessary measures.

[*Translation*]

Mr. Adrien Lambert (**Bellechasse**): Mr. Speaker, we say that a man should seek the advice of his pillow. I therefore hope that this debate which is going on into the night will help the Minister of Finance (Mr. Chrétien) steer the right course for the monetary policies of our country. As for us parliamentarians, we are supposed to represent the supreme authority in the land. After this debate, we may be able to give good advice to the Minister of Finance and the cabinet.

Mr. Speaker, this debate should remind us that a monetary system is a tool which a people devises for itself. In all civilized and well organized nations there is a monetary system which serves to establish as they occur the value of things and services, and to allow the citizens to exchange services and goods. That is the role of the monetary system.

We have succeeded, in Canada. We are about to succeed in transforming our measurement system. We are gradually changing over to the metric system in all spheres of economic activity. Mr. Speaker, it is not easy to make such a change in a country like Canada. However, the government got to work and passed legislation to determine the time when such and such sector of the economy would switch to the metric system. The population accepts this and is ready to co-operate.

I meet many people in the industrial sector and many people who travel throughout Canada to promote sales for such or such a company. Housewives are accepting to change their cooking habits because the Canadian Parliament decided that those changes would be better for Canada. For my part, Mr. Speaker, I sincerely believe that the change to the metric system is much more difficult to achieve than a change in our monetary system.

In our country, we have a monetary system based on the dollar. No one questions this. Everyone agrees to evaluate the services of blue collars and white collars in dollars. No one questions this and everyone agrees. Mr. Speaker, it is the same when we want to measure the value of farm production, whether it be dairy production or livestock production. We agree about this. We know that we can make exchanges within our country because every week, in all large supermarkets, many Canadians go to do their shopping and we see women open their purse to pay in Canadian dollars the products they have selected. This is the role of a monetary system, to allow easy and quick exchanges.

Mr. Speaker, what is beyond my understanding, and I believe this should be one of our thoughts for this evening, is that the system of exchanges, this tool that we call the dollar in Canada, has been created by man. From what we see today, the dollar crisis, it seems that this creature has become master of its creator. It is man who created this tool, and man has become its slave to the point where in March 1977, in Montreal, Reverend Father Georges-Henri Lévesque, a Dominican, the founder of the Department of Social Sciences at Laval University in Quebec City, gave a conference entitled "Money, Master or Servant." Well, I would urge all members of this House to read that conference. It is very rational from one end to the other and shows that money has become man's master when man should be the master of money, this instrument of exchange. And it is up to us parliamentarians to see that this instrument is truly the servant of individuals, families, municipalities, school boards, provinces and the government of Canada.

● (0002)

This is a really maddening situation. I cannot get it into my head that such an instrument of exchange, which should simply be a cog in the gear to enable real credit created by the work of men to move around, should be traded among men. Real credit, Mr. Speaker, is created by the work of individuals. The farmer working his farm, selling animal meat, producing dairy products is under our economic organization a creator of credit. He is the one. The worker in the factory assembling parts to make a piece of furniture becomes a true creator of true credit. And chartered banks should be there not to take over real credit, distribute it at their whim but only be an instrument to serve people, and I think when money is created to mint the credit of the nation this should be created not as a debt but as an instrument to enable the circulation of goods. That is the role of money. That is how I understand it. That is why I insist very often that the Bank of Canada which was created by Canadians, by the Canadian Parliament, should fulfill its role as the first minter of the credit of the nation and chartered banks should in my opinion ask the Bank of Canada for the necessary credits to serve the public sector.

That is how things should normally go. It is often said that banks create part of the money supply. I am convinced that it is true and I would like to quote, Mr. Speaker, to support my saying, just excerpts from testimonies given before the Committee on Finance, Trade and Economic Affairs:

Finance

The central government maintains a Standing Committee on Banks, Trade and Commerce. From March 8 to June 1, 1939, this committee held—

And I urge my colleagues to read this—

—hearings on the Bank of Canada. The witnesses cross-examined were Mr. Graham F. Towers, Governor of the Bank of Canada, and Mr. W. C. Clark, Deputy Minister of Finance.

Here are some questions and answers.

Question:

Ninety-five per cent of total business is transacted through so-called bank deposit transfers; they are merely entries by the banks on their books, allowing people to draw cheques.

Answer from Mr. Towers:

This in my view is a valid point.

This appears on page 228 of the volume referred to earlier. And the deputy minister goes on to say:

—this means that money is any instrument of exchange generally accepted in payment of business transactions, debts, etc. It therefore includes all coins, all bank notes, either central or chartered-bank, and deposits.

Hon. members are aware that under amendments passed since then chartered banks no longer have authority to issue bank notes. The Bank of Canada alone may issue bank notes, which are called Bank of Canada notes. Still further there is the following question, and I quote:

But there is not the least doubt that banks create that instrument of exchange?

Mr. Towers, governor of the Bank of Canada, had this to answer, and I quote:

Exactly. This is their reason for existing.

This appears on page 299. Following question, and I quote:

And they issue that kind of exchange instrument *when they buy debentures or extend loans*?

This is what the government should be getting from the Bank of Canada rather than chartered banks, or Germany or New York, here at home. And Mr. Towers answered:

Such is the very nature of banking operations, just as a steel mill is meant to manufacture steel.

On page 299.

The process of manufacturing bank deposits is to pen or type entries in bank books, nothing more.

Mr. Towers:

Yes.

Each time a bank grants a loan (or buys bonds) it creates a new bank credit—new deposits—new money.

This was confirmed by Mr. Towers.

Practically all new money comes from a private bank in the form of loans.

Once again confirmed by Mr. Towers and I could quote many testimonies made by the governor of the Bank of Canada on this matter, but I see that the time allotted to me passes quickly.

Now, Mr. Speaker, I received today from the parliamentary library some data, or research which I had requested on the monetary mass of Canada and on the gross national product. I was given the following figures:

For the taxation year 1976-77, the gross national product amounted to $194.5 billion, an increase of some $23 billion over 1975-76.

The monetary mass then amounted to $100 billion, including $24 billion in bank notes and coins and the balance, $76 billion, in bank deposits based on fractional reserves.

Mr. Speaker, if we too had the privilege of creating deposits with fractional reserves I think we would be in the right direction. For this reason, if you study the reports of chartered banks since they received special privileges in 1967, their profits have risen considerably while our country went ever deeper into debt which is really discouraging for young people, those who will come after us.

Mr. Speaker, the gross national debt of our country has doubled in the last three years; it rose from $19 billion to $38 billion and this is one of the reasons why our dollar is still floating. But I am afraid it is about to drown because of our excessive debt. I mentioned fractional reserves and it is not an idea of mine. The act regulating chartered banks requires them to keep a 12 per cent demand reserve plus a 4 per cent reserve on 30 days' notice. This is what happened in February 1978: the percentage of the primary reserve was set at $5.84.

It went too far, Mr. Speaker, the situation cannot continue indefinitely. And we talk about the gross national product. We say it is essential to restore our economic balance, to fight inflation and unemployment. Mr. Speaker, in spite of the increase in our national debt, our gross national product continues to improve regularly. Progress is on our side even if we have more than one million unemployed, people fit for work who could produce goods and services to increase the value and the stability of our Canadian dollar. Mr. Speaker, it is impossible to continue in that direction. I wish to quote here a question I put on the order paper. I got an answer. It was on February 1, 1977. It is not so long ago. On page 2589 of *Hansard* I asked the following question:

1. What was the total national debt on March 31, 1976?

The answer:

$38,299 million.

Me, I am curious, and I want to know to whom I owe money. So, I ask another question, and I quote:

2. With reference to Canadian creditors, how many are (a) individuals (b) chartered banks (c) life insurance companies (d) other financial organizations and, in each case, in order of importance (i) who are they (ii) what is the amount of the debt?

Here is the answer:

2. At March 31, 1976 (a), (b), (c) and (d) Statistics on number of holders are not maintained. However, refer to the Bank of Canada Monthly Review Section 22 for distribution of dollar amounts.

Smart reply. Third question:

3. With reference to foreign creditors, in order of importance (a) who are they . . .

Me, when I have debts, I know to whom I owe them. I know who my creditors are, when I must pay them back and also what rate of interest I pay. Now, to go back to my quotation:

. . . (a) who are they (b) what is the amount of the debt in each case?

[Mr. Lambert (Bellechasse).]

Answer:

Not available.

Fourth question:

4. In each case of compound interest (a) what is the rate . . .

dates of payment . . .

(b) for how long was the loan made (c) what are the terms of repayment?

Reply:

Not available.

That is the reply of the Department of Finance which is supposed to give us information. "Not available". Is he, the Minister of Finance, available to answer those questions? I hope he will at least have the co-operation of the civil servants of his department to help us find out who our real creditors, the real rates of interest and the dates of repayment all are.

Fifth question, Mr. Speaker:

In each case of simple interest . . .

● (0012)

[*English*]

Mr. Peter Stollery (Spadina): Mr. Speaker—

Mr. Munro (Esquimalt-Saanich): You got a lot of applause!

Mr. Stollery: Mr. Speaker, the hon. member opposite says something about a lot of applause when I rose. I find that very interesting. It is always an honour for me to follow the hon. member for Bellechasse (Mr. Lambert) in the House of Commons. The official opposition moved this motion to have this debate some hours ago, and now we have hypocrisy. The opposition are now telling us there is not very much applause. The television audience watching this debate may not be aware that there are not very many members in the Chamber at this moment.

Although I accept, as all hon. members do, any decisions the Chair might make on the need for a debate under Standing Order 26, I must say I question this particular decision. I have been here only a short time, like the Leader of the Opposition (Mr. Clark) since 1972, but I can recall when debates under Standing Order 26 were subject to some argument and discussion as to whether or not a matter was an important one, one that would lend itself to keeping this House of Commons—

Mr. Munro (Esquimalt-Saanich): We have had plenty of discussion.

Mr. Stollery: The hon. member from Victoria cannot wait a moment. Here we are in a practically empty Chamber at 20 minutes past 12 in the morning.

Mr. Knowles (Winnipeg North Centre): With only four Liberals.

Mr. Stollery: Four Liberals, and two members of the New Democratic Party.

Mr. Knowles (Winnipeg North Centre): Three.

Mr. Stollery: Where is the third? He must be behind the curtains somewhere. There are also five members of the Conservative party here. I am sorry; I see the third member of the NDP with Your Honour.

Nevertheless, I think the point is clear: this is supposed to be a debate on a matter of national importance, one that cannot be dealt with during the normal question period but requires the House of Commons and all the staff to stay here at this hour. And how many members do we actually have interested in this urgent question?

Mr. Munro (Esquimalt-Saanich): Where is the Prime Minister (Mr. Trudeau)?

Mr. Stollery: We have a handful, Mr. Speaker. Only five or six members of the opposition bother debating the subject.

Mr. Ellis: They will come in when you are finished.

Mr. Stollery: It was Mr. Speaker's decision, and we all acknowledge that he is the Speaker of this place and one of our colleagues. But it seems to me that the party which brought this important, pressing issue before the House of Commons has a responsibility to be here to discuss it.

Just what is it that we are talking about, Mr. Speaker? The motion is this—

Mr. Baker (Grenville-Carleton): So you have finally found it?

Mr. Stollery: Now one of our few colleagues opposite asks me if I have finally discovered what the motion is. It so happens, Mr. Speaker, that I did check the exact wording of the motion, which apparently is a motion to adjourn so the House can discuss something which cannot be handled in the normal question period or by the usual processes and procedures of the House. I see an increasing number of members opposite are now coming into the Chamber; we now have about eight members interested enough in this especially important, pressing issue, a matter so important that it cannot be handled in the question period.

Mr. Lawrence: You have driven everyone out.

Mr. Stollery: The former attorney general of Ontario says I have driven everyone out. Since there were very few here on his side it was not very difficult.

Mr. Lawrence: No, I mean on your side.

Mr. Stollery: We are discussing Canada's arranging for some credit. I am sure that is an issue with which the hon. member for York-Simcoe (Mr. Stevens) is more familiar, because he was formerly in the banking business. Hon. members who follow financial matters and are close to the banking business understand the question of arranging credit. As is the case with almost every currency, the Canadian dollar has been going up and down since the decision was made to float currencies.

• (0022)

Last night the Minister of Finance (Mr. Chrétien) made an announcement which indicated that he had contacted banks to arrange credit. As I say, it is fascinating and overwhelming that the Speaker of the House has decided an emergency debate to discuss this issue is necessary. There has been no emergency debate on unemployment. I am sure hon. members would agree that unemployment in Canada is a serious and pressing question. No one would deny that.

Mr. Lawrence: You were out of the country.

Mr. Stollery: Now the former attorney general for the province of Ontario is talking about me being away, or some such thing. I have not been away for a long period of time. The last time I was away, I met the hon. member for Northumberland-Durham (Mr. Lawrence).

There are many issues and arguments which are more important than this one. Fortunately no one is saying the magic word, but here we are at 12.25 a.m. discussing this question of the arrangement of credit. It is not of particular importance to the average Canadian or those unemployed. The young Canadians who are out of work do not place any importance in this matter. In fact, we are discussing something which is of interest to the banking trade only. As far as I can see, mainly bankers would be interested in this particular issue.

Mr. Leggatt: What about the taxpayers?

Mr. Stollery: I realize the hour is late, but most members on the government side of the House sat and listened to hon. members opposite when they were making their speeches. Is it unreasonable to expect silence rather than noise? In fact I hear a member of the New Democratic Party making noise in the corner.

Mr. Leggatt: A storm.

Mr. Stollery: Yes, a storm. The question before the House tonight is not in regard to jobs. The question is what the government is doing to improve the economy. Under the guise of this motion the opposition wants to attack the government's performance with respect to the economy. When the Leader of the Opposition visited Toronto not long ago, his answer to the complex economic problems facing Canada was that he would fire 60,000 public servants.

Some hon. Members: Oh, oh!

Mr. Stollery: His suggestion was to do away with 60,000 jobs, at the same time as injecting $2 billion into the economy. That is what I saw on the front page of the Toronto *Star*. His first step toward solving unemployment would be to abolish 60,000 jobs. That was rather unique. His plan was hopefully to save enough money, after doing away with those jobs, in order to do something else which has never been made clear.

The question we are addressing ourselves to is what the Canadian government should do for the dollar. It is perfectly

clear the falling dollar is one of the best things that could happen to Canada. If the dollar is lower, our exports are cheaper and our imports are more expensive. It is to be hoped that makes us more competitive and has a good effect on our balance of payment and trade. The only question is at what point the government should protect the dollar, as all governments do. The Americans have been involved in doing that for the last two years. Our problems are rather petty when you think of the United States problems with its dollar.

Not many hon. members opposite are aware that in the United States $500 billion are offshore Eurodollars. That country is facing problems protecting its dollar because of the one half trillion dollars which are offshore and the $100 billion owned in the United States by foreigners. If the United States cannot protect its dollar, the most tremendous catastrophe the world has ever known would occur. It is far more useful if the Canadian dollar is relatively low, rather than relatively high. In fact, this debate should be a celebration of the fact that the Canadian dollar has slid, resulting in making Canadian exports more competitive and Canadian imports cheaper.

Mr. Leggatt: Will the hon. member permit a question?

The Acting Speaker (Mr. Ethier): Will the hon. member for Spadina (Mr. Stollery) permit a question from the hon. member for New Westminster (Mr. Leggatt)?

Mr. Stollery: Yes, Mr. Speaker.

Mr. Leggatt: Would the hon. member direct his attention to the question of the government's decision to intercede in the free market in terms of the dollar? If the dollar is attractive at an 89 cent level and would be more attractive at an 85 cent level, which appears to be the gist of the hon. member's argument, why did the government intercede and not allow the dollar to continue to slide?

Mr. Stollery: That is a silly question. Because of the kind of trade we do with the United States, many Canadians are psychologically affected by the value of our currency compared to the value of the United States currency. It is nothing more or less than that.

● (0032)

I have not heard any members here discuss the value of the Canadian dollar as compared to the German mark, the French franc, the pound, the yen, or any other currency that is becoming increasingly important. For example, are there members who know the exchange rate of the Canadian dollar as compared with Saudi Arabian currency? The hon. member laughs. Obviously he is unaware of the fact that we have just signed a $500 million contract with Saudi Arabia to manage their telephone system. We have a $100 million contract to electrify rural regions in Saudi Arabia. I do not suppose he is interested in how much money that is in Canadian currency because he thinks it is Saudi Arabia which is a long way away, so that we can worry about that some other time.

[Mr. Stollery.]

Mr. Ellis: Mr. Speaker, I rise on a point of order. That telephone order which the hon. member speaks about is in Canadian dollars, and the telephone equipment is coming out of the city of Belleville.

Mr. Stollery: That is very interesting. It is also interesting that 500 Canadians will be hired for that project in Saudi Arabia, and I suspect they are not all from Belleville. Some of them may be from other places in Canada. There are 500 jobs in that single program. One hon. member said it was in Canadian dollars. I suspect that perhaps the people concerned have calculated what the rate of exchange might be between the Canadian dollar and the Saudi Arabian riyal.

It should interest the hon. member for Belleville because there are 500 jobs there and, according to the Toronto *Star* of yesterday—and I do not know whether that is true—400 jobs will be created in the steel factories in Saskatchewan in connection with the building of the pipeline. That is a pretty good indication of the kind of thing the Government of Canada is doing. I do not think it all relates to the town of Belleville. In fact, as I understand it, the people who will be undertaking the Saudi program will not only not all come from Belleville but will probably be administrators from Montreal and Toronto, and maybe some of them from Spadina, for all I know. The point is that we are tonight at twenty five minutes to one—

Mr. Stevens: That is the first thing you have said that is right.

Mr. Stollery: There we have the banker who is about to give us some of his kernels of wisdom. Here we are at twenty five minutes to one talking about arrangements made for credit with Canadian banks by the Government of Canada, drawings which I am sure will never be made. I am sure there is a pyschological aspect to the speculation in all currencies and particularly in the Canadian dollar, and probably the Minister of Finance has made the right decision to stop that speculation even if he has to deal with people whom personally I do not find terribly attractive, that is, the banking friends of the hon. member for York-Simcoe. But if it is a solution which will help us stop these speculations in all currencies, and recently in the Canadian dollar which has driven it up and down, so much the better.

An hon. member asked why it should not go down to 85 cents. As I said, Canadians have a psychological attitude to their currency that is of some importance. All I would like to say is that I think the Minister of Finance has taken not only the appropriate step of not making his announcement in the House, which would have encouraged the speculators—

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

Mr. Allan B. Lawrence (Northumberland-Durham): Mr. Speaker, I wonder if I might ask you what the word "float" means to you. Surely it means to stay on top as a result of the

internal buoyancy of whatever it is that is floating. The Minister of Finance (Mr. Chrétien), ever since he took over in September, has had one refrain only. His policy has been to keep the Canadian dollar floating. Last October 8, he said: "When you have a floating dollar, you have a floating dollar". Does it sound familiar? It should. He said the same thing tonight.

But is it? Is it really staying on top as a result of its own buoyancy? It is not. The minister is not only wrong, he is being deliberately wrong in the House. He knows that one year ago, for instance, the Canadian dollar in U.S. value was worth $1.03. In October, 1977, in the last crisis, it fell to 91 cents. Within the last week it dipped to its lowest point since 1931; it fell to just under 89 cents. Canada's dollar is not floating, as the minister says, it is sinking.

The reason it has sunk, in spite of massive financial bolstering by the Bank of Canada, should concern all Canadians. First, the Canadian dollar is sinking because we have increased our imports much faster than our exports. Our wages and our prices have been rising faster than those in the United States. Yet our productivity is lower. What happens? We cannot compete at home where imports are continuing to take up a larger and larger share of what Canadians buy and we cannot compete in the export market which is essential to Canada to make up the large Canadian borrowing from abroad.

Second, the Canadian dollar is sinking, not floating, because Canadians are travelling around the world in growing number and fewer and fewer foreign and Canadian tourists are travelling in Canada.

Third, the Canadian dollar is sinking, not floating, because we lack a national energy policy; we have become too dependent on foreign oil. Only a few years ago we exported more oil than we imported. Nothing is being done by this administration to reduce that dependence.

What has been done by this government? It has tried to solve our trade and travel deficits with high interest rates and tight money. This has encouraged Canadians to borrow abroad or to sell their companies to foreigners. Obviously this has added to the problem by hugely increasing the future interest payments we have to make to the rest of the world.

The fourth reason the Canadian dollar is sinking, not floating, is that we are mortgaging our children's future, and this has also accelerated the continuing loss of control over our own economy. However, let us get back to the floating dollar, that dollar which is staying on top because of its own built-in buoyancy. If it was not such a tragedy, the answer would be to laugh at the minister. This country is surely bleeding to death financially right now. Just after this minister took over, things really started to deteriorate. Tonight he compared the activities of the last few days with what happened last October. He said—and he is quite right—that there really has not been much change since last October.

● (0042)

In October of 1977, about 40 days after this minister took office, the Canadian dollar hit the lowest international value it had fallen to in 20 years. Was October, 1977 such a bright spot and such a shining example in our monetary history that it should be a standard with which we compare everything else? That is just what this minister did tonight. The situation was so bad in October, 1977 and the Bank of Canada was so alarmed at the buttressing and bolstering the Canadian dollar needed, that in November of last year the government had to arrange a special $1.5 billion stand-by credit with Canadian banks so that it could be dipped into if the situation deteriorated further.

"But," says the Minister of Finance in his by now tired old speech, "when you have a floating dollar, you have a floating dollar". By any standard, even the standard of the minister's own advisers, that floating dollar stopped floating with that very announcement. The announcement of that stand-by credit was the signal, obvious to all, that the government desired to keep the dollar from falling below 90 cents, and its purpose, motive and intent was to slow that disastrous speculation against Canadian funds which had already started. Government advisers in the minister's own department readily admit this. Bank of Canada officials agree with it. Industry and banking experts are quite open about it. But the minister continues on: "When you have a floating dollar, you have a floating dollar."

An hon. Member: You are being disgusting.

Mr. Lawrence: One other matter that foreign exchange traders point out is that because of the lack of national trade, national tourism, employment, productivity and agricultural policies Canada is going to continue to run into the red.

We have a current account deficit of about $5 billion a year. This has been going on for some time. That means we are spending more in international trade and terms than we are taking in, to the tune of about $400 million per month every month. What was the answer of the government? I think the government tried. The answer had to be a campaign to convince international investors and traders that we were capable of turning the situation around ourselves. Our Prime Minister (Mr. Trudeau), who has been very conspicuous by his absence here tonight, was prevailed upon by his own advisers to make a few economic pronouncements. The market remains skeptical. The Prime Minister certainly turned nobody on. The Minister of Finance (Mr. Chrétien) was still repeating the same old speech: "When you have a floating dollar, you have a floating dollar."

Twice since January the minister went down to New York. Both trips were absolute disasters. The minister appeared so unknowledgeable and he was so insulting in his attitude that the dollar was still floating when, of all people, people in New York knew the Canadian dollar was not floating, that within hours of each trip the pressure built up even further against the Canadian dollar.

In spite of massive transfers by the Bank of Canada of reserves to bolster and buttress our dollar, the run was on. The point was reached late last week right in this House when, in answer to a question, the minister again, to almost everyone's

disbelief in the face of the financial hemorrhaging we were then experiencing, again repeated: "When you have a floating dollar, you have a floating dollar". It has not floated since last November, and if the minister did not know or if he still does not know that, he should not be the minister. There was no other stop-gap solution available except to arrange a new line of credit, except this time it had to be a new line of credit from foreign sources. Perhaps this is an indication that even Canadian banks have dried up against this incompetence.

Meanwhile, back at the ranch, what was happening in the House of Commons, the place this minister says he loves so much? Last week the latest rush was started by the minister when he told us our dollar still floated and that there was no intervention. The market itself knew it was being massively buttressed. With that type of deceit or incompetence—it has to be one or the other—the market finally grasped the measure of this man.

The Minister of Finance lost the confidence of the trading community. He finally did it last week, and the run was on again. On Monday afternoon, the day before yesterday, in this House at the very moment the minister was again saying there was no intervention and in spite of the fact that the American market was closed because it was Washington's birthday, in three places, London, Toronto and Montreal, the Bank of Canada was forced to transfer a total of $65 million from the reserve in a vain attempt to slow down the drain. The minister obviously misled the House on Monday afternoon.

Now we come to yesterday, Tuesday. With the opening of the market in New York after the long weekend the run accelerated. Any confidence that this minister was capable of telling the truth—or conversely, and even worse, not even knowing what was going on—completely evaporated in the western European and North American money markets. Why? The feeling was accelerated when, with horror as a reaction, again the Dow Jones tape indicated the ministerial equivalent of "When you have a floating dollar, you have a floating dollar".

The implication was that there was no intervention by the Bank of Canada in the market and that there was no intervention by the Canadian government in the market. That was the implication, and the market knew the minister was lying. They knew he was lying.

Some hon. Members: Oh, oh!

Mr. Lawrence: Even worse: intentionally, deliberately overtly and openly the minister misled this House yesterday afternoon.

Mr. Douglas (Bruce-Grey): We will take that up tomorrow.

Mr. Lawrence: At 2.15 p.m. on Monday, February 20, 1978 in the House of Commons, as recorded at page 3004 of *Hansard*, we find the following question by the Leader of the Opposition (Mr. Clark) and answer by the minister:

Is it the intention of the government to draw on that stand-by credit in the foreseeable future?

[Mr. Lawrence.]

HON. JEAN CHRÉTIEN (MINISTER OF FINANCE): The answer is no, Mr. Speaker.

At 6.59 p.m. on February 20, at the press gallery of the House of Commons, approximately four hours later—

● (0052)

Mr. Stollery: Mr. Speaker, I rise on a point of order. I want to ask the member to clarify some point. Is he calling the minister a liar?

Mr. Baker (Grenville-Carleton): Let him complete his speech.

Mr. Lawrence: I think even the hon. member for Spadina will appreciate the implication of what I am saying if he will just be patient.

The Acting Speaker (Mr. Ethier): Order, please. I recognize the hon. member for Spadina on a point of order.

Mr. Stollery: Mr. Speaker, it is most unparliamentary to call someone a liar in the House of Commons. There are other members here who are more knowledgeable than I, but if the hon. member is saying what I think he is he should clearly indicate it. Mr. Speaker, you may have to rule on it.

Mr. Baker (Grenville-Carleton): Mr. Speaker, on the same point of order, what the hon. member says, has said, and will say, will stand by itself without any assistance from the hon. member for Spadina. I think he should be allowed to complete his speech.

The Acting Speaker (Mr. Ethier): Order, please. There might be an inference, but surely it does not constitute a point of order. A point of privilege can be raised and brought at a later date, but it is not a point of order.

Mr. Lawrence: Let me just repeat it then, if the hon. member cannot understand what I am saying. On February 20 in this House the question was clearly asked of the minister whether "it is the intention of the government to draw on that stand-by credit in the foreseeable future". Unequivocally the Minister of Finance said "No". At 6.59 p.m. there was a press gallery release stamped "Received Ottawa, February 21, 1978" marked "For immediate release" from the information division of the Department of Finance in the name of the Minister of Finance. I quote the last few words of this release:

—the government would shortly be making a drawing under the revolving stand-by credit facility arranged last October with the Canadian chartered banks.

On the one hand the minister says there is no intention to draw on the stand-by credit. Later in his name the release is issued stating the government will "shortly be making a drawing". I say, sir, with outright duplicity like that, with a short but disastrous history of absolute inaccuracy in almost every public utterance he has made on this subject since taking over his portfolio, this Minister of Finance has not only lost the confidence of the international money market—whether the hon. member for Spadina likes it or not—but the minister has

surely lost the confidence of the reasonable members of this House and hopefully now also the people of this country.

An hon. Member: He should resign.

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I am going to be short and I hope snappy. Someone earlier in this debate said it was "curiouser and curiouser." It continues to be curiouser and curiouser. We have been listening very carefully to what various people would do in this House in response to what is admittedly a crisis situation. I am still waiting patiently, Mr. Speaker, to find out what the Conservative policy is in regard to this particular crisis.

We have gone on record and said what we would do in this very difficult situation. We would not have intervened at this point in respect to the dollar. I am waiting patiently now for the Conservative party to take this House into its confidence and tell us what their position is in this debate. I hope the next Conservative speaker will let us know. You would not want us to buy a pig in a poke. You cannot have it both ways in this debate, Mr. Speaker. It is time our Tory friends quit trying to have both sides of the debate. I want to find out where they stand in terms of this decision, and I have been here since the beginning of this debate.

Let me tell the House where the Liberal party stands. I listened very carefully, particularly to the two members from British Columbia. First of all, the hon. member for Skeena, the Minister of State (Fitness and Amateur Sport) (Mrs. Campagnolo), was delightful. We know where she stands. After all, there is no problem in British Columbia. The minister has told this House we have had a deliberate policy of depressing the dollar. She said we have kept that policy going and look at the wonderful things that have happened in British Columbia. We are selling lumber abroad. We are doing terrifically! She said it has been a deliberate policy to depress the dollar to 89 cents. She said "I cannot understand why they have intervened. What they should be doing is letting it slide further. Imagine if it slid to 75 cents and then down to 50 cents; we will be selling lumber like you wouldn't believe! We will be the richest part of the whole world." That was the position of the Liberal party as stated by the Minister of State (Fitness and Amateur Sport). It is not lack of confidence; it is deliberate policy.

Mr. Paproski: It is a sport.

Mr. Leggatt: It is a sport, and we have been doing remarkably well at it. What we should have been doing tonight is congratulating the government for the fantastic job they have done in deflating the dollar, according to the minister. The minister had some ghostwriter write her speech. She did not write it. It was written by Grace McCarthy of British Columbia, the Social Credit provincial secretary. I knew there was a coalition and there it is. No one else but Grace McCarthy could have written a speech like that. Apparently everything is coming up roses in British Columbia. Things are so good.

I want to tell that minister, and I wish she were here, that unemployment is up, bankruptcies are up, inflation is up in B.C. British Columbia has not had it so bad for as long as I can remember. It has the third highest unemployment in Canada, yet the minister is saying that her government's great policy in depressing the dollar has made things so great in British Columbia. Oh, the Social Credit coalition is in action! Half of the cabinet are ex-Liberals. They all resigned and got together and decided they had to have this new coalition government to move British Columbia forward.

Then we hear the hon. member for Comox-Alberni (Mr. Anderson) make a most incredible argument. This argument really blows my mind. Do you know, Mr. Speaker, why the dollar is in bad shape in Canada? The hon. member for Skeena said "We put it there; we want it at 89 cents." Then the hon. member for Comox-Alberni got up and said "Darn it, it is too low; you know, it is that Dave Barrett; he is the one who has destroyed the dollar". So it is Dave Barrett's bad government that caused the dollar to go all the way down to 89 cents. Poor old Davey, I did not know how bad that guy really was. In a short three year term in office he destroyed the country and the dollar.

● (0102)

British Columbia will never recover from that terrible bout of socialism. The poor old hon. member for Comox-Alberni is very nervous about it. I will tell you why those two members are nervous and are grabbing on to what is left of Bill Bennett's coattails. They know they are going down the tube in the next election. That is why there is that element of nervousness. You could hear their voices quivering; you could hear the high pitch.

This was a sad evening for those of us who appreciate debate from the members from British Columbia. We are going to be sorry to lose their voices. The arguments are really curious and strange in this debate.

Mr. Benjamin: Now pick on the Tories. It is their turn.

Mr. Leggatt: No. I want to agree with the hon. member for York-Simcoe (Mr. Stevens). Very early on he pointed out that the real problem lies in the service account deficit. I could not agree more. The figures he quoted are accurate. In 1975, the service account deficit was $1.9 billion. In 1978 it will be $4 billion. The projected deficit for 1980 is $9.1 billion. If you take our manufactured goods and our raw resources, we are selling more than we are buying. It is the service account that is creating the softness of the Canadian dollar.

We are not going to solve that kind of problem with some long-term strategy. The reason that deficit account is running so high and continues to get worse is because we are paying the absentee landlords too much rent. In fact, the amount we are paying in profits, dividends and interest, both public and private interest, is too high. We cannot eliminate the massive kind of private borrowing that has gone on in Canada in terms of importation of equity capital.

The $8 billion deficit and the borrowing of government on government, borrowing interest to pay interest, is a part of that total softness in terms of the crisis in Canada, the value of our dollar.

Let us not sit here and play games. We know there is a long-term problem. Because we do not own and control the resources of this country, we cannot make the decisions. We have not looked at Sweden and West Germany in terms of their performance with regard to unemployment and inflation. We are running behind every modern western industrialized country in terms of employment creation. The reason is clear. Those countries control and dominate the economic decisions within their own countries. They do not have this blood-letting every year of paying rents, profits and absentee landlord fees that are driving their currencies under. That is where our currencies have gone.

Mr. Stollery: It is relative to both sides.

Mr. Leggatt: The hon. member for Spadina (Mr. Stollery) should keep in mind that there once was in that cabinet a fellow named Walter Gordon. Even that mild mannered Canadian could not find room in a Liberal cabinet and had to go. Eric Kierans made some noise about owning and controlling our economy. He did too much. Even poor old Herb Gray sitting at the end of the front benches could not find a place inside that cabinet.

Mr. Stollery: He is still here.

Mr. Leggatt: He is not inside the cabinet because the Prime Minister (Mr. Trudeau) will not allow disagreement within cabinet. He has come to the point of total arrogance. He cannot stand anyone disagreeing with him on any subject.

We must start dealing with long term industrial strategy in our country. We must control our economy, make our own economic decisions, raise capital inside this country and not have a continual hemorrhaging of profits, dividends, rents and interest going abroad.

Somebody said there is no free lunch. That is true. However, there are a lot of people in New York, Sweden and London with a free lunch because of the rewards they are getting on their capital. I am a little tired of Milton Freedman economics, an economic philosophy that is now conventional wisdom with both the old line parties. They say the poor and the unemployed have been drawing too much. They believe they have been paid too much in social transfer payments and therefore the economy is soft. Are we going to blame the poor and unemployed for the problems instead of those who have been making the economic decisions in the world for the past 20 years?

As I said, I will not accept Milton Freedman economics which is now conventional wisdom in both the Liberal and Tory parties. Even Franklin Delano Roosevelt is a raving radical as far as the old line parties are concerned. They cannot even accept the mild solutions he proposed during the depression. After the first ministers' conference, it seems it is only the private sector that can solve our problems. If you eliminate the option of creating jobs, you will not solve unemployment in this country.

The free enterprise sector can do something, but it cannot provide long term solutions, without the assistance of the public sector, without creating jobs. In this country, we have always had to use the co-operation of the public sector to solve our unique problems in transportation and communications. It is part of our history and heritage. Both the Liberals and Conservatives have abandoned that heritage.

The reason our dollar is in a crisis situation is because of ideological fanaticism, a refusal to accept the mildest kind of proposals that have been made by this party in terms of job creation. They refuse to accept the rational approach. No wonder the gnomes of Zurich are unhappy with us. They recognize this government will not move in even the mildest kind of way in order to put people to work in Canada. It is true there is no free lunch. Everybody has to work.

Mr. Stollery: We heard that before.

Mr. Leggatt: It's a great line. I don't want to lose it. It is time that salaries of deputy ministers were cut in half. The problem of paying deputy ministers $60,000 a year is that they become right wing and rich, losing touch with the ordinary people. Maybe if we cut the salary of Tommy Shoyama a bit, he would be more sensitive to what are the policies.

Mr. Stollery: Let's cut the MP's salary down. I am in favour of that.

Mr. Leggatt: Well, let's not go too far.

Mr. Kempling: Now that cat is out the bag. Here's the fox among the chickens.

Mr. Leggatt: The crisis in terms of the Canadian dollar lies in the mismanagement of this country. We agree with the Conservative party on this. There has been an odour of putrefaction coming from the front benches for a long time. We can smell it. We are watching a government collapse. It is nice watching this come down around their ears because they deserve it so much. This is mismanagement. It is ideological fanaticism. It is a failure to appreciate that until you put this country to work, the dollar will not improve on a long term basis. Canada's balance of payments will not improve. Until we own and control this economy, there is no long term solution.

• (0112)

Mr. Peter Elzinga (Pembina): Mr. Speaker, I wish to participate in the debate on the motion moved by the leader of this party and seconded by the leader of the New Democratic Party. It is obvious that this might be the only opportunity I will have to deliver a major speech prior to the coming election. I wish to share with the constituents of Pembina the gratification I feel for the opportunity of serving in parliament on their behalf, but one cannot help but be somewhat saddened after viewing the opportunity this government has wasted in

the time that I have been in this House. They brought in a wage and price proposal. We campaigned on that subject. Their program was very different from what we advocated during the 1974 election campaign. They wasted the opportunity to impose restrictions upon themselves.

I should like, Mr. Speaker, to come back to the few thoughts I shared with you on the evening of my maiden speech in this House. At that time I said that the constituents of Pembina had some deep feelings about the governing of their country. I refer to these portions of my speech because one cannot help but be saddened by the way this government has manoeuvred our economy, the moral issues of the day and the national unity debate.

We as parliamentarians have to be conscious of the trust placed in us by our constituents. When we review the leadership this government has offered the Canadian people we find it has been lacking in the three areas I mentioned.

The leadership of this government has not offered any inspiration or courage to the Canadian people. It is still labouring under the delusion that it is possible for a country to spend its way out of inflation. It has not grasped the simple fact that such a policy could only lead to more price increases, more wage demands, more inflation and more unemployment.

Not so long ago, Canada was a nation of people proud of their heritage, confident in their capabilities and purpose and sure of their direction and destiny in world affairs. This confidence and purpose was the cement which held together our federation of widely scattered provinces and racial groupings.

Today, this spirit of national unity and purpose has given way to doubts, fears and uncertainties in every province. Some 30 years ago there were few Canadians who were not convinced that Canada had the capacity, the resources and the will to survive as a strong and independent North American nation. Any suggestions of separation or joining with the United States were ridiculed. Indeed, the Americans supposedly envied the strength of our judicial structure, the soundness of our banking system and economic policies, the integrity and reputation of our police forces, our stability and respect for law and order. Our educational standards were matters of great pride.

In the span of only a few years much of this solid structure has crumbled into decay. We are now groping blindly and wondering just what has happened so suddenly. We are weary of inflation, bureaucracy, political scandals and the false promises of this government. We are tired of this shop-worn government which no longer commands respect.

Canadians today are asking where the answers are, Mr. Speaker. Is a cure possible or must we in sheer stupidity, while having a country rich in resources of all kinds, simply continue down the road to an ultimate bust before we learn a few simple lessons? Past records would indicate that on our present course only a near miracle can save us from a major collapse or some ultimate form of totalitarianism.

The solution does not lie in some magic or secret formula. Nor is our situation entirely hopeless. The road to recovery in fact is really very clear, but nobody wishes to face facts as the path is painful and heavy going. Certainly the distance cannot be covered carrying ever-increasing burdens of unpaid debts, too high a standard of living, increasing social payments, shorter work weeks and increased minimum wage levels.

But speaking of miracles, what sort of miracle do we need now? In Germany in the 1950's, Dr. Erhard was able within a decade to multiply its industrial potential six times, treble its social services and increase its exports to put it in third position in world trade.

While the success of one country does not necessarily have a direct relationship to experiences elsewhere, as Dr. Erhard pointed out, the fundamental policies he adopted then could be studied with benefit in Ottawa today. As he wrote some years later, he was determined not to countenance any further price increases without keeping the public fully informed about the causes and effects of such harmful moves. He said an end must be put to the absurd game of wage increases following rises in prices, and price increases following rises in pay. A stage must be reached when individual sections are ashamed to put forward demands that are contrary to the welfare of the community as a whole.

The false ideas about distribution of incomes he rejected entirely and held that competition was the only means to secure prosperity. His own experience in Germany, he held, was clear documentary evidence that only by firmly rejecting socialist dogma and affirming a free economic order can prosperity and security be achieved.

If a nation fails to face facts and tries to buy more time with controls and a planned economy, he argued, it can only lead to greater bureaucracy, government interference and ultimate totalitarianism. The undisputed success of his policies demonstrated how much more sensible it was to concentrate all available energies on increasing the nation's wealth rather than to squabble over the distribution of the wealth.

Dr. Erhard suggested at that time what I suggest now for Canada. Solutions to Canada's current economic problems cannot be found in still more spending and more borrowing for social services and less individual incentive. If we try to solve long-term unemployment through more welfare, it will simply snare another generation into becoming wards of the Crown. Similarly, our problems will not be resolved outside the country; the essential job is internal. The unity of Canada can never be secured with a sick economy. Miracles can only be achieved when the will of the people can be roused by an inspired leadership.

When speaking of leadership it is interesting to note the stand the Prime Minister has taken and the stand the Leader of the Opposition has taken.

Mr. Benjamin: Horizontal.

Mr. Elzinga: In an article in the November 27, 1976, *Canadian* magazine Richard Gwyn amplified the kind of leadership the Prime Minister has given us when he wrote:

Canadians, he (Trudeau) said in 1970, must exercise discipline and set aside trinkets like electric toothbrushes. Then he flew off to join the Aga Khan aboard his yacht in the Adriatic.

● (0122)

The Prime Minister has mismanaged the economic affairs of this country to such an extent that he has proved he has no answers to Canada's economic problems. We have had three finance ministers who have failed to bridge the gap between our economic difficulties and the Prime Minister's indifference. Canadians are beginning to believe that there is no solution to this economic mess, and who can blame them when the Prime Minister ignores the situation?

There are answers, Mr. Speaker, and we in this party have offered them to the Canadian people. The Progressive Conservative party, through the voice of our leader, has given clear alternatives and has charted the course that will lead Canada back to economic growth and to confidence in the Canadian economy.

On December 24, 1970 the Prime Minister told the Canadian people that inflation no longer existed, that he had wrestled it to the ground. He said he had cured the problem. Well, Mr. Speaker, it is obvious that the problem has not been cured. The only thing the Prime Minister has wrestled to the ground in this country is private investment.

In another interview on December 28, 1975 the Prime Minister stated that Canada had not been able to make the free market system work, that the government would have to play a larger role in running our institutions and that there is going to be more authority in our lives. Yet when the premiers came together for the recent economic conference in Ottawa, the Prime Minister said exactly the opposite. We cannot believe the words we hear from this man because he contradicts himself so often.

Let me compare his statements with those of our leader, who on May 11, 1977 in Toronto said that during the past decade we have wasted away our economic strength. He said Canada now has a larger portion of its economy devoted to services, including government, than any other western nation. He said that every fifth Canadian worker is employed directly or indirectly by government, that governments' share of the gross national product, the unproductive portion of our gross national product, has doubled in the last decade to 43 per cent.

The trend today is to less government involvement. We find that the policies we have advocated through the many years are now being adopted by the present Liberal administration simply because they are finding that they are being accepted by the Canadian people.

On the issue of unemployment I wish to share with you, Mr. Speaker, statements which the two leaders of our major parties have made. The Prime Minister said that there are people on unemployment insurance who prefer not to work, and they have a perfect right to make that decision. He said a man who lives in society should be able to enjoy his own possibilities to the maximum, but work is perhaps not the way to do it.

[Mr. Benjamin.]

Let me compare that with the statement made by the leader of our party. He said the current unemployment insurance system is wasteful, inefficient, and in many cases a practical disincentive to work. He said that young people are going to develop attitudes to jobs that are very unhealthy in the long term, and that we will be paying the social cost for years to come. The Leader of the Opposition said that in the next four year we are going to have to provide jobs for more than a million people who are not now in the labour force, and that we have to have economic growth in this country so we can find nearly two million jobs. We in this party are committed to that, Mr. Speaker.

I am not sure how much time I have left, Mr. Speaker, but I wish to share with you a few excerpts from a book that has been researched and compiled by Edward Murphy called "A Legacy of Spending". In so many ways the back cover of this book exemplifies the problem of Canada's economic situation: the headline is "Federal spending still out of control".

The major difficulty we in Canada are facing is that the federal government has lost control of its spending. I wish to give the House some examples of that. In this publication there is an article dated January 17, 1974 in which a member of our party, our present national president, indicated to the House that the Prime Minister has spent $61,000 on office furnishings in his office in Ottawa. He has spent some $297,000 on his own home. This is paid for by our taxpayers. The Minister of Transport (Mr. Lang) flies around the country at great expense to the taxpayer but advocates user-pay when it comes to the carriage of freight.

Another area in which the government is deeply lacking is moral leadership. I want to refer the House to certain Canada Council grants, of which many prime examples are given in this book, but first let me put on the record some of the expenses incurred by the Prime Minister's office at a time when he was telling Canadians they must exercise restraint. Certainly he showed none himself. The cost of operation of the Prime Minister's office for the year 1977-78 is $2,500,000.

Mr. Benjamin: Fire them all.

Mr. Elzinga: That is what we plan on doing after the next election. Let me compare that with the year 1968-69 when the cost was only $767,000. I am amazed how the government can preach restraint yet not exercise it.

On returning to the lack of moral leadership, we find that through Young Canada works the government has financed a documentary film on homosexuals to the tune of $6,600. This is how our government is spending our money.

An hon. Member: It has to be the Liberals.

Mr. Elzinga: Yes, it has to be the Liberals. An article reprinted from the Vancouver *Sun* for September 2, 1972 carries the headline, "Are gays urging boy seduction with federal money?" That is the kind of thing Canada Works

grants are funding. Another article reprinted from the *Victoria Colonist* for June 25, 1974 carries the headline "Homosexual centre opens on OFY grants". I say disgraceful.

Mr. Benjamin: What has that got to do with the dollar?

Mr. Elzinga: When a government wastes money on things like this it shows it is being irresponsible.

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

• (0132)

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I am pleased to have an opportunity to participate in this debate at this early hour in the morning. I came to Canada from a third world country, after having observed for a long time the development of the banana republics. Now I am part of this great country, and as the years go by I realize Canada is becoming a more sophisticated banana republic. In those republics the main objective is to invite foreign investment in order to sell off resources as quickly as possible. What do we find in Canada? We find exactly the same thing being done today. Our economy is based on selling off resources as quickly as we can.

The hon. member for Don Valley (Mr. Gillies) said in Toronto that it is not shameful to be a hewer of wood and a drawer of water. Canada must give up the idea of becoming a manufacturing country. Our resources must be sold off as quickly as possible. The entire scenario is clear. In 1976 the selling off of resources in raw form provided a surplus of $3 million. Indeed, it was the only sector which showed any surplus. The drop in the value of the Canadian dollar is advantageous to those producing raw materials. It will be necessary to sell more resources in order to make greater surpluses. We should find ourselves in an irreversible position of selling off resources more quickly.

A prime example is the Canadian nickel industry. I am not a capitalist, as some other hon. members of this House are. There is a market system in effect. Supply and demand determines the price. When there is an ample supply of goods and the demand is low, the price should go down. When there is an inadequate supply of goods and the demand is high, the price goes up.

How does this work in the nickel industry? For the last year and a half the price of nickel has been $2.15 a pound. We have been told that there are approximately 420 million pounds of nickel stockpiled which must be unloaded. Why has there been no drop in price? It is still $2.15 a pound. That is an anomaly capitalists such as Chairman Zink find difficult to understand. Chairman Zink is a cousin of Lubor Zink. Why has the price of nickel not been dropped to see if it will move? I do not know anything about those things.

There is no question in the minds of many Canadians that the government has mismanaged the economy. The two old-line parties are not able to change the direction in which Canada is moving in terms of its economic structure. In January 1975, in an interview with Bruce Phillips, the Prime Minister (Mr. Trudeau) dared to say the free market system was not serving Canada and that the government might have to interfere in that market system. All hell broke loose in the country. The Canadian Manufacturers' Association, chambers of commerce, members of the Tory party and members of the Liberal party came down on the Prime Minister.

Nowadays we are told that the private sector will have to bring us out of the doldrums and create jobs. We cannot do any more for the private sector. We have given them concession after concession, tax break after tax break. The latest was in the amount of $1 billion. Now the government is going to relax in terms of environmental requirements, but still there are no jobs.

Everything possible has been done for Inco and Falconbridge in the Sudbury basin. No government could do any more. Yet we do not have jobs to show for the investment of taxpayers' money in this sector. There has been a lot of mismanagement by the government and by government run corporations. There was mismanagement by the private sector as well. With regard to Inco and Falconbridge, there has been a great deal of mismanagement. With respect to MacMillan-Bloedel in Vancouver, a portion of the surplus generated by the production of the plant was never ploughed back in to modernize the plant. The plant was allowed to run down. Because of that, it was no longer economically viable, and it had to be closed down. It was the same situation with Falconbridge in the Sudbury basin. Smelter processing was never improved or modernized, and suddenly, more money is being spent on maintenance. Now they have turned around and indicated that it is not competitive.

It is necessary for them to find a scapegoat. The scapegoat is the workers. They are being accused of not being productive. If workers are given modern equipment, they will produce. That has been done in the steel industry in this country. That industry provided its workers with equipment. The net result of that is that those workers out-produced their counterparts in a comparable industry.

The Canadian steel industry is far more competitive and productive than the American steel industry, because we modernized our steel plants and introduced modern techniques into that sector. That was not done in the Canadian pulp and paper industry. There is the shameful example of Temiskaming where the paper mill was closed down because it was not competitive. In fact, the plant was not modernized and therefore could not be competitive.

• (0142)

We seem to be headed toward ripping out our resources from the ground and shipping them out. It appears that to try to balance the deficit in our payments what we will do is to ship out more of our resources and thus earn more foreign currency in the hope that we will regain confidence in the money markets. This party has said—clearly it is different from the two old line parties in the House—that instead of extricating itself from the economy, the government must put

itself in the middle of the planning process of the economy of this country. That is fairly obvious.

In conversation with the president of Noranda in a program called "Sunday Morning" I was told by him that had INCO not gone into Indonesia, some other company would have done so, so in effect it is better that a Canadian mining company went there. Apparently we gave them some $57 million in EDC loans at low interest. In response, I said that it was fine and I had no problem with that. I understand that INCO has a goal which is to penetrate the Japanese market, and this has led them to locate their plant in Indonesia. INCO has a plan and a goal and it will achieve that goal.

My next question to him was whether those are the goals for Canada. Who does the planning for Canada? In effect, no one does the planning for Canada, no elected leader. The directors or officers make the decisions for Noranda and for INCO and other such corporations. They have their mandate from the shareholders. But who sets the goals for Canada? The government has received a mandate from the people, but the government sets no goals, does no planning or evaluation, has no five year or ten year plan. They have all sorts of estimates of unemployment rates. The new thing now is estimates for the inflation rate. But there has been no structural planning in which the government is involved with the working people of this country and with those who invest money. There has been no planning of the economy of the country and no such thing as sector plans.

There is no planning in the mining sector. I know that the motto of Ontario Hydro says that to the people belong the resources. That may have been true when Ontario Hydro was set up, but we cannot say that today. What are the goals for the mining sector in this country? If the goal is that ore must be used to unlock other sources of wealth for future Canadians, then you start putting into place the kinds of taxation programs that are directed at achieving this goal. You put into place incentive programs, you set up evaluation processes and you put into place programs to help you achieve that goal. We have none of this. There is no sector planning and there is certainly no economic plan.

Let us take a look at those industrialized countries which are at the moment enjoying lowest unemployment rates. Let us take a look at the Japanese economy. There is economic planning there. If you look at the French economy, there is planning there, a five year plan, and they evaluate their programs as they go along to see if they are achieving the goals they have set for their economy.

What do we have in Canada? A government which says that the private sector will do it all. Indeed, the government looks upon the unemployed as the means of bringing down the inflation rate when it is high. In Toronto the other day at a Liberal conference, when the Prime Minister was asked what he intends to do with increasing inflation, he said he expects the inflation rate to go down because workers will demand less in wages next year because there is a large pool of unemployed and they will feel less secure about their jobs. That is Liberal philosophy for you. What they do is to fight inflation on the backs of the workers of this country. There is no set strategy or plan. They are just following some old fashioned idea that you cannot have high unemployment and high inflation at the same time. That is living in a pipe dream because no plans have been laid out and no goals have been set. All we do is to stumble from crisis to crisis.

Here we are in a crisis where we find the value of the Canadian dollar has dropped to some 89 cents. As I said at the outset of my remarks, I am reminded of the banana republics. You can go to some of those banana republics where for $1 American you can get a good exchange. For example, in Mexico for $1 American you can get 13 pesos; and in Argentina you can get perhaps 325 pesetas or whatever.

That is what Canada is coming to. Very shortly we will be paying $2 Canadian dollars for $1 American. What has happened is that the government have prostituted our currency so that we are reduced to being no more than another banana republic where the resources are taken out very cheaply because the value of our Canadian dollar is at rock bottom. It could very well be that they have discovered the printing presses and are selling off our resources very cheaply, in effect mortgaging the future of Canada, because at the moment the government is borrowing to pay interest on money borrowed before. This results from relying on one's resources and literally tying them up in 25, 40 or 60 years and mortgaging the future of Canada for the short term.

Some pretty tough decisions must be made in this country, but I do not think the government has the backbone to do it. I have often thought they have a wishbone where their backbone should be. They do not have the backbone necessary to make the decisions that must be made in this country. So far as the Tory party is concerned, they are the pretenders to power. I see chairman "Sinc" smiling. I do not really think we can entrust—

The Acting Speaker (Mr. Turner): I suggest the hon. member should refer to members by their titles, not by their names.

Mr. Rodriguez: Yes, Mr. Speaker. I hardly think we should turn over the economy of this country to the terrible twins in the Conservative party who aspire to become the twin ministers of finance. That will be the twin-headed monster of finance. It should be quite something to see—the hon. member for Don Valley (Mr. Gillies) and the hon. member for York-Simcoe (Mr. Stevens), Jecky and Hyde.

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the hon. member but the time allotted to him has expired.

● (0152)

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I do not intend to enter into this debate except to say that there are no more speakers from Her Majesty's loyal opposition with respect to this matter; and on behalf of all of us in the House I would like to express thanks to the staff who have served

loyally, as always. This includes the officers at the table and others who have been with us through this long night, following in the highest traditions of the service of members of this House. I am sure I am joined in this by all hon. members.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I am happy to join with the House leader of the official opposition in the words of thanks he has expressed. It is true that just about every time we have one of these debates something like this is said at this time of the morning, and sometimes much later. Even so, I think it ought to be said. We appreciate the extra hours that those at the table and in the Chair have had to be with us. We are glad that the page boys were allowed to go home at midnight. We thank all others, including the protective staff and the television crew. I think perhaps it should be said—indeed I have a hunch—that those who have had to work the hardest have been the members of the *Hansard* staff, who have been taking down what we have been saying since 12 hours ago.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): We thank them all, and we hope the debate has been worthwhile.

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, having sat here since one minute after eight o'clock I would like to echo what the House leaders of the opposition parties have said.

Mr. Les Benjamin (Regina-Lake Centre): Mr. Speaker, I agree with the remarks made by the hon. member for Grenville-Carleton (Mr. Baker), the hon. member for Winnipeg North Centre (Mr. Knowles) and the Parliamentary Secretary to the Minister of Finance (Mr. Lumley). However, hon. members will agree that it is a rare occasion when an application under Standing Order 26 is approved by the Chair, and I want to spend a few minutes bringing us back to the matter of whether we should have a floating dollar or a pegged dollar. I thought that was what this debate was all about.

Of course we appreciate the work of the *Hansard* reporters and the page boys, but none, including my good friend, the hon. member for Nickel Belt (Mr. Rodriguez), and the speaker prior to him, mentioned a word about the purpose of this debate. I listened and watched, but I do not think they mentioned it.

As we shut this place down for whatever is left of tonight I would like hon. members to think about whether we should acquiesce in a demand of the United States or anyone else to shore up our dollar when it starts to hurt them. I remember the fabulous fifties when the Canadian dollar was worth 90 cents American. They were the fabulous fifties because we had very little unemployment. Our cattlemen did not do half bad, and I am sure the hon. member for Medicine Hat (Mr. Hargrave) will not disagree with that. Our grain producers were not doing too badly either.

There was a difference in motive and intent between the Leader of the Opposition (Mr. Clark) and the leader of the New Democratic Party in moving this motion. When Canadian dollars are spent in Canada, they are spent by Canadians, and goods are purchased at Canadian prices. When we purchase goods in Canada, we pay so many Canadian dollars for so many pounds of beef, so many ounces of vegetables or whatever. When the United States government put pressure on West Germany, Japan and Switzerland to upgrade their currencies, those countries said they would upgrade their currencies a little bit as long as they had marbles in their markets. Their markets were in the United States and Canada.

I wish the financial critic for the Progressive Conservative party would stick around because I would like him to explain why it is so important that the Canadian dollar be at par with the American dollar.

Surely the value of our Canadian dollar has to do with the value of our productivity and the value, worth and content of what we produce in competition with people in other countries.

Mr. Elzinga: Mr. Speaker, I rise on a point of order. Would the hon. member for Regina-Lake Centre (Mr. Benjamin) permit a question?

Mr. Benjamin: Of course.

Mr. Elzinga: When the hon. member began his remarks, he said he would state his opinion regarding whether he felt our dollar should be pegged or floated. I am curious as to his position on whether the dollar should be pegged or floated. Would he be kind enough to share that opinion with us?

Mr. Benjamin: Mr. Speaker, I was just getting to that. We are not in favour of a pegged dollar. The value of Canadian production and productivity will be challenged by our competitors in the rest of the world. I do not know why we should throw several hundred million into shoring up an artificial price for the Canadian dollar.

What we are really saying to our competitors, whether they be the Americans, the Japanese, the West Germans, the Swiss or whatever, is that since our products might be shoddy and our productivity might not be very good, we are going to shore up our dollar and give them an artificial value of our dollar. If we are really to find out what the value of our dollar is—which really relates to the value of our production and productivity—and if we really are free enterprisers we will take our chances in our relationships with other countries of the world.

We are against a pegged dollar. I mentioned the fabulous fifties. I thought that would get through to the hon. member who just asked me a question. If we are going to have a clean float, it has to be clean. It has to be like Caesar's wife; it not only seems to be clean, but it is clean.

Mr. Douglas (Bruce-Grey): Can you verify that?

Mr. Benjamin: When the Leader of the Opposition raised this matter in his application under Standing Order 26, his motivation was different from that of the leader of the New

Democratic Party. The motivation of the Leader of the Opposition is that of R. B. Bennett all over again. The Leader of the Opposition would blast his way into world markets. Neither he, nor any other spokesman for his party, has told us whether he is in favour of a floating dollar or a pegged dollar. I hope one of them will get up for a minute or two and tell us if they are in favour of it. As my colleague from Nanaimo-Cowichan-The Islands (Mr. Douglas) said the other day on another bill, they are like the oldest profession in the world; they are going to work on both sides of the street.

● (0202)

Mr. Elzinga: Mr. Speaker, I should share with the chamber that I was just about to get to that point before I was so rudely interrupted by the NDP and they would not allow me to elaborate on our position on the pegging or floating of the dollar.

The Acting Speaker (Mr. Turner): I would like to suggest to the hon. member for Pembina (Mr. Elzinga) that according to rule 26(14) speeches will be limited to 20 minutes.

Mr. Benjamin: I will not take that as an invitation to use up the whole 20 minutes, Mr. Speaker. Canadian industry and production has to stand up. We do not need artificial propping up of hundreds of billions of dollars of reserves. If the Canadian dollar drops another five cents tomorrow, which it will not, that gets a message through to us. In fact, if that were to happen I am sure my hon. friend from Medicine Hat would be very happy for our beef and grain exports, which would stand to benefit. In fact, the employees at the Massey-Harris plant in Brantford would be happy because the drop in the Canadian dollar will mean they will be selling farm implements out of Brantford, Ontario instead of Brazil.

A country has to earn its own way. I wish the Leader of the Opposition or someone in the Conservative party would please tell us whether they want a floating dollar or a pegged dollar. We have said we want a floating dollar. We will produce and we will make good quality merchandise and farm products. When the rest of the world decides "these guys are not doing half bad", they will buy from us at a good return. But we have to sit around at the behest of the U.S.A., who has been putting unholy pressure on the boys on the government side to prop up the Canadian dollar. They tried it with the West Germans, the Japanese and the Swiss. They put pressure on them through the International Monetary Fund and through every mechanism they could think of to increase the value of their currency. Why? So it was better for American manufacturers and producers to compete with economies which were more productive and more efficient.

The president of the Bank of Canada should say to the president of the Bank of America: "Look, we are not propping up our dollars just to help out your manufacturers and your farmers; our Canadian farmers and manufacturers are going to raise, produce and manufacture."

We have been debating the pipeline issue. Do hon. members want to put the Canadian dollar up to par? Ask the boys in the steel plants in Edmonton, Regina or Welland what their chances are. Do we want to play into the hands of competitors who are much bigger and have more muscle than we have? We do not need artificial support for inflated dollars. We have enough trouble with that domestically.

My hon. friend asked about the cost of our imports. The penalty we pay for a devalued Canadian dollar falls on those who can least afford it. I am thinking of fresh fruits and vegetables which we have to bring in from Mexico and California during the winter. There are other products as well. There is no reason in the world why we could not protect our old age pensioners and veterans and the poor. We could raise old age pensions $50 a month and protect them from higher imported food prices over which we have no control. At the same time we say to the rest of the world that we are going to make our own way with our production and our efficiency on what the value of our dollar is worth to them. We can say to the poor of this country that, through one way or another, whether it is through a tax benefit, food stamps or equalized prices on milk, we can protect the poor and disabled. We can protect the unemployed and we can protect the old from the cost of a devalued Canadian dollar.

Surely that is part of a civilized society. Surely that is part of what a civilized parliament will do. If we are to shore up the Canadian dollar to help American manufacturing capacity, to help American export capacity and to help American corporations who can shut down branch plants in Canada, then we do not want any part of shoring up an artificial price on the value of the Canadian dollar. We will earn our own keep and make our own way.

If that makes me sound like a small "c" conservative, then I do not apologize for that. I am sick and tired of Liberals and Conservatives. It was Diefenbaker in the sixties and Chrétien in the seventies. In Zurich, Frankfurt, London, New York, Washington, Chicago and anywhere else you want to name in the world, with this decline in the Canadian dollar, which the Minister of Finance has said is so minute, speculators last night and today gambled on some kind of a prospect that the government of Canada will pour in $500 million of the $1.5 billion dollars bought at a quarter or one-third of a per cent less Canadian dollars than they will sell them for tomorrow. We will have shored up the Canadian dollar through the governor of the Bank of Canada. Speculators are competitors in the free markets of the world and they will have made some bucks. Why? Because we are going to prop up the Canadian dollar. Speculators will clear one quarter of a million dollars overnight on a million dollars between yesterday and today.

We have said we are opposed to a pegged dollar. The Leader of the Opposition moved a motion today and neither he nor his colleagues have yet said which way they will go, whether they are in favour of a pegged dollar or a floating dollar.

We think our nation can do a good job in competition without the support of an artificially high dollar. I invite my friends in the official opposition once and for all to say whether they are for or against a floating dollar. Do they want it pegged? If so, they should say so. If they want it pegged,

what do they want it pegged at, where do they want it pegged, and when? These economic dinosaurs expect to operate with 1897 and 1917 ideas in the 1970s. Even the Minister of Finance knows better than that. He at least tried to keep his cool.

● (0212)

We support a floating dollar. We have repeatedly stated that if Canadian industry and agricultural producers, who are very good at their work, are going to have a fair chance against those countries with which they are competing, they must have value for their Canadian dollars. I do not care what the governor of the Bank of America does about their dollar. I visited Germany, England and a few other countries this past summer. Both the Canadian dollar and the British pound were bouncing around. No one cried about that. I do not see why this government and this parliament should panic, cry or acquiesce to pressure from the United States treasury.

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

Mr. Lumley: Mr. Speaker, I hope the opposition respect the fact that for the past two hours there has not been a quorum in this House. I thank my colleagues, the hon. member for Saint-Denis (Mr. Prud'homme) and the hon. member for Spadina (Mr. Stollery), who acquiesced to the hon. member for Bruce-Grey (Mr. Douglas) not calling for a quorum in the last two hours. I hope the opposition respect that fact.

Mr. Paproski: Mr. Speaker, I really do not think that is a fair remark at this time of the night. There has in fact been a quorum throughout the evening. If members were not here in the chamber, they were in the lobby watching the proceedings on the monitor. That is an unfair statement.

At this stage of the evening, Mr. Speaker, I would like to thank you and the staff—

The Acting Speaker (Mr. Turner): Order, please. I suggest to the hon. member that is not a point of order.

Mr. Paproski: Mr. Speaker, I am just trying to thank you and the staff for your courtesy in remaining with us this evening.

The Acting Speaker (Mr. Turner): As I said before, I love you all! Pursuant to Standing Order 26(13) I am satisfied that the debate has been concluded, and I therefore declare the motion carried.

This House stands adjourned until 2 p.m. this day, pursuant to Standing Order 2(1).

At 2:14 a.m. the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, February 23, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

CONSUMER AFFAIRS

PROTEST AGAINST REMOVAL OF SUBSIDY ON POWDERED SKIM MILK—MOTION UNDER S.O. 43

Mr. James A. McGrath (St. John's East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the statement by the Minister of National Health and Welfare (Miss Bégin) at the Food Conference that there is a nutrition crisis in Canada, in view of the fact that prices in Canada have risen by 15 per cent in the past year, and in view of the fact that low income earners already hit by food price inflation will have to pay approximately 34 cents more per pound for powdered skim milk as a result of the removal of the consumer subsidy by the Minister of Agriculture (Mr. Whelan) and, further, that this will adversely affect already declining farm incomes, I move, seconded by the hon. member for Elgin (Mr. Wise):

That in the opinion of this House the government should not remove the consumer subsidy on powdered skim milk.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

ENVIRONMENTAL AFFAIRS

COMMITTEE INVESTIGATION INTO REOPENING OF WEST COAST OIL PORTS INQUIRY—MOTION UNDER S.O. 43

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, I rise under the provisions of Standing Order 43 to seek the unanimous consent of the House. In light of the findings recorded in the interim report of the west coast oil ports inquiry, suggesting that there is confusion surrounding the need to continue the inquiry, and in view of the restraints placed upon the commissioner by the order in council of December 22, I move, seconded by the hon. member Prince George-Peace River (Mr. Oberle):

That the Standing Committee on Fisheries and the Environment be charged with investigating the problem of whether or not the west coast oil ports inquiry be reactivated, under what terms and conditions, and that Dr. Thompson, the present commissioner, be amongst the first witnesses to be called.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CONSUMER AFFAIRS

REMOVAL OF SUBSIDY ON POWDERED SKIM MILK—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43. The Minister of Agriculture (Mr. Whelan) has dropped the consumer subsidy for skim milk powder from his estimates, without warning or explanation. Because this will mean a 40 per cent increase in the cost of skim milk powder for large, low income families that depend on it, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That this House directs the Minister of Agriculture to revise his estimates to include the consumer skim milk powder subsidy or other measures to subsidize milk for low income families in this country.

Mr. Speaker: Unanimous consent for the presentation of such a motion is required. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL SECURITY

REASON RUSSIAN MEMBER OF PRESS GALLERY NOT EXPELLED—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under Standing Order 43 with regard to an intelligence report of March, 1976, furnished to the interdepartmental committee on security and intelligence—the intelligence advisory committee and the security committee of the cabinet—concerning Alexander Aleksandrovich Palladin, a representative in the parliamentary press gallery of the Russian Novosti press agency, who is named in this intelligence report as a member of the Russian

intelligence service. I would move, seconded by the hon. member for Prince George-Peace River (Mr. Oberle):

That the Solicitor General state all details why Mr. Palladin has not been expelled from Canada for activities not consistent with his occupation as a journalist including, among other things, an attempt to cultivate two special ministerial assistants for purposes of obtaining highly secretive cabinet documents with the assistance at the time of three Russian intelligence agents, Y. A. Smirnov, Y. A. Usaty and the present first secretary of the U.S.S.R. Ottawa embassy, namely, G. I. Zolotov.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

URBAN AFFAIRS

EXTENSION OF RRAP ASSISTANCE—MOTION UNDER S.O. 43

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, I rise on a matter of urgent and pressing necessity under Standing Order 43. In view of the fact that, despite repeated promises to assist transients and other low income individuals living in slum housing conditions in areas such as the downtown east side of Vancouver, and in view of the fact that the Minister of State for Urban Affairs (Mr. Ouellet) specifically promised legislation during the 1977-78 fiscal year now rapidly coming to a close, I move, seconded by the hon. member for Nickel Belt (Mr. Rodriguez):

That this House instruct the government to immediately introduce amendments to the National Housing Act, extending eligibility for assistance under the residential rehabilitation assistance program to the owners of hotels and rooming houses serving low income tenants, and that such assistance be available up to a ceiling amount of $4,000 per room, with provision for forgiveness clauses in loans offered under the program.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

PENITENTIARIES

REQUEST MEASURES BE TAKEN TO PROTECT PRISON EMPLOYEES—MOTION UNDER S.O. 43

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to discuss an important matter of pressing necessity.

In view of the murder of Archambault Institute's former director Michel Roy on February 7 last and since his successor, Mr. Gérald Marineau, was replaced by an administrative committee and that, according to the *Journal de Montréal* dated February 21 last, Mr. Marineau has been threatened, these not being the first threats made against loyal employees within and outside our prisons, I move, seconded by the hon. member for Kamouraska (Mr. Dionne):

That this House strongly condemn threats made against the employees of our penal institutions and direct the government to take immediate steps to protect the lives of those employees, according to the recommendations of the sub-committee on justice and legal affairs.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

● (1412)

INCOME TAX

SUGGESTION TAX CREDIT BE GRANTED INDUSTRY FOR RESEARCH—MOTION UNDER S.O. 43

Mr. Roch La Salle (Joliette): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an important matter.

Considering the lack of sufficient measures which would improve on the present economic climate; considering that subsidies granted for research will never provide for an industrial strategy essential to permanent job creation; considering finally that recommendations contained in the brief of the Canadian Manufacturers' Association are part of the solution to the problems we are faced with, I move, seconded by the hon. member for Brome-Missisquoi (Mr. Grafftey):

That the House unanimously urge the Minister of Finance to grant to industry a tax credit of 25 per cent for at least 10 years for the purpose of industrial research and development.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to Standing Order 43, such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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OFFICIAL LANGUAGES

PROVINCES REQUESTED TO UNDERTAKE EDUCATIONAL REFORM—MOTION UNDER S.O. 43

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, pursuant to the terms of Standing Order 43, I request the unanimous consent of the House to present a motion related to an important issue.

As on this very day the provincial premiers are meeting in Montreal to reach an agreement on important and urgent reforms in the field of education for the minority groups of the official languages; recognizing that education is, under the Constitution, a matter of provincial jurisdiction; and considering the strong current of national interest in the matter, and the fact that millions of Canadians are now living in the expectancy of a solution that will contribute to their cultural and social survival, I move, seconded by the hon. member for Madawaska-Victoria (Mr. Corbin):

That this House send to the provincial premiers in meeeting a message indicating that we are at one with the objectives of equal linguistic rights in matters of education, and that the House of Commons supports them in their search for a genuine reform recognizing that all Canadians, in every province, have the right to be educated in the official language of their choice.

Mr. Speaker: Order. The House has heard the motion of the hon. member. Pursuant to the terms of Standing Order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

MESSAGES OF SYMPATHY

WILLIAM IRVING—NICKEL MINER FATALLY INJURED AT WORK—MOTION UNDER S.O. 43

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise under the provisions of Standing Order 43 to ask for the unanimous consent of the House to deal with a matter of urgent and pressing necessity. In view of the fact that last Thursday Mr. William Irving, a miner with 31 years experience with Inco, was killed while working in a double-slicing operation at Frood Mine in Sudbury, that Mr. Irving and his fellow co-workers had vigorously protested what they considered to be a highly dangerous environment, that their immediate supervisor ordered them to continue to work under threat of job loss, that Mr. Irving leaves a widow and five children, and that this House congratulates beauty queens and expresses sympathy for the families of policemen unfortunately killed in fulfilling their duties, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That this House extend its sympathy to the Irving family.

ORAL QUESTION PERIOD

FINANCE

GOVERNMENT POSITION ON RESERVES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is directed to the Minister of Finance who indicated in the debate last night that he felt there was no crisis with respect to our dollar. Our reserves have been falling very dramatically in recent weeks. Based on OECD figures for last November, which pointed out the Canadian foreign exchange reserves, relatively free reserves, were $1.6 billion at that time, compared to $16 billion in the case of the United Kingdom, almost $7 billion in the case of Italy, and even Ireland had more in foreign exchange free reserves according to OECD, would the Minister of Finance indicate if he does not feel at this point that our reserves are unduly precarious in their size?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the reserves of the Canadian government are published on the second working day of the month, and they are satisfactory just now. Last fall, we obtained a line of credit of some $1.5 billion with the Canadian banks, and I feel we are in a very good position with respect to the Bank of Canada reserves.

• (1417)

[*English*]

EXTENT TO WHICH BANKS HAVE DRAWN ON LINE OF CREDIT

Mr. Sinclair Stevens (York-Simcoe): My question is directed, again, to the Minister of Finance, who has referred to the $1.5 billion line of credit with which the minister gained time in our last crisis in October of last year. On Tuesday evening, the minister indicated that he intended to make a call on that line of credit. Would he confirm that they gave formal notice to our chartered banks yesterday with respect to the credit, and would he also indicate to what extent they have told Canadian chartered banks they intend to call down the credit?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the documents are now being prepared so that we may submit our applications to the banks as soon as possible. This morning, I signed the documents, but I do not know when the Governor of the Bank of Canada will forward them to the Canadian banks.

[*English*]

Mr. Stevens: As the banks were formally notified yesterday of the actual documentation, would the minister inform the House what the documentation says with respect to the draw on the chartered banks' standing line of credit?

[*Translation*]

Mr. Chrétien: Mr. Speaker, I am not in a position to answer this question.

[*English*]

TOTAL AMOUNT OF FOREIGN BORROWING

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my supplementary question is for the Minister of Finance. With regard to the new line of borrowing abroad by the government, can the minister take it upon himself to let

Canadians know today what is the total amount of the borrowing abroad which the minister announced the other night?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I cannot answer this question, as negotiations have not started yet.

[*English*]

Mr. Lawrence: I am not talking about the negotiations; I am asking about the total amount, about which certainly there should be no secrecy. I cannot understand confidentiality on that particular matter. Would the minister care to indicate to the House whether the government of Canada, or the Bank of Canada, has any stand-by credit, or at least an understanding on funds with the Bank of England and, if so, to what extent may we look to that bank for assistance? If he will attempt to rely on some secrecy, let me tell him that certain aspects of this matter have already been publicly reported in Europe by the Reuters news agency.

[*Translation*]

Mr. Chrétien: Mr. Speaker, a special line of credit with the Bank of England is out of the question. Yesterday I clearly stated the government's position. As for the figures, I will not give them away at this time, and I think hon. members should recognize it is very difficult to speculate on the level of the Canadian dollar. Besides,—

[*English*]

—yesterday, when I made my statement in the House, the Leader of the Opposition, in his speech in response, referred to the fact that I referred to rumours that were circulated about the so called big scandals. If he has read this morning's *Gazette,* he would know that in London yesterday, because of the false rumour being spread by the opposition, the dollar went down. This happened as a result of something unconnected with the level of the Canadian dollar. I can appreciate the fact that the Leader of the Opposition does not yet realize that he is Leader of the Opposition.

Some hon. Members: Hear, hear!

● (1422)

Mr. Lawrence: Mr. Speaker, I wonder if the Minister of Finance has considered that perhaps one of the reasons we are experiencing the financial bleeding we are experiencing is the loss of credibility and confidence in the Minister of Finance in the international market. When matters are publicized abroad about figures and stand-by credits, the minister will not even let the people of Canada know these figures.

Some hon. Members: Order.

Mr. Lawrence: Could the minister at least confirm the news that is presently found in many financial journals in the western world and in North America about the size of the loan he is attempting to get right now? Could he confirm that figure?

[Mr. Lawrence.]

Mr. Chrétien: No, Mr. Speaker, I will not, because that would be improper at this moment. I am doing this very delicate business in consultation with the governor of the Bank of Canada, and I will discharge my responsibility as I think best. I would like to point out to the hon. member that I hope he was sober last night when he made his foolish speech in the House of Commons.

Some hon. Members: Oh, oh!

Mr. Clark: Another cheap shot.

Mr. Stevens: You weren't here.

Mr. Chrétien: You should look at the film.

Mr. Lawrence: Mr. Speaker—

Mr. Speaker: Order, please. I will recognize the hon. member at three o'clock on a question of privilege. The hon. member for Oshawa-Whitby.

* * *

NATIONAL SECURITY

ALLEGED SURVEILLANCE OF MPs BY RCMP

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I have a question for the Prime Minister. Following a series of articles culminating on August 12 with an article in the *Globe and Mail* which contained allegations about the RCMP keeping files on members of parliament, as well as allegations about surveillance of members of parliament and others, I wrote the then solicitor general on August 12—

Mr. Trudeau: I can't hear.

Mr. Speaker: Order, please. The hon. member for Oshawa-Whitby.

Mr. Broadbent: Mr. Speaker, I understand that because of the noise the Prime Minister did not hear my question. I will repeat it. On August 12, I wrote the then solicitor general concerning a series of allegations which were made in articles which had been published during that week in the *Globe and Mail* pertaining to the surveillance of members of parliament and the keeping of files on members of parliament by the RCMP. I did not receive a letter from the then solicitor general for some time. I subsequently wrote to the Prime Minister. I received a letter from the then solicitor general two days later which concluded with the following quotation of the then commissioner of the RCMP pertaining to allegations about surveillance:

> I categorically deny that the RCMP has ever used electronic surveillance, including telephone taps or bugging devices in any form, anywhere, at any time against members of parliament, since the conviction of Fred Rose for espionage in 1947.

Following the submission of a petition by the hon. member for Central Nova yesterday which does contain information which, if it turns out to be true, is a serious contradiction of

that assertion, has the Prime Minister checked with the Minister of Consumer and Corporate Affairs concerning the allegation made that he, in fact, had been the subject of electronic surveillance and that he, in fact, had been told about it later on?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, following a question along those lines yesterday, I did ask the Solicitor General to inquire into the matter. We agreed from the outset that such a serious allegation should be referred to the McDonald commission. I understand that Commissioner McDonald has indicated that he is seized of the matter.

● (1427)

As far as we are concerned, I wrote a letter to the Leader of the Opposition giving the same kind of assurance with regard to security matters as I believe was read by the leader of the New Democratic Party. I have checked today to make sure that the information supplied to me for the purpose of this letter was supplied by our security officials, and the answer is yes, so there is an apparent contradiction between the advice I received and the allegations contained in this affidavit. We are not in a position yet to indicate how this contradiction can be resolved. Of course, I have confidence in my advisers and in the RCMP, rather than in a third party who is making these allegations.

For greater security, however, the Solicitor General is having an inquiry made within the RCMP to ascertain if there is any substance to the allegations.

Mr. Broadbent: Mr. Speaker, I can understand and accept part of the Prime Minister's answer when he says that the information was provided to him which formed the substance of his letter to the Leader of the Opposition, and the information that was provided to me, is being checked out: I fully accept that part of the answer.

My more specific question pertains to the Minister of Consumer and Corporate Affairs. It seems to me the answer to that question should not wait until we hear from the royal commission. Has the Prime Minister inquired of the Minister of Consumer and Corporate Affairs to see whether, at the time he was solicitor general, he was informed by anyone that electronic surveillance had been undertaken against him under the auspices of the security service of the RCMP? If he had been told that surveillance had been carried out against him and the hon. member for Nickel Belt, as stated in the allegation, what did he do about it?

Mr. Trudeau: I understand some information did come to the previous solicitor general, Mr. Speaker, but I am not in a position to give exact dates. I want to assure the hon. member that I regard this matter very seriously. I also await the answer to this and other questions from the present Solicitor General, who told me just before the House met that he is pursuing the inquiry.

Mr. Broadbent: A final supplementary question, Mr. Speaker. Given the assurance that the Prime Minister is having the matter investigated, I would, personally, be very happy to leave it at that if he would tell me that the pending investigation by the Solicitor General and whatever checking he is doing himself would be communicated to us early next week. Will this particular aspect—namely, the involvement of the former solicitor general, the Minister of Consumer and Corporate Affairs—be reported to the House?

Mr. Trudeau: Mr. Speaker, I will certainly ask the present Solicitor General to take that question into very serious consideration.

* * *

[*Translation*]

PENITENTIARIES

ARCHAMBAULT—REPLACEMENT OF MR. MARINEAU—GOVERNMENT POSITION

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I want to direct a question to the Solicitor General.

It was reported in the *Journal de Montréal* of February 21 last that Mr. Gérald Marineau who had succeeded Mr. Michel Roy as director of the Archambault Institute has been in turn succeeded by an administrative committee; the story also states, and I quote:

> Since his appointment as director of the Archambault Institute, he (Mr. Marineau) had been the object of many threatening phone calls from unknown individuals, presumably from the Inmates Liberation Army.

I want to ask the minister whether he could confirm or deny that the new change in that institution's direction is a direct answer to the threats against Mr. Marineau?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, first of all I want to tell the honourable member that I appreciate very much, as I am sure do all employees of the Canadian Penitentiary Service, the motion he moved today under Standing Order 43 to show support for those public servants, and I want to thank him for that on their behalf. Now, Mr. Speaker, I can indicate to him that the measure we have taken to establish a committee for the Archambault Institute was an administrative decision dictated by the circumstances we are facing.

REQUEST CAPITAL PUNISHMENT BE APPLIED IN CERTAIN CASES

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, I should like to ask a supplementary question of the right hon. Prime Minister.

According to a public opinion poll made by a number of newspapers and involving 20,000 people, it would seem that 88.9 per cent of Canadians are for the reinstatement of capital punishment. This poll involved various classes of people as well as various types of crimes. I would like to ask the Prime Minister whether, in order to protect honest people and particularly prison guards and police forces, and to restore confidence in our judicial system, the government intends to introduce a bill during this or the next session requiring the House to vote again on the issue of capital punishment, in

response to the numerous letters we are getting from all parts of Canada?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the government does not plan anything of that kind at the moment.

* * *

● (1432)

[*English*]

ESTIMATES

INCREASE IN GOVERNMENT SPENDING

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my question is for the President of the Treasury Board. During his remarks yesterday, the President of the Treasury Board claimed that government spending had been pared to the absolute bone. However, budgetary estimates for the fiscal year 1978-79 are 13 per cent higher than budgetary estimates for fiscal 1977-78. Is the President of the Treasury Board telling the House and the country that 13 per cent is the minimum possible increase in government spending that could occur this year or could occur in the future?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, my statement yesterday indicated that over-all spending for the full fiscal year 1978-79 would represent a 9.8 per cent increase at the ceiling I made public yesterday. I also indicated that the main estimates included several items which in the previous year would have been dealt with in supplementary estimates. One can think of additional funds for job creation which are in the main estimates for this year which I tabled yesterday, and which came along in supplementary form last year.

One can think of the established program finance payments to the provinces, in the order of about $550 million, which was put in the main estimates this year because we have an accurate projection on that. That is because this is the second year following the fiscal transfer arrangement. That is in the main estimates, whereas it had to be adjusted in the supplementary estimates last year. There are many items of that nature which mean that the expenditures have been moved forward to the main estimates and will not appear in the supplementary estimates. That is the simple explanation.

Mr. Andre: The figure the President of the Treasury Board has repeated can only be arrived at through judicial assumptions as to future supplementaries and amounts that will last. It results, as well, from a $1.5 billion decrease in non-budgetary estimates, a large part of which is a result of having certain Crown corporations borrow on their own, rather than having their borrowings included in the non-budgetary estimates as has been the case in previous years.

Can the President of the Treasury Board tell us what the over-all figure would be—even using the judicial assumptions he is using—if, in fact, there had not been the structural changes between last year and this year which, I am sure the minister will admit, distort the over-all picture and allow the production of a number like 9.8, when a considerably larger number is a more accurate description of what has happened?

Mr. Andras: Mr. Speaker, I would not agree with the hon. member. The structural adjustments to which I referred yesterday applied to the fiscal year 1977-78 which I clearly set before the House on February 16, 1977, when I tabled the main estimates for that year. I also said yesterday, as was pointed out by the opposition critic following my speech of February 16, 1977, that the figure for 1977-78 probably would have been about 10 per cent except for that one-time change due, again, to the fiscal transfer arrangements negotiated the previous fall. As to the other allegations of the hon. member, he is dealing very much with a hypothetical situation, and I would not attempt to play in that game.

Mr. Andre: Is the President of the Treasury Board assuring the House that exactly the same items that were included in non-budgetary estimates last fiscal year were also included in non-budgetary estimates for the coming fiscal year, and there was no change in the items that will be counted from year to year?

Mr. Andras: Mr. Speaker, one would have to follow a very detailed path through all the things dropped from one year and added to another. On balance, yes, I think they are. The hon. member for York-Simcoe pointed out, as we pointed out in the fact sheets accompanying my tabling of the main estimates yesterday, that there is borrowing by the Export Development Corporation to the extent of $365 million. We drew the attention of hon. members and the public to the fact that it is in there. We do not consider that to fall into the category the hon. member is describing, because it has a very distinct and separate purpose as to why the Export Development Corporation is going to begin to seek funds on the private market: it is related to the strategy for the Export Development Corporation.

* * *

PUBLIC SERVICE

RESTRAINTS PRACTISED TO INHIBIT GROWTH

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I have a question for the President of the Treasury Board, seeing that we are flushing him out in terms of flim-flamming. The minister indicated that he will hold growth in the public service to six-tenths of 1 per cent, which I admit is admirable. At the same time, it has been brought to the attention of hon. members that several departments have been getting involved with temporary help and casual and term employment, which certainly has not frustrated the amount of growth in the public service: in fact, it is more.

What steps has the President of the Treasury Board taken to see that this matter has been brought to the attention of heads departments? Also, is any restraint being practised with

regard to temporary help, casual and term, or are we still going to have a lot of flim-flam in this regard?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, there is no flim-flam, a phrase the hon. member has fallen in love with in the last few days, obviously having picked it up from somebody else. I will be making public a complete examination of the question of temporary help, which I know has been of concern, somewhat fallaciously, to some members. I will make that release probably early next week, giving full details. I can assure the hon. member that it is under control and the representations or allegations about its misuse are, in fact, fallacious.

* * *

CONSUMER AFFAIRS

REMOVAL OF SUBSIDY ON POWDERED SKIM MILK—GOVERNMENT POSITION

Mr. James A. McGrath (St. John's East): Mr. Speaker, in the absence of the Minister of Agriculture and the Minister of National Health and Welfare, I will direct my question to the Prime Minister. It is a very important question. Given the fact that one million Canadians are unemployed, and 1½ million are drawing various social welfare benefits—in other words, drawing relief—and in light of a statement made by the Minister of National Health and Welfare to the Food Conference that this country is facing a nutrition crisis, will the Prime Minister explain why at this time the government decided to remove the consumer subsidy on powdered skim milk, an important element in the diet of low income families? It will result in a 40 per cent to 50 per cent increase in the price of powdered skim milk in Canada.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I thank the hon. member for his representations. I will pass them on to the minister.

Mr. McGrath: Mr. Speaker, I can assure you that this is not a representation; it is a well-known fact that the majority of people in this country find it difficult to understand why the government would take such an inhumane step at this time. Therefore, I ask the Minister of Finance to tell the House and the country why the government decided at this time to remove the consumer subsidy on powdered skim milk, amounting to some $18 million, which will probably result in a 50 per cent increase in the price of powdered skim milk, a very important part of the diet of low income families in Canada. This is a question, not a representation.

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, that question could be answered by the Minister of Agriculture or his parliamentary secretary.

[*English*]

PUBLIC SERVICE

POLICY RESPECTING TEMPORARY AND TERM EMPLOYEES

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I wish to ask the President of the Treasury Board a question with regard to the 0.6 per cent growth in the public service. His statements have been challenged repeatedly by public servants in a number of government departments, the Public Service Alliance and the Montreal area council of the Public Service Alliance which is preparing an in-depth study into the true value of these positions. Is the minister relying entirely on the word of the Public Service Commission that this temporary help and these term employees being made permanent is actually being restricted, or is he making any personal investigation?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I am relying on figures that I think are reliable. They come from various departments and from the Public Service Commission. I will be making that information available to hon. members and the public in pretty fair detail some time next week.

Mr. McKenzie: Mr. Speaker, the Public Service Alliance also stated that the contracting out which is widespread throughout the public service is another great government cover-up. They claim this contracting out is undermining the merit principle of hiring in the public service. Is the minister fully satisfied that all this contracting is necessary, or does he plan any investigation into the contracting out process which is costing hundreds of millions of dollars?

• (1442)

Mr. Andras: Mr. Speaker, contracting out is not amounting to hundreds of millions of dollars. That is part of the information I will be making public next week, along with the head-on exposé of the fallacious allegations about temporary help.

* * *

[*Translation*]

URBAN AFFAIRS

REQUEST QUEBEC RESIDENTS BE ELIGIBLE FOR HOME-INSULATION GRANTS

Mr. Alexandre Cyr (Gaspé): Mr. Speaker, my question is directed to the Minister of State for Urban Affairs. In view of the fact that the province of Quebec has announced an energy conservation program granting a $500 subsidy for the insulation of single family dwellings, and that his own department has established a program last year granting $350 for the insulation of residential dwellings in Canada, could the minister tell the House if Quebec residents are eligible for this double subsidy?

Hon. André Ouellet (Minister of State for Urban Affairs): Mr. Speaker, the answer to that question is yes. Quebec

residents are eligible for both programs. If I am sometimes critical of the initiatives or the lack of initiative by the province of Quebec, I am very happy to see that, in this case, it has finally understood the necessity of co-operating with the federal government in such an energy conservation program, and I congratulate it on this move.

* * *

[*English*]

REGIONAL ECONOMIC EXPANSION

GULL ISLAND PROJECT—JOBS RESULTING THEREFROM

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is directed to the Minister of Regional Economic Expansion. In view of the fact the Minister of Employment and Immigration indicated on Tuesday that the minister would be dealing with the problems of Newfoundland on the preparatory work for the lower Gull Island site, for which he mentioned a figure of $8,100 a job, could the minister indicate to the House what progress has been made to provide the 400 jobs which are so badly needed?

[*Translation*]

Hon. Marcel Lessard (Minister of Regional Economic Expansion): Mr. Speaker, as I said in the joint statement made yesterday by the Newfoundland minister and myself, we have proposed to the province a program which it is now studying. We hope that in the coming days—in the coming weeks at most—the province of Newfoundland and Labrador will be in a position to make a decision on the proposal the federal government has made through my department.

[*English*]

Mr. Marshall: Mr. Speaker, I wonder if the minister would indicate the rationalization for the figure of $8,100 a job. Does the province of Newfoundland agree that this is the amount of money required, and has any consideration been given to raising that amount?

[*Translation*]

Mr. Lessard: Mr. Speaker, we must remember that the federal government's proposal is an answer to a suggestion that had been made several months ago. So, at this moment, the proposal is being considered. Obviously, it does not cover all costs involved in the projects that are being analyzed at this moment, but the province is examining the possible ways to provide for the portion of the costs it should pour into the implementation of the first phase of the project.

* * *

[*English*]

ENVIRONMENTAL AFFAIRS

KITIMAT PIPELINE—RECOMMENDATIONS OF THOMPSON INQUIRY

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Fisheries and the Environment regarding the interim report of the west coast oil ports inquiry which Dr. Andrew Thompson submitted to the cabinet this morning. In view of the fact that in his letter of transmittal, Dr. Thompson suggested that the government had two alternatives—first, to reject the application for the pipeline from Kitimat to Edmonton, and second, to proceed with a further assessment of the environmental, social and navigational risks involved in this project—I ask the minister if he can assure the House that we will receive a reply from the government by March 31 as to which of these alternatives has been chosen.

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I can certainly assure the hon. member that there will be a reply from the government or a reaction to Dr. Thompson's report before the date he indicates.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, in view of the fact that the National Energy Board has this application before them from the Kitimat pipeline company, and in view of the fact its area of jurisdiction is limited to the pipeline and does not cover port installations or navigational hazards, can we have assurance from the minister, or from any of his colleagues, that the matter of making the final decision for recommendation to the cabinet will not be left exclusively to the National Energy Board but will cover the other items which are beyond the jurisdiction of that body?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, it has always been made clear that when the National Energy Board does report—and I am not the experienced minister responsible—obviously cabinet has to agree or disagree with its recommendations.

THOMPSON INQUIRY—COMMISSIONER'S MANDATE

Mr. Donald W. Munro (Esquimalt-Saanich): Mr. Speaker, my supplementary question is for the Minister of State for the Environment. Could he give us some notion of the cabinet's view, in light of the commissioner's belief that it is his duty to carry on even under his existing terms of reference with environmental, social and navigational safety impact assessments? What provisions are being made to allow the commissioner to carry out what he considers to be his mandate.

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, the appropriate announcement will be made very shortly.

Mr. Munro (Esquimalt-Saanich): Mr. Speaker, I hope that when this appropriate announcement is made, it is appropriate. I wonder whether the minister has, in fact, taken this matter into account and whether any thought has been given to the matter of negotiating a bilateral agreement with the United States covering such issues as hazards to fisheries, compensation, navigation, traffic control and pollution clean-up, construction and crewing standards in the Kitimat waters.

Mr. Marchand: I will take that representation into account, Mr. Speaker.

POSSIBLE EXTENSION OF THOMPSON INQUIRY TERMS OF REFERENCE

Mr. F. Oberle (Prince George-Peace River): Mr. Speaker, I address my question to the Deputy Prime Minister. It concerns the inquiry which Dr. Thompson has undertaken. Neither his inquiry nor the terms of reference of the National Energy Board provide for study of the socioeconomic impact of the pipeline route from Kitimat to Edmonton. Is it the intention of the government, in light of the report tabled today and the press release which accompanied it, to initiate another study or extend the terms of reference of Dr. Thompson's inquiry to safeguard any negative impact on the pipeline route?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, everything will be clear as soon as the government makes an appropriate announcement, with respect to the Thompson inquiry, on the options that are given us. I want to assure the hon. member that I, as a British Columbia resident, am very much aware of the views of people living on the west coast and their views regarding tankers, and so on.

* * *

IMMIGRATION

PROCEDURES FOLLOWED RESPECTING ENTRY TO AND DEPORTATION FROM CANADA

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, I have a question for the Acting Minister of Immigration with respect to Warren Hart. I would ask whether he has checked to see whether all regular procedures were followed with respect to his entry into Canada and deportation from Canada, and if anyone had contacted Mr. Hart officially on behalf of the government.

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, in the absence of the Minister of Employment and Immigration, and in view of my interest in the matter, I will take note of the hon. member's question.

* * *

POST OFFICE

COMMITTEE STUDY OF LABOUR DISPUTES

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, my question is for the Prime Minister. In light of the work of the special subcommittee of justice and legal affairs on penitentiaries and violence, and the national credibility of that all-party, non-partisan committee's work to resolve management-union and inmate conflicts, in view of the fact that within the Post Office service similar conflicts between union, middle management and rank and file workers are a fundamental base for the disruptions of the national postal service, would the Prime Minister consider establishing a special committee using the same methods and style of the justice and legal affairs committee, even using, possibly, the same people to investigate and seek resolutions to the problems of the Post Office?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I could hardly answer such a question without agreeing with the hon. member that the committee did first-rate work. The members serving on it, including the hon. member, were most responsible and did a very good job for this House.

Some hon. Members: Hear, hear!

• (1452)

Mr. Trudeau: I take this representation most earnestly. I undertake to discuss it with the House leader and with the Postmaster General.

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TRADE

TEXTILES—PURCHASE AND SALE OF IMPORT QUOTAS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. Can he tell the House whether he is aware that textile import quotas are being bought and sold in Canada, and to what degree these sales and purchases are going on?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, the department is aware that businesses are changing hands. With them, to a certain extent, go some of the quotas. I should like to inform the hon. member that quotas were put in place to limit the importation of textiles into this country. For the benefit of the House, the quotas brought about an approximate 1 per cent reduction in textiles imported into Canada in 1977 over 1975. We accomplished what they set out to do.

Mr. Fraser: Mr. Speaker, in the absence of a company going out of business, does the government have any policy or attitude on the propriety of a market building up in textile quotas?

Mr. Horner: Mr. Speaker, if a company goes out of business and does not sell its business, one can assume there was no business left: that is the only assumption I can make.

Some hon. Members: Oh, oh!

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NATIONAL REVENUE

REPORTED LEAKING OF INCOME TAX INFORMATION

Mr. Perrin Beatty (Wellington-Grey-Dufferin-Waterloo): Mr. Speaker, my question is directed to the Minister of National Revenue.

Some hon. Members: Oh, oh!

Mr. Beatty: Mr. Speaker, may I have the attention of the House, please?

Mr. Speaker: Order. The hon. member for Wellington-Grey-Dufferin-Waterloo.

Mr. Beatty: It is very rowdy here today. My question is for the Minister of National Revenue, to whom I have given notice. It relates to an article by Mr. Victor Mackie which appeared in the Ottawa *Journal*. Mr. Mackie was reporting on an interview with the minister concerning the leaking of personal, confidential tax information about individuals to unauthorized people. With regard to the Toronto office and the leaking of information there, the minister is quoted in the article as saying:

We believe a person in that office gave out the information knowing it was being improperly released.

Is the minister aware of the identity of the individual in question? If so, why have charges not been laid?

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, I am not aware of the person in question and I do not know the person's name. I am aware that this has occurred. Also, I know the deputy minister made a report which was questioned at committee level. I believe the hon. member was present when this took place. In any case, what happened is part of the report of the committee. The reason no charge has yet been laid is that the RCMP does not have enough evidence to do so; otherwise, a charge would have been laid.

Mr. Beatty: Mr. Speaker, to the best of my knowledge, the deputy minister did not deal expressly with this question when he appeared before the committee. I ask the minister whether the officials investigating this matter had a specific individual in mind. Is the minister aware of the name of that individual? Is the department investigating one particular individual? Do they think they know who it is?

Mr. Guay (St. Boniface): Yes, Mr. Speaker, they know who it is, but I do not know who the person is. The RCMP know who the person is, but they will not divulge that information until they have sufficient evidence to lay appropriate charges.

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ADMINISTRATION OF JUSTICE

CHARGES LAID RESPECTING CRIMES COMMITTED BY PRISON INMATES

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, my question is directed to the Solicitor General. In light of the fact that we are now spending $2,575,000 on the Law Reform Commission and, in particular, they have recommended many prison reforms, in conjunction with a special committee, I should like to ask the Solicitor General a question in line with the question I asked as reported at page 2655 of *Hansard*. At that time I asked him about the murder of the warden at Archambault, Mr. Roy. Also, I asked him about the taking of hostages. Has anyone been charged in reference to that murder? What charges have been laid with reference to the hostage-taking incident at the British Columbia penitentiary?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, with relation to the Archambault incident, investigation is on-going. In reply to the hon. member's question on the page which he cited, I will be pleased to look at that matter. In terms of the hostage-taking incident at the British Columbia penitentiary, that incident is the subject of a formal internal inquiry.

Mr. Woolliams: Mr. Speaker, in view of the fact that the estimates show $6 million for justice and legal affairs and that $2,575,000 is being spent on the Law Reform Commission, and nothing is implemented, I should like to ask the minister, who said that under the circumstances he did not have the answers at that time but he would get them almost immediately, whether he will give me an answer on what is being done in the penitentiary service of Canada to raise the morale of correctional officers and to protect inmates of the penitentiaries who are not charged with the kind of crimes which are causing trouble at the present time.

Mr. Blais: Mr. Speaker, I wish the hon. member had been here two Fridays ago, at the time we debated the report of the subcommittee of the Standing Committee on Justice and Legal Affairs. The matter was fully canvassed at that time and I indicated the progress that had been made.

Mr. Woolliams: But the minister has done nothing about it.

Mr. Blais: If the hon. member had been here more often in the past two or three weeks since my appointment, he would have heard me indicate quite readily that I will be discussing the progress of the recommendations of the subcommittee when we deal with the estimates in the very near future.

Mr. Woolliams: Mr. Speaker, I offer my deepest sympathy to the Solicitor General because he is a disabled person: he must be blind. I have been here for months; I do not know where he has been. I am asking him to answer questions concerning his department. Will he now implement the recommendations of the subcommittee, and stop this tergiversation and procrastination that he is guilty of?

Mr. Blais: Mr. Speaker, I may be blind, but I am not deaf.

Some hon. Members: Hear, hear!

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TRANSPORT

ATLANTIC PROVINCES—PROGRESS REPORT ON HIGHWAY STRENGTHENING PROGRAM

Mr. Maurice A. Dionne (Northumberland-Miramichi): Mr. Speaker, my question is for the Minister of Transport. Can the minister inform the House whether he is still conducting

negotiations with the governments of the four Atlantic provinces on his offer of a highway stengthening program? If so, what progress is being made? Will he state, also, the total amount of federal offer of assistance for this program?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the federal offer was for a $100 million program. We are still discussing the matter with the provinces. Within the last few days I have written to the premiers asking them to give me a firm indication of their willingness to undertake cost-sharing on the highway construction which is envisaged in the program. I hope to receive affirmative replies from them in the very near future.

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HEALTH AND WELFARE

REPORTED CONNECTION BETWEEN WOMEN ON "THE PILL", CIGARETTE SMOKE AND HEART DISEASE

Mr. Derek Blackburn (Brant): Mr. Speaker, in the absence of the Minister of National Health and Welfare, I should like to direct a question to the parliamentary secretary. A little over a week ago, the federal Department of Health and Welfare announced, as a result of a study which had been done, that women aged 40 or over who are on the birth control pill were being subjected to the possibility of cardiovascular disease if they were unduly exposed to cigarette smoke, or nicotine in any room, whether it was in a public room, a committee room, a living-room, and so on. Now that this fear has spread across the country, I would like to know what follow-up the government has done to prevent this kind of situation.

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, I thank the hon. member for his question. It is my understanding that smoking adversely affects the heart of all people, not just those over the age of 40 who happen to be on the pill.

Some hon. Members: Oh, oh!

Mr. Robinson: I am talking about the females referred to by the hon. member, and not necessarily males. I understand a statement was made by the Department of National Health and Welfare on this matter. I will endeavour to follow up on it and find out what has taken place.

* * *

● (1502)

FINANCE

VALUE OF CANADIAN DOLLAR—GOVERNMENT DRAW ON LINE OF CREDIT

Mr. Joe Clark (Leader of the Opposition): My question is for the Minister of Finance, who developed the curious view that the change in the value of the dollar yesterday was the fault of the hon. member for Central Nova. Since the dollar fell again today, I presume he is going to blame that on the hon. member for Vancouver-Kingsway or perhaps on the performance of the Minister of National Revenue.

My question to the minister is as follows: Earlier today, when he was asked the extent of the draw upon the line of credit, he told the House of Commons—if I am quoting him correctly—that he was not in a position to comment. Can he tell us now whether that was because he does not know, or because as a matter of policy he declines to tell the House of Commons?

Hon. Jean Chrétien (Minister of Finance): It is because I do not think I can reveal it until the final undertaking has been agreed upon between the government and the banks.

Mr. Clark: As the minister will recognize, I am sure, one of the factors which has contributed substantially to the plunge in the value of the Canadian dollar—not only in relation to the American dollar but, for example, a plunge of nearly 38 per cent in relation to the Swiss franc, and dramatic drops in relation to other currencies—has been that the government has not been clear as to precisely what it is doing in relation to the Canadian dollar. Can the minister tell the House, with regard to this draw on the line of credit, the anticipated interest rates and the anticipated forms of repayment?

Mr. Chrétien: As I explained earlier in the House, we have agreed, with the banks, on a line of credit of $1.5 billion. The cost will be five-eighth's of 1 per cent above the agreed price in the interbank system in London.

Mr. Clark: I thank the minister for that answer. I want to turn to the very startling revelation made by the minister yesterday, to the effect that he is now engaged, at a time when he claims there is no crisis, in daily discussions with the governor of the Bank of Canada. In light of the fact that, by his own admission, these daily briefings or daily closetings between the governor and the minister took place in a period when there was no crisis, according to the minister, I should like to ask whether the briefings which occurred on Monday involved the minister being advised of the extensive and unusual interventions of the Bank of Canada which began that Monday afternoon?

Mr. Chrétien: Mr. Speaker, I met the governor on Monday morning and we met again on Tuesday. On Wednesday, I was present at a lunch at which he was meeting the directors of the banks. That meeting was not held as a result of the situation of the dollar. I suppose I can accept an invitation from the governor, who is quite a gentleman. I just want to point out to the hon. member that he can read about the kind of irresponsible statements that sometimes are made from the other side. It appeared on the front page of this morning's *Gazette*: the story comes from Toronto and reports a rumour which was started in London, England.

Mr. Clark: I am quite concerned about the effect of rumours on the value of the Canadian dollar. Precisely because of the

effect of rumours, I want—and the parliament of Canada wants—the government to come clean on exactly what it is doing, and to stop pretending there is no crisis.

Some hon. Members: Hear, hear!

Mr. Clark: My question to the minister, which is simple and quite important, is this: when he began this series of extraordinary meetings with the governor of the Bank of Canada on Monday morning, was he informed of the very unusual activity of the Bank of Canada which began on the afternoon of the day of the meetings between the minister and the governor? Did he know about the extensive activities of the bank to support the dollar? Yes or no?

Mr. Chrétien: I cannot reveal the conversation I had with the governor, but I would like to inform the hon. member that the meeting which I had on Monday morning was one that I have every week with the governor—in the morning, mostly on Mondays. On Tuesday morning we had a special meeting, but I have nothing else to report at this moment. I have said exactly what we were doing. I have explained that we decided, because of the balance of payments problem, that we would go to foreign markets to borrow money, and that in the interim we would draw on the arrangement we made some months ago—which was made public in the House—with a group of Canadian banks.

Mr. Gillies: I have a supplementary question, Mr. Speaker.

Mr. Speaker: Order, please.

* * *

PRIVILEGE

MR. LAWRENCE—NOTICE RESPECTING QUESTION OF PRIVILEGE—ALLEGATION MINISTER MISLED HOUSE DELIBERATELY

Mr. Speaker: I have received a notice of a question of privilege from the hon. member for Northumberland-Durham (Mr. Lawrence). The notice itself raises some procedural problems, some of which were raised when the hon. member rose during the question period today on a question of privilege because of a reference by the Minister of Finance (Mr. Chrétien), I presume, to remarks made last night by the hon. member for Northumberland-Durham.

The notice that has been given to the Chair by the hon. member for Northumberland-Durham is as follows:

> Your Honour,
>
> Please accept this as notice that I intend to raise today at 3 p.m. a question of privilege respecting the manner in which the Minister of Finance deliberately misled the House on Monday and Tuesday of this week, as indicated in his speech to the House last evening, February 22.

Therefore, the first problem I have to deal with, which may relate to the question raised by the hon. member today in reference to the remark made by the Minister of Finance which referred back to the hon. member's speech last evening in which the same phrase "deliberately misled" was used, is that that phrase flies directly in the face of precedents that are clearly established, that it is unparliamentary language and cannot be used by a member in this House. The reference is at page 131 of Beauchesne, citation 155(3).

In addition, I have a body of numerous references which are set out in clear and concise language by several Speakers. One I can take at random is as follows:

> The hon. member for Cape Breton knows that he cannot say that another hon. member has lied to the House—that is elementary.

There are many rules which are being disregarded in the House, and just as many rules were being disregarded yesterday, but we must draw the line, and I cannot and would not want to allow an hon. member to say of another member that he has lied to the House. An hon. member cannot say of another hon. member that he has deliberately misled the House. He can say that the remarks made are perhaps incorrect, but he cannot say he has deliberately misled the House.

In light of the fact that the remarks made by the hon. member for Northumberland-Durham last night, referred to today by the Minister of Finance, and his notice today appear to fly in the face of precedents, and therefore are out of order, we have to begin by settling that procedural question first, and unless there is some argument which the hon. member can make now which would permit him to be excused from all those precedents and to use that language, when no other member has been permitted to use it in the past, I would have to find that his remarks last evening were out of order and that his notice today is out of order. Perhaps we should begin with that argument before we go on to anything else.

Mr. Allan Lawrence (Northumberland-Durham): I appreciate your remarks, Sir, and certainly as a member of the House I would not want to get turfed out by your edict or anyone else's. But there is a difficulty here, Sir, and it may be compounded by at least one of your own rulings. It is simply this. There are those of us on this side of the House at least, and I suspect perhaps not just confined to this side of the House, who believe that some of the things that have been said in the House about actions, activities and inactivities in respect of the dollar crisis, have not been the full truth. There may have been evasions or there may not have been evasions—we do not know—but one way of attempting to find out is to check the very obvious contradictions that have appeared in the record and to find out if some of the very obvious contradictions can be borne out one way or the other.

● (1512)

There can be no argument that there have been contradictions. I am fully prepared now to give at least one very obvious contradiction, and I have a motion prepared to do just that, but to be able to get to the bottom of some of those contradictions this is not the forum in which to do it. We would have to have the matter referred to a committee. In a case such as this—and I am quite open about it; this was my motive completely—the only committee I feel this matter could be referred to on a matter such as this where there are obvious contradictions by a minister of the Crown is the Standing

Committee on Privileges and Elections. Because of those contradictions the only way we on this side of the House would now have of raising the matter would be that hopefully a question of privilege would be raised by the other side. I think it is pertinent that that motion respecting privilege has not been made by the other side.

The reason an allegation of intent had to be made was because of a ruling from the Chair. I refer to April 19 of last year. As reported at page 4766 of *Hansard,* Your Honour made a ruling regarding a question of privilege. Your Honour was denying that a question of privilege had been properly raised, and in so doing this is what Your Honour said:

> If it is to be pursued by way of a question of privilege, I wish to stress again that in order to qualify as a question of privilege the Chair would have to find that not only had there been actions by the minister to mislead hon. members—

That is the allegation I am making. I made it in this House during question period, and I had to repeat it again last night.

> —but that those actions were calculated and deliberate by the minister for that purpose.

Sir, what sort of corner have you backed us into?

Some hon. Members: Oh, oh!

Mr. Lawrence: The ruling of the Chair is that no one, on this type of statement which misleads members, can claim that he has a question of privilege unless he also claims that there has been a deliberate intention to mislead. On the other hand, according to the precedents—and I know them well—the Chair says that it is absolutely out of order for anyone to claim that someone has deliberately mislead the House. With respect to those two matters I believe that my privileges as a member of this House were grossly abridged because I was misled in this House by the Minister of Finance (Mr. Chrétien) last Monday. The subsequent action the minister announced just 28 hours later was completely contracdictory to what he said he was going to do.

I feel that I was misled. If I was misled, my privileges and rights as a member of this House were abridged. Your Honour has said that the only way we can get that before a committee, where we could call the Governor of the Bank of Canada and where we could call members of the chartered banks of this country, is to claim that there was a deliberate intent to mislead. That is the explanation for what happened last night.

If Your Honour rules that I have to withdraw those words, I will not attempt to withdraw them in the mealy-mouthed fashion we have heard others withdraw in the last month. I will unequivocally and absolutely withdraw those words. However, I must say that by virtue of Your Honour's own ruling and under these circumstances where there is no other opportunity, in my mind, for hon. members to get to the truth of these contradictory statements by the Minister of Finance, there was no other way I know of to get the matter before that committee. Your Honour may feel that I am unfairly blaming you.

Some hon. Members: You are.

Mr. Lawrence: However, I am sure Your Honour can appreciate the dilemma we are in. I have stated my motive. There is no question of what I did and how I did it, and I would certainly be willing to withdraw allegations of intent and deliberateness on the part of the minister if you so rule.

I still feel that no matter what type of technical language has to be used in this House, in my heart and in my mind—and I am not alone—I feel I have been misled. Knowing that, the only way we can get to the truth of the matter is to get the matter before a committee of the House.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. I gave the hon. member the floor today although I could have peremptorily ruled that his remarks were unparliamentary and that they had to be withdrawn. The reason I gave him the floor on this initial problem is, as one hon. member said just a moment ago, there is a danger that it is a Catch-22 situation.

The argument put forward with all our able advisers over the last couple of hours is that it has been ruled in the past to be unparliamentary to make this kind of allegation in this language, but what happens in other situations when someone wants to bring to parliament that kind of situation in respectful terms in order to bring it to the attention of the House? If that is the case, without settling the merits I would have to hear some arguments as to whether that matter becomes procedurally barred because, if it does, it does in fact have the appearance of a Catch-22 situation. That is why I wanted to address myself primarily to the procedural problem, first of all, of whether this matter can be put forward in the terms in which the hon. member has sought to do so. I think he has given a very clear explanation of his motivation.

I may still have to come to the same decision, but I wanted to indicate that I had gone over the same argument, in my mind, as the hon. member has done, and there may be other hon. members who want to contribute to this argument now. However, it is a very serious procedural matter about which I would not expect to hear from hon. members unless they had had an opportunity to address themselves to the precedents with a focus on this particular aspect of the problem.

I think I should also add that I have not said from the Chair that this is the only way the matter can be approached. I said that unless this is done it certainly would not begin to qualify as a question of privilege. However, there are other procedural ways of doing the same thing, and they would have to be considered. However, I certainly would want hon. members, particularly those who have an interest in procedure, to have an opportunity to examine the precedents and to give me some assistance on whether a matter can be raised in these terms in order to have it discussed in the House, without being unparliamentary. If it cannot, we must at least know that there is some other procedure whereby matters of this kind can be brought to the floor of the House. Perhaps other hon. members wish to contribute.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have read the words of the hon. member. Other things happened while he was speaking which are not written. They are on film.

The words of the hon. member have to be withdrawn. The rules are clear. I do not have to go into that. The hon. member said I lied. He used words such as "deliberately", "intentionally", "overtly" and "openly". I have not lied to the House. I reported the facts as they were on Monday and on Tuesday, and I have nothing to add.

The charges of the hon. member are not true. They are not parliamentary, and I insist he withdraw them entirely.

Some hon. Members: Hear, hear!

● (1522)

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, the minister leaped over the issue that you left with us just a few moments ago to decide after the argument put forward by the hon. member for Northumberland-Durham (Mr. Lawrence). Quite frankly I think you put the cart in the proper place in relation to the horse in this matter. I would respectfully ask that you grant the opportunity that you mentioned in your earlier statements for the matter to proceed in an orderly way because of the very situation that you put so well when you used the words "Catch 22". I would ask, therefore, that the matter be reserved so that it can be argued completely and fully and the precedents settled.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I have one comment to make. I have no quarrel with the necessity for research to be done or further consideration given to the general question of privilege. It seems to me, however, that it is quite unacceptable to suggest that the words uttered by the hon. member for Northumberland-Durham (Mr. Lawrence) should be allowed to sit for 24 hours or 48 hours, or for one instant—

An hon. Member: Let the committee decide.

Mr. MacEachen: —and those words not be withdrawn under the procedures of this House.

There is no precedent to my knowledge, and I would like one to be turned up, whereby an hon. member has been permitted to say that another member has lied or has deliberately misled the House and the matter has been allowed to rest pending research into the precedents. The precedents are absolutely clear. We all can mislead the House, and it often happens.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. MacEachen: For example, I feel that in the debate on the northern pipeline which has gone on for eight days there have been many misleading statements. I believe that; that is debate. Contradictions occur in the statements of individuals and parties, and that is debate. But there is a line, and the line is when an hon. member says "You misled," and the line is passed when he says "You deliberately misled the House" or that you lied. That cannot be allowed to stand for an instant.

Some hon. Members: Hear, hear!

Mr. Speaker: Order, please. When the remarks just referred to by the President of the Privy Council (Mr. MacEachen) were made last evening by the hon. member for Northumberland-Durham (Mr. Lawrence), a point of order was raised which was quite properly taken by the hon. member for Spadina (Mr. Stollery).

The hon. member for Northumberland-Durham has said today that if there was some defiance on this point, it would have to come to deliberation at this moment. I think I have exposed the procedural difficulty that is involved. The hon. member for Northumberland-Durham has already indicated that if in fact the precedents which I have said at the start are very clear, are to be followed, he will certainly withdraw, unequivocally, the remarks. Had he taken a different position today I think I probably would have had to make a determination, but in light of that I think no harm is done if I leave the matter until Monday until I can look into it further.

Mr. Lawrence: Mr. Speaker, we are really dealing with two separate matters. You have a notice before you in respect of another matter. I should honestly like to assist you and myself on this matter so I am quite willing right now to withdraw unequivocally those words indicating any deliberation or intent on the part of the Minister of Finance. There is no question there.

Some hon. Members: Hear, hear!

Mr. Lawrence: Another matter has been brought to your attention, however. I do not mean what took place just a few moments ago or perhaps twenty minutes ago in the House. I refer to the notice that I gave you earlier. This, as well, touches on the procedural matter which was my initial motivation for even indicating what I had to do yesterday, both in the House when the minister was here—and he took no objection at that time—and later in the evening. I have a motion to make which I gave you notice of this morning. I think, sir, if you took this one under advisement, now that I have withdrawn anything that would touch the—

Mr. Speaker: Order, please. I only interrupt the hon. member briefly. Part of the difficulty that I find myself in, and the reason I have given the House this opportunity, is because the notice the hon. member gave to me uses the word "deliberate." Before I can take into account the question of privilege, therefore, the hon. member would not only have to withdraw the remarks made last night but would have to withdraw the word "deliberate" in the notice before I can deal with it.

This is the reason I was putting the matter into discussion. If it was out of order last night and it appears to me clearly to be, it is equally out of order to use the word "deliberate" in the notice. If the notice is out of order, then I cannot take into account the hon. member's question of privilege. If he is going to withdraw the remarks he made last night now, instead of

doing so on Monday, I would have to ask him to take the word "deliberate" out of the notice. I might then be able to come to the merits of the question of privilege which has another set of problems altogether.

Mr. Lawrence: Sir, by withdrawing the word "deliberate" in that particular case are we not all caught on the horns of a dilemma, according to your ruling of April, 1977? The only way we are going to get the question of deliberate misleading in this House settled is by including it in something or other.

Surely if the hon. minister is that intent and that upset, as he so obviously is, in respect of what was said last night, it could be left over until Monday or Tuesday while the motion, which perhaps is in more polite terms, is moved in this House. I have sent a copy to you and I have other copies for leaders in the House if they could be delivered. May I move—

Mr. Speaker: Order, please. If the hon. member wants to commit himself to the form of some motion right now, that is up to him. At this stage the motion has no official status except to be an indication of what the hon. member would move if he had the permission of the House. My strong recommendation would be that it await a procedural analysis.

I think, for the benefit of the record, that the House is very well served if we consider that the hon. member for Northumberland-Durham has—as he has just said—taken up his previous offer and in fact withdrawn unequivocally the remarks he made last night. I see the assent of the hon. member. He made it unequivocal. That matter, having been withdrawn in unequivocal terms, is settled. It is disorder as it occurred last night. It has now been withdrawn and that matter has been resolved.

The question of the language is still in focus. I think it should be, because the notice given to the Chair on the question of privilege contains the word "deliberate." I think I have to address myself to that procedural problem which may be a road block in face of the earlier ruling. I think if I resolve the two, at the same time I ought to endeavour to indicate, if this course of action is not open, what course of action is open. I think that ought to be done after careful examination.

MR. LAWRENCE—REMARK BY MINISTER DURING QUESTION PERIOD

Mr. Allan Lawrence (Northumberland-Durham): I am sorry to rise again, sir, but it is on a completely separate question of privilege, the one that came up at the beginning of the question period today. I rise again more in sorrow than in anger.

I suppose at times everyone in this House under extreme pressure says things they do not really mean or do not really intend. There is a very clear imputation that, because I said what I said last night, I was not sober, i.e., I was drunk. There is a very clear imputation of that. There is no question about that at all. That was made by the Minister of Finance (Mr. Chrétien) in the House just a few moments ago.

The reason I say I rise more in sorrow than anger is not so much for myself. I have been insulted in far better terms than that, in far better ways than that, by far better people. But when the chief financial officer of this country, under pressure, lashes out with a personal attack such as that, it does not bode good for this country or this administration. It is unparliamentary.

● (1532)

We have all lashed out at times. Obviously I have lashed out at times. However, I have never in my life attempted to lash out in a personal way such as that. If I have lashed out in terms uncomplimentary to anyone in public life or in private life, but especially in public life, it has been related to the public performance of the duties of that person.

I have called the Minister of Finance (Mr. Chrétien) incompetent. I have not called him drunk. I have not said to him that he has lacked sobriety in this House. I merely say to you today, Mr. Speaker, that I think that was uncalled for. I believe it to be uncomplimentary. Whether it is or is not, it does not call for a full apology. I merely say to you, sir, and through you to the Minister of Finance, that he is getting his dates and getting his parties mixed up. It is another group that was going to countenance and advocate drinking in the halls of this parliament, not this one.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I had left the House before the hon. member made his speech. As reported at page 3173 of *Hansard* he stated "When you have a floating dollar, you have a floating dollar". At that time he made some slur about the way I speak English and a physical defect which the good Lord has put on me. I do speak out of the side of my mouth. However, I am not like the Tories who speak out of both sides of their mouths.

Some hon. Members: Hear, hear!

Mr. Chrétien: I was not here, but one of my colleagues told me his conduct at that moment was disgusting. That is unfair, because with the television cameras it can be seen by everyone. I hope he was not serious when he did that. That is why I referred to the word sober, that he was trying to make a joke of that. That is why I referred to that. I have lived with this problem for some years. I am not too preoccupied with it. The hon. member should not have acted in that fashion in the House of Commons. It is certainly not acceptable, in my judgment, and in the judgment of members who were in the House at that time. Some members from this side advised me that his conduct was unacceptable.

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. There is no authority on procedural grounds that I am aware of at the moment for the Chair to make any further intervention in this matter.

Business of the House

BUSINESS OF THE HOUSE

WEEKLY STATEMENT

Mr. Baker (Grenville-Carleton): Mr. Speaker, I wonder if I might ask the usual House question today in anticipation of the fact that we will likely be finishing the second reading of the pipeline debate today. As far as this party is concerned, that debate is completed. What is the intention of the government in terms of advancing other legislation and the order thereof? While the minister is on his feet, will he designate next Thursday, March 2, as an allotted day, in accordance with our understanding?

Mr. MacEachen: Yes, Mr. Speaker. I am quite agreeable to designating next Thursday as an allotted day. Following the completion of the pipeline debate, as I understand the order of business we will then deal with the Bank Act extension and CNR recapitalization bill. Following that it will be my intention to take the bill dealing with the office of comptroller general, then the bill dealing with amendments to the Post Office and the Narcotics Control Act. While on my feet I should advise hon. members that it is my intention at some point to put a motion on the order paper providing for an Easter break of the usual length, from the Wednesday preceding Good Friday until a week from Easter Monday.

Mr. Baker (Grenville-Carleton): Mr. Speaker, there has been some discussion between others, certainly not between my friend and I, with respect to a piece of legislation that is not on the order paper, purportedly to be introduced by the Minister of Veterans Affairs (Mr. MacDonald) dealing with World War I prisoners, escapees and evaders, somehow making it retroactive for those who will qualify. Has the minister had discussion with his colleague on this? If so, in order to bring that bill forward, because the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall) and the hon. member for Winnipeg North Centre (Mr. Knowles) have been working on it for a long time, will he accept as an undertaking from this side, in order to speed up consideration, that we are prepared to have first reading and second reading debate with reference to the committee in one day, and with one speaker from each party?

Mr. MacEachen: Mr. Speaker, I thank the hon. member for the understanding he is presenting with respect to the bill that will appear, I expect, in the name of the Minister of Veterans Affairs (Mr. MacDonald). I have had discussion with the minister and it is his intention to bring forward the bill as early as possible. Maybe we can deal with it on Tuesday of next week, earlier if possible, but that is the date suggested to me.

Mr. Knowles (Winnipeg North Centre): As the minister knows, Mr. Speaker, there had been some discussions as to the possibility of dealing with that prisoner of war legislation this evening, but we understood it was put off until next week. In order to ensure that it is proceeded with early next week, could notice of that bill be filed today? While on my feet, I can confirm the arrangement that the official opposition House leader has mentioned, namely, that we are prepared to deal with that bill at second reading on the basis of one speaker per party.

Mr. MacEachen: Mr. Speaker, I thank the hon. member. Can he also confirm the other arrangement proposed by the hon. member for Grenville-Carleton (Mr. Baker), that we will complete the second reading of the bill presently being debated this afternoon?

Mr. Knowles (Winnipeg North Centre): The universe will unfold as it should.

* * *

SPORTS

TABLING OF HOCKEY COMMITTEE REPORT

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): Mr. Speaker, pursuant to Standing Order 41(2) I should like to table, in both official languages, the report by the Committee on International Hockey. I would like to thank the members of all parties in the House who gave of their time and talent to the research and preparation of this non-partisan report.

* * *

FUGITIVE OFFENDERS ACT

MEASURE RESPECTING SURRENDER OF PERSONS APPREHENDED IN CANADA

Hon. Allan J. MacEachen (for the Minister of Justice) moved the first reading of Bill S-8 (from the Senate), respecting fugitive offenders in Canada.

Motion agreed to and bill read the first time.

* * *

● (1542)

PETITIONS

SECURITY, IMMIGRATION, AND PRIVILEGES OF MEMBERS

Mr. Speaker: I have the honour to inform the House that the Clerk of the House has laid upon the table the eighth report of the Clerk of Petitions stating that he has examined the petition presented by the hon. member for Central Nova (Mr. MacKay) and finds that it does not meet with requirements of the Standing Orders as to form.

I might say, in addition to some difficulties with form, and there were more than one, there was one quite serious difficulty as to substance in that the document had appended to it a number of documents which do not form part of the petition. As well, there appeared to be an affidavit by an alien who is not a resident of Canada. There were several difficulties with the petition in a substantive way, but in any case it was not proper as to form, and the matter is therefore resolved by the report of the Clerk of Petitions.

QUESTIONS ON THE ORDER PAPER

[*Translation*]

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 255, 258, 523, 700, 703, 901, 959, 980, 981 and 1,122.

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

[*Text*]

GOVERNMENT AID TO ALGERIA

Question No. 255—**Mr. Epp:**

1. In each year 1968 to 1976, was aid given by the government to the Government of Algeria and, if so, in what amount?

2. Has Algeria granted a safe haven to international hijackers and, if so, has the government placed any conditions on Algeria that no further aid will be forthcoming if Algeria does not end granting a safe haven to international hijackers and, if not, is the government contemplating such conditions?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned, the answer is as follows: 1. To be answered elsewhere.

2. The Canadian Government has indicated its concern to the Government of Algeria and has underlined the Canadian position on air piracy. Canada has also expressed the hope that Algeria will become a cosignatory of the Hague and Montreal conventions on air piracy. Our representations were not accompanied by any threat of cutting financial aid to Algeria because Canada does not see this as a means of expressing disapproval. Concerning aid to development, Canada does not consider that it is in its interest to stop aid to Algeria because of the nature of Canada's aid programme which is designed to promote the economic and social development of the people concerned. In our view, it would not be right to use Canadian aid as a tool for rewarding or punishing a foreign country for its actions unless, of course, such actions have a detrimental effect on the aspirations of the peoples concerned for improved economic and social conditions.

In so far as the Canadian International Development Agency is concerned, the answer is as follows: 1. In each year 1968 to 1976 aid was given by the Government of Canada to the Government of Algeria as follows:

	($000) Loans	Grants	Food Aid	Total
1967-68	—	357.2	—	357.2
1968-69	—	296.3	3,000.0	3,296.3
1969-70	—	721.1	3,200.0	3,921.1
1970-71	130.4	1,021.7	2,900.0	4,052.1
1971-72	9.1	1,131.3	3,000.0	4,140.4
1972-73	589.4	1,374.3	3,000.0	4,963.7
1973-74	234.4	1,816.7	3,000.0	5,051.1
1974-75	4,178.1	2,030.2	3,000.0	9,208.3
1975-76	8,450.7	2,249.1	—	10,699.8
1976-77 (31/3)	4,313.9	2,207.4	—	6,521.3
	$17,906.0	$13,205.3	$21,100.0	$52,211.3

2. To be answered elsewhere.

FOREIGN AID IN CASH LOANS

Question No. 258—**Mr. Whittaker:**

1. Are any countries receiving aid in the form of cash loans from Canada and, if so, which ones?

2. Do any countries have outstanding debts owing to Canada and, if so (a) which countries and in what amount (b) which countries have had such debts converted to non-repayable grants since January 1, 1977?

3. (a) What was the total value of the foreign-aid debt cancellations in 1977 (b) what was the individual value, by country?

4. (a) Did Canada contribute to the fund set up by industrialized countries at the North-South Conference on International Economic Co-operation in Paris to ameliorate the condition of the developing countries and, if so, in what amount (b) was this contribution pledge presented to Parliament and, if so, in what manner?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned, the reply is as follows: 1. To be answered elsewhere.

2. (a) With reference to commercial loans made to countries pursuant to section 29 and 31 of the Export Development Act, these are detailed in the annual reports of the Export Development Corporation. In addition, the following countries have outstanding debts owed to Canada: Belgium, $2,300,000; United Kingdom, $909,300,000; France, $16,900,000; China, $49,400,000; Netherlands, $4,600,000; Greece, $6,400,000.

3. (a) Approximately $254 million, the actual value of which is $35 million. (b) A detailed breakdown of the loans by country is to be submitted to parliament in due course.

4. (a) At the Conference on International Economic Cooperation, Canada announced that it would contribute $51 million to the special action programme adopted by the conference to help meet the immediate needs of the poorer developing countries. Of this total, $35 million represents the actual value of the $254 million loan cancellation extended to least developed countries. The remaining $16 million will be split between two U.N. programmes, namely the UNDP (up to $3 million) and UNICEF (up to $2 million), and the International Development Association (IDA). (b) The proposed contribution will be submitted to parliament later in the session.

In so far as the Canadian International Development Agency is concerned, the answer is as follows: 1. See list below.

2. (a) See list below. (b) Nil.

3. (a) Nil. (b) Nil.

4. To be answered elsewhere.

1 and 2. (a)

Order Paper Questions

Caribbean	
Antigua	$ 2,467,944.05
Barbados	8,180,042.01
Belize	2,380,960.85
Dominica	715,383.12
Granada	850,000.00
Guyana	14,751,473.78
Jamaica	20,331,381.45
St. Lucia	556,061.25
St. Vincent	1,051,771.93
Trinidad	10,070,983.06
Commonwealth Africa	
Botswana	$ 36,158,258.24
C.A.C.	46,906,804.98
Ghana	34,214,631.70
Kenya	13,362,962.08
Malawi	28,068,350.90
Malta	464,293.56
Nigeria	49,876,794.79
Swaziland	434,700.00
Tanzania	71,548,170.95
Uganda	2,277,973.98
Zambia	17,157,930.99
Asia	
Afghanistan	$ 1,272,152.24
Bangladesh	17,867,253.07
Burma	5,451,177.49
Sri Lanka	39,420,691.22
India	442,175,205.35
Indonesia	87,244,577.87
Korea	847,183.16
Laos	2,500,000.00
Malaysia	4,279,887.03
Nepal	2,495,399.33
Pakistan	246,703,205.97
Philippines	2,125,742.82
Thailand	978,321.41
Turkey	9,850,000.00
Francophone Africa	
Algeria	$ 19,171,251.43
Cameroon	20,103,903.31
Congo Brazzaville	9,585,382.46
Zaire	13,079,532.98
Benin	14,447,632.89
Ivory Coast	13,059,562.50
Madagascar	Ø
Mali	1,586,024.85
Mauritania	Ø
Morocco	5,332,285.54
Niger	39,904,598.43
Senegal	8,384,759.94
Togo	4,257,095.98
Tunisia	57,301,073.64
Upper Volta	863,619.12
Latin America	
Argentina	$ 746,666.67
Bolivia	1,717,000.00
Brazil	11,569,974.85
Chile	7,982,476.12
Colombia	21,225,686.59
Cuba	8,112,564.59
Dominican Rep.	7,285,273.03
Ecuador	11,548,365.78
El Salvador	4,508,196.08
Guatemala	500,000.00
Mexico	112,239.61
Nicaragua	1,799,757.34
Paraguay	799,853.48
Peru	3,938,218.92

[Mr. Dupras.]

SEVEN-DAY WEATHER FORECASTS

Question No. 523—**Mr. Howie:**

Since January 1, 1977, has the Ministry of State for Science and Technology or the Department of Agriculture funded any studies or projects or have they any programmes underway on the possibility of accurate seven day weather predictions for farmers during the crop growing season?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): I am informed by the Ministry of State for Science and Technology as follows: no.

I am informed by the Department of Agriculture as follows: since January 1, 1977, the Department of Agriculture has not funded any studies or projects on weather predictions for farmers. Weather predictions are the responsibility of the Department of the Environment.

ASSISTANCE—FIELD CROPS

Question No. 700—**Mr. Howie:**

Since April 1, 1977, what amount was paid to farmers in New Brunswick to assist with field crops?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as Agriculture Canada and its agencies are concerned: $197,522.93.

In so far as the Department of Regional Economic Expansion is concerned: a total of $273,200 was paid to the province of New Brunswick as DREE's share of the cost of joint programs under the Canada/New Brunswick Agricultural Development Subsidiary Agreement for farmers in New Brunswick to assist with field crops.

ASSISTANCE—DAIRY PRODUCTION

Question No. 703—**Mr. Howie:**

Since April 1, 1977, what amount was paid to farmers in New Brunswick to assist with dairy production?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as Agriculture Canada and its agencies are concerned: $1,864,196 (estimated).

In so far as the Department of Regional Economic Expansion is concerned: a total of $387,840 was paid to the province of New Brunswick as DREE's share of the cost of joint programs under the Canada/New Brunswick Agricultural Development Subsidiary Agreement for farmers in New Brunswick to assist with dairy production.

ALCOHOL ABUSE AMONG NATIVE PEOPLES

Question No. 901—**Mr. Laprise:**

Does the government intend to continue its programme against alcohol abuse among the native peoples of Canada after March 31, 1978 and, if so, will it (a) replace the authorities responsible for project selection and approval by regional committees (b) train native staff to meet the needs of the various regions (c) establish treatment centres for alcoholics to meet regional needs?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of National

Health and Welfare is concerned: the National Native Alcohol Abuse Program was initially established for a three year period, terminating March 31, 1978. The future of the program is under active review at this time.

In so far as the Department of Indian Affairs and Northern Development is concerned: the National Native Alcohol Abuse Program was initiated as a three-year demonstration project in April, 1975. An assessment and evaluation of the project is presently being completed. This assessment includes such matters as decentralization of authority for project selection and approval, regional staff training needs, and regional needs for alcohol abuse treatment centres. It is expected that a decision concerning continuation of the program will be taken before the end of the current fiscal year.

STUDIES OF CHILD NEGLECT OR ABUSE—OUTSIDE CONSULTANTS

Question No. 959—**Mr. Howie:**

Since January 1, 1976, were studies made for the Department of the Solicitor General by outside consultants regarding child neglect or abuse?

Hon. J.-J. Blais (Solicitor General): No.

NOTE: The Department of the Solicitor General has contracted more general studies on subjects dealing with violence, delinquency and crime prevention. The department also co-sponsored Second World Conference on Family Law (Violence in the Family—what should the law do?) Montreal, June, 1977, which brought together a large number of experts who presented papers on this subject at this conference.

ASSISTANCE TO THEATRES

Question No. 980—**Mr. Howie:**

Since January 1, 1977, what amount was paid by the Secretary of State to each theatre for the performing arts or resident company in Canada?

Hon. John Roberts (Secretary of State): Department of the Secretary of State. Amounts paid under the capital assistance program for the performing arts:

Institutions	Amount
Adelaide Court/Cour Adélaide, Toronto, Ont.	$ 475,000
Anna Wyman Dance Theatre, Vancouver, B.C.	7,500
Avon Theatre, Stratford, Ont.	50,000
Caravan Stage Company, Vernon, B.C.	18,000
Citadel Theatre, Edmonton, Alta.	250,000
City State Theatre, Vancouver, B.C.	16,000
Contemporary Dancers, Winnipeg, Man.	26,000
Globe Theatre, Regina, Sask.	3,530
Groupe de la Place Royale, Ottawa, Ont.	32,000
London Grand Theatre, London, Ont.	850,000
Massey Hall, Toronto, Ont.	1,000,000
Orpheum Theatre, Vancouver, B.C.	853,334
Regina Modern Dance Works, Regina, Sask.	65,200
Shaw Festival, Niagara-on-the-Lake, Ont.	125,000
Tamhanous Theatre, Vancouver, B.C.	145,000
Tarragon Theatre, Toronto, Ont.	25,000
Theatre 5, Kingston, Ont.	10,000
Théâtre d'Aujourd'hui, Montreal, Que.	8,000
Theatre 3, Edmonton, Alta	100,000
Toronto Free Theatre, Toronto, Ont.	66,500
W W Productions, Toronto, Ont.	7,000
Young People's Theatre, Toronto, Ont.	350,000
National Theatre School of Canada, Montreal, Que.	525,000
National Ballet School, Toronto, Ont.	100,000
Fathers of Confederation Arts Centre, Charlottetown, P.E.I.	1,350,000
Centre Culturel Franco-Manitobain, Winnipeg, Man.	150,000

SHIPYARD EXPANSION OR IMPROVEMENTS

Question No. 981—**Mr. Howie:**

Since January 1, 1976, have any (a) grants (b) loans (c) loan guarantees been made for shipyard expansion or improvements and, if so, to or for which shipyards?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): In so far as the Department of Industry, Trade and Commerce is concerned: (a) Yes. Upper Lakes Shipping Ltd., Port Weller Division, St. Catharines, Ontario, $1,000,-756.87; Davie Shipbuilding Ltd., Lauzon, Quebec, $929,-207.13; Saint John Shipbuilding & Dry Dock Co. Ltd., Saint John, N.B., $54,583.27. (b) and (c) No.

In so far as the Department of Regional Economic Expansion is concerned: (a) An offer of assistance under the Special ARDA Program in British Columbia was accepted on January 21, 1977, in the amount of $123,335, by Nimpkish Shipyard, Alert Bay, B.C. (b) No. (c) No.

EXPENDITURES IN CONSTITUENCY OF NICKEL BELT

Question No. 1,122—**Mr. Rodriguez:**

In each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Indian Affairs and Northern Development and those agencies that report to it?

Hon. James Hugh Faulkner (Minister of Indian Affairs and Northern Development): 1970-71, $1,299,100; 1971-72, $1,491,637; 1972-73, $1,778,299; 1973-74, $1,542,191; 1974-75, $1,882,646; 1975-76, $2,001,564; 1976-77, $10,624,596; 1977-78 (to January 23, 1978), $10,335,928.

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed, from Wednesday, February 22, consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, in speaking on this bill this afternoon I want to outline as clearly as I possibly can the reasons why my colleagues and myself cannot accept this legislation in its present form.

The New Democratic Party has an interest in this project. We were the first political party in Canada to talk about the Alcan pipeline as being the most desirable in principle, if and when we developed the means of facilitating our American neighbours and thereby transporting American gas from Alaska to their southern markets. And, coincidentally we could provide a facility to be used in the future for transporting Canadian energy reserves from our north to the south as well.

A year ago this month the New Democratic Party said that, of all the proposals under consideration, the Alcan proposal made the most sense. The Arctic Gas proposal and the El Paso proposal had very formidable arguments to be made against them. I will not repeat those arguments now. The Alcan route, if properly implemented, had some significant advantages. It would provide for the future possibility of bringing Canadian gas to Canadian markets and thus meet Canadian needs. It was, in comparison with the other alternatives, much more desirable in terms of coping with serious issues, including native rights and environmental concerns.

This particular proposal had major benefits for the United States, and I wish to stress that. Members of my party, as with all members of the House, believe it is a normal duty for a neighbour to facilitate another neighbour whenever possible. Therefore we were entirely sympathetic toward the development of the best means, from a Canadian point of view, to aid our American neighbours in getting gas to their markets.

Before I reach the substantive benefits for Canada in this Alcan proposal I want to make it clear that this route has, as its overwhelming purpose, benefits for the United States. We should not forget that. In deciding on the Alcan route we were of course making it possible for the Americans to bring their gas from the north to the south. More particularly, in comparison to the alternatives open to the Americans, the Alcan route is some $6 billion cheaper than the El Paso route would have been. In comparison with the Arctic gas route it is an even greater saving for the Americans. Therefore there is a major financial advantage of some $6 billion accruing to the Americans because of this proposal. By using the Alcan route the Americans will avoid a major environmental hazard of significant proportions which would have existed had they chosen the El Paso route, and which would have been inflicted upon the west coast of the United States. In choosing the Alcan route we head off that serious concern in terms of human decency and in terms of financial cost for our American neighbours.

This Alcan proposal meets with the central recommendation of the American department of defence. That department was strongly in favour of a continental route, and strongly in favour of ensuring that gas from Alaska was transported to the United States by means of a route which would have the minimum security risk in the event of a war. Obviously to send gas by tankers via the west coast, would leave their energy lines far more vulnerable to attack.

There are four important considerations to the Alcan proposal which we are debating today, and have been debating for some days, which meet American requirements. They obtain gas, it saves them $6 billion, removes an environmental risk, and it meets their military requirements; all very substantial indeed.

What are we going to get out of it as a country? About the only benefit of significance that will accrue to the people of Canada from the Alcan proposal is jobs, jobs that would accrue in the manufacturing of the pipe, in the manufacturing of steel, and jobs that would accrue on the construction site itself. In terms of these implications it is not simply Stelco, Welland, and Ipsco in Regina, it is also the other part of the steel industry in Hamilton, and in Sydney, Nova Scotia, and a component industry in Port Coquitlam in British Columbia which would benefit. In other words, if Canada received what my party believes it should receive as a minimum, that is, the guarantee of labour needed to produce the steel, the labour needed to construct the pipeline for all of the portion of the pipeline in Canada, then the benefits would have been substantial. It would also have a beneficial effect on most of the provinces right across the country, directly and indirectly.

When the Deputy Prime Minister of Canada (Mr. MacEachen) reported last September 9, after negotiations with the United States, that the Government of Canada had agreed on the Alcan route, on behalf of my colleagues I said, and said with pleasure, that I agreed to the proposal that it would produce a substantial number of jobs, as it was described by the Deputy Prime Minister. He assured us at that time, and had statistics to prove it, that the minimum Canadians would get from this project would be 100,000 man-years in jobs. Well, that is a lot of jobs, particularly at a time when a million and half in real numbers are unemployed.

Almost within days of this announcement doubts began to be raised concerning the credibility of the minister's promises. I repeat the minister did not say that we might get, we could get, or if possible we should get 100,000 man-years; he said

with great assurance and confidence on September 9 that Canadians would get 100,000 man-years in jobs.

● (1552)

On behalf of myself, my research staff talked with the commissioner in charge of this project in order to receive a breakdown of this estimate. The minister has refused either to deny or confirm the estimate. Perhaps sometime today the minister will let the House know about the accuracy of this contention. The commissioner in charge of the project indicated that the job estimate was based on Canada receiving 98 per cent, and not 90 per cent, of the orders for the steel necessary for the construction of the Canadian portion of the pipeline. Without that 98 per cent, we would not receive the 100,000 man-years in jobs promised by the minister. Shortly after we received that promise, we had some doubt because of the information given to us by the commissioner. We heard there would be no written guarantees in the legislation.

When the treaty came out and we saw the legislation, we realized there was no guarantee of jobs for Canadians. Actually we looked for that commitment, among other things. As other hon. members have pointed out during the course of this debate, the legislation has the treaty embodied in it. That makes sense. At least there is some logical consistency. The crucial portion of the treaty was clause 7, which is the sellout clause in terms of Canadian interest.

Mr. Crosbie: Right on.

Mr. Broadbent: I hear the hon. member agreeing with what I am saying. I hope he keeps that in mind when he votes later today.

Clause 7 of the treaty should have provided Canadians with an exclusive right to the production of steel and the construction of the pipeline, but there is no such provision. In fact that clause is almost exactly the opposite. The provision in clause 7 indicates that if Canadians are fortunate enough, in terms of meeting international competition, they will have the legal right to compete in order to get jobs on the Canadian portion of the pipeline.

Because of the pipeline, the Americans will save $6 billion, lessen environmental risk to their west coast, and will have their defence needs met. The minister negotiated for Canadians to have the right to do work on the pipeline after world competition. I consider that clause to be a sellout clause. It was produced by a minister who sold out the interests of Canadian workers, when the treaty was negotiated. All negotiations involve a little give and take. Throughout our history, whenever Liberals do negotiating on behalf of Canadians, Canadians do the giving and Americans do the taking. This legislation is a beautiful example of that.

I am somewhat concerned about what has been indicated by the official opposition. The hon. member for the Yukon (Mr. Nielsen) can argue with brilliant legalistic persuasion on both sides of any cause. He outdid himself in this debate. He devoted half of his time to attacking the New Democratic Party, which I found curious. My party was the first party which advocated this pipeline route. We have remained consistent by indicating that Canadians should receive the jobs to which they are entitled. Instead of zeroing in on the government, he spent the first half of his speech attacking my party. Having done that, then he proceeded to point out the faults in the bill. That is a perfect example of bad conscience. I will not bore the House or the hon. member by quoting his words. Hearing them once was bad enough. He went on at great length to indicate what a deplorable piece of legislation this was. He concluded his speech by saying that of course the Conservative party would vote for it.

Mr. Paproski: After it is amended.

Mr. Broadbent: Yes, that was the position. I do not want to quote just the hon. member for the Yukon. I give credit to the hon. member for Hamilton West (Mr. Alexander) who comes from a steel community. He was in on the issue early. He indicated what was involved as a possible benefit for Canada in terms of jobs. Like hon. members of the New Democratic Party, he stressed the positive possibilities. I wish he would take a consistent position, as hon. members of my party do. Then when the hon. member for Hamilton West saw the bill, he was horrified and had some rather uncomplimentary things to say about the government. He indicated that what was involved was "a sellout to the American consumer at the expense of Canadian steelworkers and jobs for Canadians."

Also he indicated that there should be guarantees in order to protect the interests of our steel industry and those who provide goods and services, which play a major part in this pipeline. He went on to say that there had to be such guarantees before this piece of legislation would be worthy of support. I am not frequently persuaded by the arguments of the hon. member for Hamilton West. We differ quite often, but in this instance I found his logic rather cogent and his argument sound. This legislation, without guarantees, is certainly unworthy of support.

I want to say to the hon. member for Hamilton West, the hon. member for the Yukon, and the hon. member for St. John's West (Mr. Crosbie), as well as to all other Conservative members who have opposed this bill, that their arguments are sound. I hope when my party votes against this bill that those hon. members will join with us in voting against a piece of legislation which is a sellout of Canadian interests.

I have some fresh details which I should like to add to the debate. The government has made the argument that the Canadian steel industry is efficient, modern, and competent. Indeed it is. In fact it is one of the few sectors in the manufacturing end of things which is of world quality. The Canadian steel industry deserves a lot of credit for having entrepreneurial initiative, and for knowing when to renew its capital equipment. That industry is a credit to the country. It shows us the modern industrial base that can be created in Canada.

However, the conclusion drawn from this by the government, simply because they are competitive and efficient, is that we should blindly assume that that industry will receive the

orders. We should assume that it will follow, as night follows day, that jobs will inevitably occur in the communities I referred to earlier in my speech. I say to you, Mr. Speaker, that that does not necessarily follow at all, and I will give six interconnected reasons for Canadians right now being skeptical about the possibility of getting anywhere near the number of jobs the Deputy Prime Minister has said we will get.

● (1602)

First, I refer the Deputy Prime Minister to a study that was done by an interdepartmental committee in the United States, a study which the minister said the other day he had not read, when I mentioned it out in the question period. In that study the U.S. authorities claim that, in their view at least, 30 per cent of the business for the Canadian portion of the pipeline will go to the United States. That is considerably more than the minister has contended. That is not a study produced by the NDP or by some fly-by-night organization, but one produced by an interdepartmental committee of the United States.

Second—and I mentioned this to the minister a long time ago—the Bank of America in the United States has been running adds, not simply in the *Wall Street Journal*, which I know the minister reads with interest, but in many cases right across the United States. The assumption of the Bank of America is exactly the same as that of the interdepartmental committee, that they anticipate that at least 30 per cent of the business for the Canadian portion of the pipeline will go to the United States.

Third, if the minister is not persuaded by the Americans, as he usually is—they usually do an effective job on him and then they tell him what a tough negotiator he is, and when the Americans tell him what a good job he has done, then we can be sure we have lost completely—then I refer him to one of his own department's studies. DREE did a study for the government on this pipeline in which they said that unless there were assurances about jobs we would get nowhere near the number of jobs the minister has been promising. In fact the part of the estimates on which the minister has been relying for his job prognostications is what DREE called "the wish book", which the Deputy Prime Minister has inflicted upon Canada as being a guarantee for Canadian jobs.

This is what the study said:

Unless there are effective controls ensuring Canadian content, 67 per cent may be a more realistic projection.

That is 67 per cent only of the jobs, not anywhere near the 90 per cent to 98 per cent, depending on which figure the minister deems to be appropriate at the time, which he has been promising the people of Canada.

Some people might ask what is the difference between 67 per cent and what the minister has promised. It involves about $600 million worth of business less than the minister has been telling Canadians we will get. If you translate the $600 million into jobs, it could mean we will get thousands fewer jobs, according to the DREE study, than the minister has said we will get. So we are not talking about a handful of dollars or a mere scattering of jobs; we are talking about thousands of jobs and hundreds of millions of dollars about which the minister had been warned by a department of which he should know something.

Fourth, when we are talking about the competitive situation and how likely we are to get these jobs in Canada, we have to consider the state of the world's steel industry, the very people with whom we will be competing. As even the minister should probably know by now, demand has fallen off very considerably throughout the world in terms of steel, but simultaneously capacity in the steel producing countries has grown considerably.

Excess steel supplies have caused world prices to tumble all over, driving many producers into the red. For example, the five largest Japanese steel companies reported combined losses of over $300 million in the first six months of the fiscal year ending in September of last year. A similar situation exists with the British steel industry. The reality is that the steel industry in Japan, in Britain, in the United States, and in Italy, is in a state of slump. It is looking for new markets and it will be concentrating on the Alcan project as a major instrument of bailing itself out.

I should like to quote two of the principals involved in this whole issue, the heads of companies in Canada. The minister is fond of saying the steel industry is confident so why is the NDP not confident? I repeat that we are confident about the steel industry in Canada; we just have no confidence in the government.

Mr. John Allen, president of Stelco, said recently:

The realities of the current world steel environment are such that Canadian producers will have to fight as never before for future orders and overcome fierce competition from overseas manufacturers, most of whom operate in countries whose governments use their industrial infrastructures as an employment-providing or foreign-exchange-generating mechanism.

Not long ago I met Mr. Jim MacLennan, president of Ipsco, and discussed the situation with him. He made essentially the same point, and in fact went on the record on the night that the National Energy Board made its ruling on the size of the pipe. I heard him on the radio, and I am sure he was on television the same night, saying he has a great deal of concern about the Japanese, the Italians and other steel makers in the world, getting contracts. He spoke with confidence, as he should have, about his own company, because it has done a damn good job, just as Mr. John Allen, head of Stelco, spoke with confidence about his own company. But neither of these individuals underestimate the problems that will occur for Canada in getting those contracts, in a world community in which the steel industry is now operating way under capacity and is looking for new orders.

The hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) dealt most specifically with the problem of competition. He dealt most specifically with the variety of means open to other companies in other countries to undercut the Canadian suppliers. A whole variety of methods can be used to undercut the competitive regulation which is supposed to be in

the legislation. I appeal to the Deputy Prime Minister to consider this argument when he winds up the debate.

The Minister of Industry, Trade and Commerce (Mr. Horner), speaking in the debate on Monday, February 20, replied to the hon. member for Nanaimo-Cowichan-The Islands. I was astounded to read his speech and I am totally convinced the minister made a mistake when he read the notes that were prepared for him by his department, because in one paragraph he put forward an argument which he withdrew completely in the next. I refer the Deputy Prime Minister to page 3035 in *Hansard*. It is at this point that the Minister of Industry, Trade and Commerce is trying to deal with the fundamental argument which is now of concern to the leaders of the steel industry in Canada and to members of the NDP, that is, the problem of assessing what fair competition is in reaching a decision about which companies in which parts of the world are going to get contracts. This is what he said in terms of dealing with state subsidies, special tax concessions of the kind, for example, that DISC provides in the United States:

> Action under the Anti-dumping Act could be taken in cases where exports into Canada are financed under more favourable terms than are available to the foreign manufacturer for its domestic sales. Under regulation (11A) of the anti-dumping regulations, credit and other financing terms can be taken into account in determining the normal value, export price, and, hence, the margins of dumping under the meaning of the act.

● (1612)

That quote, if left alone, might persuade a number of people in this House. People might say that the Minister of Industry, Trade and Commerce has shown that we have regulations which will really protect the Canadian steel industry from unfair competition. However, the minister went on, and as sure as I stand here I am totally convinced the minister made a mistake. I think he was reading a note from one of his officials about the problem associated with this, because this is how the minister continued:

> It should be noted that neither (11A) of the anti-dumping regulations nor the imposition of countervailing duties for reasons of export financing subsidies, appear to have been tested as yet. Moreover, the anti-dumping option would really only come into play after the fact, which renders its use, other than as a threat mechanism, somewhat ineffective.

The Deputy Prime Minister looked concerned when I read that to him, and well he should, because in the words of the Minister of Industry, Trade and Commerce there is a complete undermining of the government's argument that we are going to be protected. What the Minister of Industry, Trade and Commerce said is that the very provisions of the Anti-dumping Act in section (11A) are going to be ineffective. He was saying that they have not as yet been tested and that with regard to the Alcan pipeline they would become operative only after the fact. Does this mean that after we buy the pipe and lay it—whether we buy it from Italy, Japan or some other country which might win in the bidding—only then can the government go back and say, "Too bad, fellows, you violated our anti-dumping legislation"?

I repeat what the Minister of Industry, Trade and Commerce said:

> Moreover, the anti-dumping option would really only come into play after the fact, which renders its use, other than as a threat mechanism, somewhat ineffective.

That was not said by a member of the opposition, it was said by a minister of the Crown, and to me it is the most damning argument which has been presented on the matter of competitiveness. I hope the Deputy Prime Minister will deal with that issue when he speaks.

With regard to being optimistic that Canadians will get the jobs in a competitive situation, the minister said that the Canadian steel industry is competitive. We think it is competitive, but who got the contracts for building the American pipeline in Alaska? Was it the Canadian steel industry or the American steel industry? Not at all. It was the Japanese steel industry. I do not know why the minister is so convinced that we will automatically get the contracts to produce the pipe when, for a similar project in Alaska, the Japanese, not the Canadians or the Americans, got the contracts. Surely that should give even the minister reason to pause and not be so acquiescent and optimistic about jobs.

Financial experts are now saying that Foothills will find it easier and cheaper to finance the project if more pipe, equipment and services are purchased offshore than originally planned. Lacking government financial backstopping which would have increased security and lowered debt costs, the consortium may be forced to minimize debt costs as much as possible to ensure debt and equity financing. One obvious way of achieving this would be to take advantage of less expensive foreign export financing which often accompanies foreign purchases.

If the consortium attempts to raise funds abroad, perhaps either in Japan or Europe, in the face of financing difficulties here in North America, it could well expect demands by foreign bankers and other foreign investors that the project use foreign funds to purchase foreign goods and services. In other words, if Foothills is going to get assistance in financing this massive project, which will cost anywhere from $10 billion to $14 billion, the source of those funds, whether continental Europe or Japan, could well insist that a good part of that money be used to purchase equipment in those countries. This is not a concern expressed only by the New Democratic Party.

I want to read to the minister from a confidential report prepared by the Department of Industry, Trade and Commerce. With direct reference to this problem of financing abroad, and therefore buying steel abroad, the report says the following:

> The Canadian content actually achieved could vary substantially from estimates because of competitive pricing conditions, tied and concessional financing, government monitoring, corporate attitudes, and other factors.

The Department of Industry, Trade and Commerce seems quite concerned about tied and concessional financing arrangements which could be made by Foothills in and with other countries.

I have tried to put on the record some interconnected reasons why we are not all acquiescent or optimistic about the number of jobs which will come to Canada because of our

strong competitive steel industry. There is every reason to believe that other companies in other parts of the world will get a substantial piece of the action.

An interdepartmental committee in the United States, DREE here in Canada, the Department of Industry, Trade and Commerce, and heads of companies in the steel industry here in Canada have all expressed the same concern. Only the Liberal Government of Canada, which was taken to the cleaners in negotiations, is saying that we are going to get 100,000 man-years in jobs. That is rubbish, and all experts in the field know it is rubbish.

The only way we can be guaranteed that we will get the jobs Canadians deserve is to make provision for that in this legislation. I want to repeat that I refer not just to jobs at Ipsco or Stelco. There would be a spin-off effect. If we were to get the contract, jobs would be created in Sydney, Nova Scotia; Sault Ste. Marie and in Port Coquitlam. Jobs would be spread right across the country. The only way we will get jobs in the numbers we ought to get them—because the Americans will get plenty as a result of the agreement—is to have embedded in this legislation guarantees that Canadian workers, wherever possible, will produce the steel for the Canadian part of this project.

I want to say in advance that I will be moving an amendment. If the amendment carries, we will be delighted to support this legislation. If it does not carry, we will regretfully have to vote against a project which could have been a project of monumental significance to the people of Canada.

I therefore move, seconded by the hon. member for Timiskaming (Mr. Peters):

That Bill C-25 be not now read a second time, but that the subject matter thereof be referred to the Special Committee on a Northern Pipeline with instruction that the said committee give consideration to the making of recommendations for the inclusion in the said bill of guarantees that all of the pipe for the pipeline the production of which is possible in Canada be produced in this country, in order to assure the attainment of the principal Canadian benefit from this pipeline, namely, jobs for Canadians.

The Acting Speaker (Mr. Turner): Order, please. I suggest that we take this amendment under advisement and continue with the debate.

Mr. MacEachen: Mr. Speaker—

The Acting Speaker (Mr. Turner): I remind hon. members that if the Deputy Prime Minister (Mr. MacEachen) speaks now, he closes the debate.

Mr. Knowles (Winnipeg North Centre): Not on an amendment.

● (1622)

Mr. MacEachen: Mr. Speaker, I want to raise a point of order on the amendment. I do not think this amendment is acceptable on second reading. I think the amendment has not been put before the House. If I speak I clearly understand I am speaking on the main motion, so I would have to clarify the situation or continue the debate.

The Acting Speaker (Mr. Turner): It is moved by Mr. Broadbent and seconded by Mr. Peters:

That Bill C-25 be not now read a second time, but that the subject matter thereof be referred to the Special Committee on a Northern Pipeline with instruction that the said committee give consideration to the making of recommendations for the inclusion in the said bill of guarantees that all of the pipe for the pipeline the production of which is possible in Canada be produced in this country, in order to assure the attainment of the principal Canadian benefit from this pipeline, namely, jobs for Canadians.

Is it the pleasure of the House to adopt said motion?

Mr. Erik Nielsen (Yukon): Mr. Speaker, I am going to intervene very briefly to point out the irresponsibility of this motion.

Some hon. Members: Hear, hear!

Mr. Broadbent: Mr. Hypocrite.

Mr. Nielsen: What the New Democratic Party is doing is attempting to kill this bill. If that amendment should pass it would effectively kill the project.

An hon. Member: They do not care.

Mr. Broadbent: Mr. Two-faced again.

Mr. Nielsen: I do not know whether two faces is unparliamentary or not.

Mr. Broadbent: I do not care.

Mr. Nielsen: That party has adopted three different positions. First, it was going to be a filibuster, then it was going to be all troops thrown into the fray, and now comes the impractical suggestion inherent in this motion of amending the legislation to ratify an international agreement with which we are stuck—a poor agreement for all that—and this is an out and out attempt to kill the bill.

There are timetables which must be met, Mr. Speaker. This project is vital to the national interest, but if this irresponsible amendment were accepted it would go down the tube as a good many other advantages went down the tube during negotiations.

I want to make it clear that while we are after the same kind of guarantees that those on my left are after; the difference is in the method. We know that it must be done by legislation and we know that if the government is reasonable with respect to suggested amendments, it can be done by a monitoring agency of this House. There is the difference. The same guarantees can be procured by either method. The method in this amendment is impractical and out of order. No such amendment can be made to the bill. That is the question that should be taken up by the Chair and the President of Privy Council (Mr. MacEachen) should support me on this. It is out of order because that bill cannot be amended to go beyond the provision with the United States that binds the two countries.

Having said those brief words I would urge the Leader of the New Democratic Party (Mr. Broadbent) to withdraw his motion and vote on the main motion.

Some hon. Members: Sit down.

Mr. Nielsen: The Leader of the New Democratic Party and his colleagues tell me to sit down.

Mr. Broadbent: No, I did not.

Mr. Nielsen: We are going to vote for this bill. It is too much in the national interest to act any other way. With a reasonable approach and a monitoring agency, the guarantees will be achieved. It is impossible to achieve them in the manner suggested by the New Democratic Party.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am always sorry to see someone trapped in an untenable position. The hon. member for the Yukon (Mr. Nielsen) has spoken for a number of days and has directed a number of his party to speak in support of the idea that Canadians should be employed. Yet when he sees an opportunity to guarantee this employment through a small change in the legislation—a change that I am sure would be made by almost any other country concerned with a project that is a gift to a friendly neighbour of a transportation facility—he says they will vote against the amendment. When he has the opportunity to stand up and be counted, he does what he often does—turns the other cheek.

I believe this is an excellent amendment. If parliament rules that all the employment for manufacture of the pipe, the valves, digging the holes, laying the pipe, constructing the pumping stations and other facilities, should be Canadian, the only people in trouble will be those who sign the treaty and the amendments that will be made to it.

The treaty is not inviolable. It will be amended in any case. The United States have already made changes and they are going to demand more changes. I am sure we can also demand consideration.

A lot of things have not been said. I would be surprised if a great deal of money is not tied up in the development of the pipeline which may not be built for many years, or even not at all. The hon. member for the Yukon is aware of what is happening to the gas coming from Alaska today. He knows that much of it is being shipped to Japan. He knows that if we allow gas to be shipped to Japan by the United States, the consequences to our competitive position will be great. Japan will get cheap gas because it is not very far from Alaska and will not cost much to transport. The gas will then be used for the manufacture of steel. We are in the unhappy position of having to haul coal from Hamilton or other places, and so would not be competitive.

The hon. member is well aware that more gas is being developed in western Canada than we need today. There are applications galore before the National Energy Board to sell more gas. We are not concerned with a pipeline that is needed in a great rush. We will be able to demand time to develop the pipe, the valves, the pumping stations and all the necessary infrastructure if we make these things a condition of allowing the United States to transport fuel across our nation.

The hon. member for the Yukon knows that there was no opportunity in Alaska for training local people and that most of the labour was imported. He knows that other American states were not allowed to bid on the pipe. The pipe came from Japan. In fact it was manufactured years before the decision was made with regard to the pipeline. It sat there rusting. He knows that.

● (1632)

The hon. member cannot have it both ways. If he believes the Liberal party is the big business party, he should join them. However, he will find that both those parties are losing a lot of friends. When my leader gets so close enough to and knowledgeable about the corporations that the Deputy Prime Minister (Mr. MacEachen) begins calling them our "corporate chums," he may be closer than he thinks. We are talking about steel plants in Canada, workers who will work on the pipeline, and those who have not yet been trained to work on the pipeline. The hon. member knows that the facilities are not yet built. We have the capability and the know-how. All we need is time to develop the design and we will build the valves for the 56-inch pipeline. These valves are not available anywhere in the world. Given the opportunity, we can build them as good as or better than any country.

I may agree to a road being built across my farm and what the terms of the lease and so on will be. Obviously I will request that I not only have the right to use that road, but to be employed to maintain it and snowplough it. I will either demand that I provide that kind of labour, or get a tax reduction. That would be anticipated. With regard to the pipeline, the Americans can expect no less from us.

The hon. member for Oshawa-Whitby (Mr. Broadbent) made a very good speech. He rightly said there will be great advantages to our American partners. He also pointed out the advantage to Canadians and the fact that the alternative would be very bad. The alternative would be moving the gas and oil down the west coast, something very dangerous. The Americans will have a great saving as a result of that route being shortened. It is being made militarily safe. Canadians are providing them with the opportunity to transport over Canadian soil. Because we are good neighbours we are making certain concessions. In return, we will ask for concessions.

I do not place the entire blame on the Deputy Prime Minister because he is new at this game. I have negotiated with the Americans on occasion. They are the sharpest traders in the world. I have never been competent enough to negotiate satisfactorily with the international corporations. Therefore the workers for whom I was negotiating did not win. We were always taken because we could not read the fine print. We were honourable. We believed what we said. We always used simple English.

A Yankee trader does not believe in simple English. He reads all the fine print. In fact he wrote it. It is interesting to note that in the fine print there is always a reference to an act of God. However, that always refers to the corporation. I have never seen a case where an act of God worked in favour of the

little guy. It always worked in favour of the other side. That was not because God was unfair. It was because of the small print.

The Deputy Prime Minister will find out that the small print is not like that used in External Affairs where everyone speaks in diplomatic language, not meaning what they say and not intending to say what they mean. What is written in the small print is what you get. What you see is not what you get. The Deputy Prime Minister agrees with us. He comes from a very backward part of the country, the same as I do.

Some hon. Members: Order!

Mr. Peters: I say that in terms of the employment and industry that are being developed in our areas. There is not much in his area or in mine. Foothills told the Deputy Prime Minister that we would get 90 per cent of the jobs. One horse, one rabbit makes 50/50. That is the kind of 90 per cent we will get.

Mr. Nystrom: They call it a "rorse".

Mr. Peters: Whatever "abortion" it will be, we will have to live with it.

Some hon. Members: Oh, oh!

Mr. Peters: I will not be offended if the Deputy Prime Minister does not vote in favour of this amendment. I am sure he believes that when we open up the treaty we will get a better deal. However, he must realize that when dealing with the Yankee trader, you need somebody to read the fine print. We are not very good at that. We are not playing around with tariffs here. The Minister of Industry, Trade and Commerce (Mr. Horner) is in the chamber. He will tell you that it is not like selling cattle on the open market. He knows that when dealing with the Yankee traders you have to read the fine print very carefully. This may not affect workers in the constituency of the Deputy Primer Minister or in Timiskaming.

Mr. Horner: There will be work in both those constituencies.

Mr. Peters: I hope to God that does not happen or I will be very upset. The Minister of Industry, Trade and Commerce said it will be worse in both constituencies.

Mr. Horner: I said there will be work in both those constituencies because of this pipeline.

Mr. Peters: I certainly support that. Coming from the man responsible for making it happen, I will hold him to it.

I am really surprised at the hon. member for Yukon. It is not he who will sit down with the Yankee trader and negotiate. There will be no alternative, no second chance. He will have to depend on the terms of this bill, the application of it to the treaty and the pipeline, the jobs, steel production and all the other facilities. I am sure his colleagues from Hamilton, Regina, Port Coquitlam, Montreal where the valves may be made, or Toronto where they will decide on the pressure units to be moved, will be shocked to find he has sold them down the river the same as the government did.

• (1642)

Mrs. Holt: I want jobs for the people.

Mr. Peters: The hon. member for Vancouver-Kingsway (Mrs. Holt) is speaking about jobs. We give her full credit for that. She says that she wants jobs. We not only want them, we want them guaranteed. It may be 20 years before this pipeline carries any gas if it is true they are compressing that gas and sending it to Japan and they are not flaming any off in Alaska. It may be quite awhile—

An hon. Member: How do you get it down the well?

Mr. Peters: Certainly they are pumping some of it down the well. It is a good way. Any time it goes back into the well it is worth more money. My friend, the Minister of Industry, Trade and Commerce, lives in an area that has developed more oil this year than the reserves held five years ago for the whole country.

Mr. Horner: Not so.

Mr. Peters: We have at least three applications to ship gas out that they are unable to handle. They have had great success in an area where the gas is estimated to be as plentiful as it was in the original Leduc field. If that is so, it will make the gas, reserves on the Arctic slope look like small potatoes. There is no great rush; it will take the Deputy Prime Minister several days or weeks to write in the guarantees in this bill. I am not familiar with the difficulties he will have with the treaty. I am not sure what the relationship between this bill and the treaty may be. But from my point of view I want as many jobs as possible guaranteed by the passage of this bill. Maybe the Conservatives do not. One or two of the Liberals say they want jobs. I count on them to stand up and vote for the guarantees in the amendment.

The Acting Speaker (Mr. Turner): The hon. member for Yukon on a point of order.

Mr. Nielsen: I rise on a point of order which I staked out when the Chair read the motion, because of the doubts I had with respect to its acceptability.

Now that Mr. Speaker is in the chair, perhaps I can advance very briefly the arguments as to why—

An hon. Member: It has already been put.

Mr. Nielsen: The motion has not been put.

An hon. Member: He read it out.

Mr. Nielsen: The motion has not been put. The record will show that during my few remarks I staked out the position that I doubted the motion was in order and that I wanted a ruling to that effect from the Chair. Now that Mr. Speaker is

in the chair I propose to put arguments with respect to my reasoning that it is out of order.

The motion, sir, in my submission goes beyond the scope of that which is allowable under the usual six months' hoist because it attaches conditions not provided for in the rule. It attaches conditions which impose instructions on the committee, and it attaches conditions that the committee must bring in a recommendation to amend the bill in the most impossible way. It goes beyond the scope of the bill itself. It is impossible to amend it in the fashion suggested in the motion because of the existence of the international agreement.

The original motion of the government had to be accompanied by a message from His Excellency and this amendment may very well affect that aspect since it is an intrusion upon a prerogative of His Excellency by reason of the fact that that motion standing on the order paper is confined to that purpose. For those reasons I submit the motion is out of order.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I should like to serve my right to argue the points the hon. member has made if you decide it is appropriate for this argument to be reopened. First of all I wish to make the point that when the amendment was put by the hon. member for Oshawa-Whitby (Mr. Broadbent) there was an objection from the President of Privy Council (Mr. MacEachen). We sat for a moment without anything being said and then the Acting Speaker, the hon. member for London East (Mr. Turner), rose and put the motion.

Mr. Nielsen: No, he did not.

Mr. Speaker: Order, please. We will have to resolve this initial point. As is no surprise I am sure to the hon. member, I have some misgivings about the procedural regularity of the motion and the points made by the hon. member for Yukon (Mr. Nielsen) are well taken.

However, it will have to be resolved whether the matter is open for argument at this time. Before resuming the chair I asked the hon. member, the Assistant Deputy Speaker, if he had in fact reserved on the matter and his impression clearly was that he had. That matter will have to be verified, but certainly that was his impression. Reference was made, I understood by the hon. member for Yukon in his participation right after that, that the matter had been reserved. Therefore I do not have as much difficulty with the procedural regularity of the motion as I do with the argument.

It would seem to me there is only one way to settle that argument and that is to examine the transcript of the afternoon, when it is available, to decide whether there is any foundation for the argument of the question having been put. It is not now open to procedural argument. I would have to be persuaded of that, but surely we will need to have the evidence on hand. I do not think there is any way to solve it without looking at the transcript.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, I quite agree we have to look at the evidence, namely, the blues of what was said. Of course there are tapes as well, so it is possible to look at what was said and we can hear what was said. An additional point I wish to make is that the hon. member for Yukon (Mr. Nielsen) spoke to the amendment at some length after the motion was put. The President of the Privy Council (Mr. MacEachen) debated on his feet whether to speak to the amendment or to wait and speak to the main motion after the amendment was disposed of.

Mr. Speaker, I do not like arguing in advance of looking at or hearing the evidence either, but my memory is different. I will even confess that I was surprised at the ruling from the Chair. But we sat for 30 to 40 seconds without anything being said, and then the Assistant Deputy Speaker got up and said, "Moved by Mr. Broadbent and seconded by Mr. Peters," and called for the question. At that point the hon. member for the Yukon stood up and spoke to the amendment, followed by the hon. member for Timiskaming (Mr. Peters). It seems to me the time for raising this whole question of the propriety of the amendment was over. It is unfortunate. Maybe there was some inadvertence about it, but this is what happened, and I do not think it is appropriate now to ask to go back at this stage of debate.

Mr. Speaker: Order, please. Any participation in the discussion would, of course, be without prejudice if the matter had been held under reserve. There is obviously only one consideration at this moment and that is whether the procedural regularity of the motion was held under reserve by the Chair. We have to determine that. The first way to assist in that discussion is to obtain a transcript of the record of the proceedings this afternoon. That will not be available for a short time. We cannot interfere with private members' hour which begins at five o'clock. It would appear that this discussion would have to take place later on this evening, I would presume at eight o'clock. That would be the appropriate time to raise it.

Mr. Nielsen: Mr. Speaker, one thing that the record will not show is that I was on my feet before the Assistant Deputy Speaker read the motion and at the outset I staked out the grounds of my point of order and asked the Chair to look at it.

Mr. Broadbent: Mr. Speaker, the hon. member for Yukon (Mr. Nielsen) did indeed stake out his brave ground, but the point surely on this matter is: did the Speaker at the time who was in the chair put the question or did he not? Did he name the mover and the seconder or not? The record is, I think, unequivocally clear on that. He moved the motion and expressed some reservations. He got up, he hesitated, and he moved the motion. It was so unequivocally accepted, I thought by all members. The Deputy Prime Minister (Mr. MacEachen) in informal conversation was talking about the debate arrangements to be made after that. The Deputy Prime Minister was assuming, and said to me informally, the motion had been put, and he was concerned about winding up the debate. He asked whether he should now speak on the amendment, or whether he should speak after the amendment was dealt with.

• (1652)

We were in the process of making informal arrangements to expedite procedures by agreeing that the Deputy Prime Minister should speak on the amendment. Also we agreed that we would not put up any further speakers. I cite that by way of evidence. It was a widespread assumption on the part of everyone, until the hon. member for the Yukon rose in a totally irrelevant manner to attempt to get himself out of a difficult situation.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. Because of the very complex deliberations, I am sure we would be greatly assisted by examining the record of what really took place earlier this afternoon. Therefore the discussion on the procedural regularity of this motion will be held over until the House resumes its session this evening at eight o'clock. In that event, we will all have the benefit of examining the record. Then I can hear whatever arguments will be advanced at that time.

Is it the pleasure of the House to call it five o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Speaker: Order. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Egmont (Mr. MacDonald)—Canadian culture—Federal assistance to cultural organizations; the hon. member for Churchill (Mr. Smith)—Freshwater Fish Marketing Corporation—Reason for delay of final payment to fishermen; the hon. member for Capilano (Mr. Huntington)—Finance—Measures to prevent dumping of steel beams—Definition of "Fair world price".

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, private bills, notices of motions (papers), and public bills.

[Mr. Broadbent.]

PRIVATE BILLS

[*English*]

BELL CANADA

The House resumed, from Thursday, February 9, consideration of the motion of Mr. O'Connell that Bill C-1001, respecting Bell Canada, be read the second time and referred to the Standing Committee on Transport and Communications, and the amendment thereto of Mr. Leggatt.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, we are faced with one little difficulty. The hon. member for Scarborough East (Mr. O'Connell) is not here. There have been some discussions about this bill. The understanding was that the hon. member who was sponsoring it did not wish to proceed with it today. I thought this was known by others. I see many affirmative nods on the government side of the House.

The Parliamentary Secretary to the Deputy Prime Minister and President of Privy Council (Mr. Pinard) is not here, nor is the hon. member for Scarborough East. Our understandings were quite clear. Behind those understandings is the fact that there have been discussions between Bell Canada and those interested in this bill. It was the disposition of the sponsoring member that this bill was not to proceed today. Since it is only 4.55 p.m., I excuse him for not being here. Is there someone who can confirm this understanding?

There are two other bills under the heading of private bills, and the sponsors of those bills are here. Why can we not proceed with them?

Mr. Campbell: Mr. Speaker, I rise on a point of order. I understood there was an agreement. I was told by the parliamentary secretary that agreement had been reached to call Bill S-5 and Bill S-6 at this time.

Mr. Benjamin: Mr. Speaker, as one of the sponsors, I should like to indicate that was my understanding as well. There was agreement that these two bills could be dealt with expeditiously today. I hope that understanding is clear on all sides of the House. There have been many discussions on the matter. Certainly that was my understanding of the agreement.

Mr. Paproski: Mr. Speaker, I do not think anyone approached my party for agreement.

Mr. Pinard: We spoke to hon. House leader of the official opposition.

Mr. Paproski: In any event, I never heard about it. We are willing to proceed on that basis, if the appropriate hon. members are present.

Mr. Pinard: Mr. Speaker, I wish to state that I did not personally speak with the Conservative House leader; but I was informed by the hon. member for LaSalle-Émard-Côte Saint-Paul (Mr. Campbell) that an agreement had been reached.

Mr. Speaker: Before too many hon. members leave the Chamber, if there is any difficulty about the use of time now, perhaps we can settle the procedure problem at this point rather than waiting until eight o'clock. Perhaps it is worthwhile to wait a moment or two for the "blues".

Mr. Knowles (Winnipeg North Centre): Your Honour will discover that Bill S-5 and Bill S-6 will not take very long, perhaps a minute or two each. My suggestion is that we deal with those bills while waiting for the "blues".

Mr. Speaker: If the House is in agreement with the calling of Bill S-5 and Bill S-6, then we will proceed.

MARRIAGE LAW EXCEPTION—JAMES RICHARD BORDEN AND JUDY ANN BORDEN

Mr. Les Benjamin (Regina-Lake Centre) moved that Bill S-5, to provide an exception from the public general law relating to marriage in the case of James Richard Borden and Judy Ann Borden, be read the second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

He said: Mr. Speaker, this bill has been in the works for almost two years. It was dealt with in the other place, received third reading, and as a result has come to this place. As is stated in the title of the bill, it is an act to provide an exception from the public general law relating to marriage in the case of James Richard Borden and Judy Ann Borden.

This matter has been gone into thoroughly by myself, as well as by many other hon. members. This legislation is required on the advice of the Minister of Justice (Mr. Basford), which is outlined in his letter dated June 26, 1975. In part the letter reads:

> The only possibility for you to obtain authority to marry your niece under Canadian law would be for you to communicate with a private Member of Parliament in order to see whether the member would be willing to petition on your behalf for a private bill to provide an exception from the general law in force in Canada.

They proceeded to do that very thing. We are half way through the process. The couple have paid the costs incumbent upon them for private legislation. I hope the House rapidly accepts this bill on second reading so that it can be considered in more detail in committee.

Motion agreed to, bill read the second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

● (1702)

MARRIAGE LAW EXCEPTION—EUGÈNE WADDELL AND MARGUERITE BENOIT

Mr. John Campbell (LaSalle-Émard-Côte Saint-Paul) moved that Bill S-6, to provide an exception from the public general law relating to marriage in the case of François Eugène Arthur Waddell and Marie Anne Marguerite Benoit, be read the second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

He said: Mr. Speaker, the bill seeks an exception from the general law regarding the degrees of affinity within which two people may marry. The petitioner, Eugène Waddell, wishes to marry his niece, Marguerite Benoit.

The preamble to the bill, which will be proven in committee, sets out the pertinent facts showing the necessity for bringing the bill before parliament.

Prior to the framing of the British North America Act in 1967, the civil code of the province of Quebec of 1866 was in effect, and it contains the provisions saying that a man may not marry his niece. The next year the British North America Act gave legislative jurisdiction to the Parliament of Canada in the field of marriage and, to the provinces, legislative jurisdiction in the field of solemnization of marriage. However, the degrees of consanguinity are part of the law of marriage rather than part of the law of solemnization of marriage, and therefore only the Parliament of Canada may properly legislate in this regard. The prohibition against marriage between uncle and niece contained in the code is therefore a matter of federal legislative jurisdiction. Because that prohibition was in the civil code of 1866, Section 129 of the British North America Act keeps it in force until it is "repealed, abolished or altered" by the Parliament of Canada.

Since the Parliament of Canada has exclusive jurisdiction in respect of marriage and since, under Section 129 of the BNA Act, it has the power to "repeal or amend" the law that was in force in Quebec at the time of Confederation, I submit that it has the power to pass a private bill permitting the petitioners to marry each other, notwithstanding the prohibition that would otherwise make it impossible for them to marry.

I do not propose to go into any detail save to note that the petitioner, Eugène Waddell, is 84 years of age, and Miss Benoit is 66.

At this time I would like to express my appreciation on their behalf of the co-operation of the House leaders. I am sure all members would like to wish them much love and happiness in the years ahead.

Some hon. Members: Hear, hear!

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and referred to the Standing Committee on Miscellaneous Private Bills and Standing Orders.

Mr. Deputy Speaker: There being no more private bills to be dealt with, and private bills being the first order of business today, is it the wish of the House that we proceed to notices of motions (paper), or private members' public bills?

Mr. MacEachen: Mr. Speaker, I understand that His Honour is to return to the House to determine the ruling on the pipeline. If we can have a ruling, perhaps we could spend from now until six o'clock on that bill.

GOVERNMENT ORDERS

[*English*]

NORTHERN PIPELINE ACT

ESTABLISHMENT OF AGENCY TO SUPERVISE PIPELINE CONSTRUCTION

The House resumed consideration of the motion of Mr. MacEachen that Bill C-25, to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain Acts in relation thereto, be read the second time and referred to the special committee on a northern gas pipeline.

Mr. Speaker: The House will want to know that we are doing everything we can to expedite the production of the transcript of this afternoon so I can have some guidance from it. I understand the desire of the House to proceed with the matter forthwith because there might be some agreement that the matter be finalized. In the circumstances we may be able to produce the record very shortly, but it may take a few minutes. I would like some guidance from the House as to whether it would be useful to adjourn the House for a few minutes or say, until 5.30 p.m.

Mr. MacEachen: Mr. Speaker, I have been planning to speak in the debate and I would be ready to speak now. I could speak either on the assumption that I am dealing with the amendment or speak on second reading. If that is agreeable, I will proceed now.

Mr. Nielsen: That is agreeable to us, Mr. Speaker, and if the Chair should find that the circumstances are as I outlined them and that the motion is out of order, then it would be considered that the Deputy Prime Minister (Mr. MacEachen) will have closed the debate.

Mr. Speaker: Just to add another interesting procedural aspect to it, let me point out that it is indeed a fact that if we find out after the fact that the President of the Privy Council (Mr. MacEachen) is speaking to the second reading motion, he closes the debate. If we find out after the fact that he is speaking to the amendment, I understand there might be a disposition to close the debate anyway. Perhaps while the President of Privy Council is addressing the House I can examine the transcript which has just been handed to me, and report to the House. Now that I have it, it should be possible to settle this very shortly.

Mr. Peters: Mr. Speaker, I think it would be a terrible precedent to allow a member's speech to be switched to another stage of the debate after the fact. I am prepared to let the minister speak on the amendment and, if it is found later that he was out of order, he could go ahead and make a speech on the motion. However, I would not agree to transferring his speech after he has made it to another stage of the debate. The amendment is before the House until Your Honour has made your decision on it. If the President of Privy Council wishes to speak, he should do so on the amendment, but I would not agree to having it transferred. That would be a terrible precedent.

Mr. Speaker: Now that I have the record in front of me, perhaps I might be of some assistance to hon. members. The record shows that, in concluding his remarks, the hon. member for Oshawa-Whitby (Mr. Broadbent) moved the amendment, seconded by the hon. member for Timiskaming (Mr. Peters). The text of the motion was then read. I will quote now from the text of the transcript as follows:

THE ACTING SPEAKER (MR. TURNER): Order, please. I suggest that we take this amendment under advisement and continue with the debate.

MR. MACEACHEN: Mr. Speaker—

THE ACTING SPEAKER (MR. TURNER): I remind hon. members that if the Deputy Prime Minister (Mr. MacEachen) speaks now, he closes the debate.

MR. KNOWLES (WINNIPEG NORTH CENTRE): Not on an amendment.

MR. MACEACHEN: Mr. Speaker, I want to raise a point of order on the amendment. I do not think this amendment is acceptable on second reading. I think the amendment has not been put before the House. If I speak I clearly understand I am speaking on the main motion so I would have to clarify the situation or continue the debate.

Then the Acting Speaker put the motion. However, prior to putting the motion, he said to the House:

Order, please. I suggest that we take this amendment under advisement and continue with the debate.

It would seem to me that in these circumstances the proper interpretation of that is that the Acting Speaker at that time had indicated to the House there was a procedural reservation. He said then that we should continue with the debate and put the question, subject to taking it under advisement. I do not know what other interpretation could be put on it, which would mean that the matter was one of procedural regularity. Further, the first person to speak after that was the President of Privy Council who said:

Mr. Speaker, I want to raise a point of order on the amendment. I do not think this amendment is acceptable on second reading . . .

The Acting Speaker having indicated that he wanted to take it under advisement, I do not know what other notice he could give to the House of his intention to do that. I think that the matter of the procedural regularity of this motion is open for discussion now.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, what the transcript in front of you does not show is the space of time when nothing was happening.

● (1712)

It is perfectly true that the Acting Speaker said at one time that the matter should be reserved, but then after that certain things were said and certain things happened. We sat for a moment, and then the Acting Speaker got up and put the motion. My interpretation is that at that point he had decided there was going to be any discussion on the procedural matter, and he put the motion. Then he called on the hon. member for Yukon (Mr. Neilsen) to speak, and then on the hon. member

for Timiskaming (Mr. Peters). It seems to me that that earlier statement about taking it under advisement does not apply when, three or four minutes later, after we sat here, the Acting Speaker put the motion.

Mr. Speaker: We are in a situation in which the occupant of the chair has done two things, one consistent with taking the matter under advisement and one consistent with resolving that advisement very quickly and putting the question.

I have to make an interpretation now, after the fact, as to which one he intended to do, and I think I should take the interpretation that he made his intention clear by saying that the matter would have to be taken under advisement and that there was some procedural difficulty. Therefore I am resolving it in that way. The other choice is a less desirable one.

I think hon. members ought to be able, if they wish, to try to defend a motion which has a clear difficulty in it, in that it directs the committee to a certain line of discussion and endeavour, which certainly seems to offend two well known precedents which I am prepared to cite to the House if that is necessary. I would be glad to hear hon. members who want to defend the motion, but it has a clear procedural difficulty with respect to its instruction. In the circumstances, with the compression of time and if there is agreement that that is a procedural irregularity, I certainly think that it would be appropriate to enable the motion to be purged of the offending words so that it would stand on its own as a second reading amendment and to send the subject matter back to the committee so that it could proceed to a determination directly, if that is the case. In any event, if there is a defence of the motion, I would be glad to hear it.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, do I not also have the right to hear any criticism of the motion?

Mr. Speaker: There has been an argument by the hon. member for Yukon (Mr. Neilsen) that the procedure is irregular on the ground that the motion issues an instruction to the committee, that the instruction is to introduce a new element into the bill which goes beyond the scope of the bill, and is therefore out of order. There was a third ground, but those are the two I recall.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, in that connection I should like to point out that this amendment does not send the bill to the committee but, rather, sends its subject matter. Therefore the limitations that apply to amending a bill at second reading in my view do not apply. If on second reading we were trying to amend clauses of the bill, I know it could be argued from the authorities that the thing to do for that is to wait until we get the bill into committee. However, in this case we are sending the subject matter rather than the bill itself.

There is a rather long paragraph on page 185 of Beauchesne's Fourth Edition which is part of citation 226(2). The opening lines talk about the subject matter of a bill and so on, and then we get down to the last dozen lines:

> Accordingly, an instruction can be moved that authorizes the introduction of amendments into a Bill which extend its provisions to objects not contained therein, if those objects are relevant to the subject-matter thereof, or which would augment the legislative machinery whereby the Bill is to be put into force; whilst, on the other hand, no instruction is permissible which is irrelevant, foreign, or contradictory to the contents of the Bill, or that seeks the subversion thereof, by substituting another scheme for the mode of operation therein prescribed.

According to Dr. Beauchesne, that was taken from some edition of May at pages 398 and 399. There are other citations on other pages. I go back to page 183, citation 221(1).

> The object of a permissive instruction—

That is what this is, sir, not a mandatory instruction. It is a permissive instruction that the committee has power to consider such and such. Surely the power to consider such and such is not a mandatory instruction.

> The objective of a permissive instruction, which is the more ordinary form, is to confer on the Committee authority to do something which, without the instruction, they would have no power to do, for example, to divide a bill into two bills, to consolidate two bills into one, or to extend the scope of a bill. Instructions of this kind merely empower the Committee to take the course of action specified, leaving it to the discretion of the Committee whether or not they exercise the power.

What is proposed in the amendment is not that the bill be divided or anything like that, but that its scope be extended, and I have in mind the limitation that was in the citation I read earlier, that that extension cannot go beyond the objectives of the bill. I suggest that the whole question of this bill providing jobs for Canadians and providing for the production of pipe in Canada is not foreign to—it is part of—the bill. It is part of what was talked about in the treaty and so forth, so we are simply extending the provisions of the bill to provide that with respect to these matters, the making of the pipe and the providing of jobs, there shall be certain guarantees.

As I say, the requirement that we cannot be foreign to the bill, it seems to me, is met in this amendment. It deals with writing into the bill guarantees about things that are already implicit in it. And as for the suggestion that the instruction is mandatory, I do not see how that can be taken seriously at all because it is an instruction of a permissive nature, giving the committee the right to make recommendations for the inclusion in the said bill of certain guarantees. Surely that is leaving it to the committee, in the terms of citation 221, whether or not they exercise that power.

While it is a bit unusual as an amendment and perhaps a bit innovative in that we are sending the subject matter rather than the bill—and we frequently have had amendments sending subject matter—it seems to me to be in line with the other citations, namely, the right to ask the committee to consider recommending that certain clauses be put into the bill in the nature of guarantees.

Mr. MacEachen: Mr. Speaker, I initially suggested that the amendment was out of order, and in view of the fact that you have ruled that the matter is still under reservation, I would like to indicate very briefly my view with respect to the regularity of the amendment.

The first point I want to make, in a sense bolsters the argument advanced by the hon. member for Winnipeg North Centre (Mr. Knowles) to the effect that the question of Canadian content or the amount of Canadian content is within the bill because there is a clause which obligates the company to provide the agency and the minister with a procurement plan indicating, for example, Canadian content.

Having said that, it seems to me that the question of guarantees for Canadian content can be dealt with when the clauses of the bill are considered, and I understand that one of the rules developed by the Chair is that amendments to a second reading motion must not suggest amendments to clauses of a bill. To put it another way, an amendment at second reading must not anticipate amendments which can properly be put at the committee stage. I had anticipated that members of the New Democratic Party would come to the committee armed with amendments, dealing with Canadian content, to the appropriate clauses of the bill.

Second is the further precedent that a reasoned amendment to a second reading motion which would constitute an instruction to a committee is out of order. That case has been dealt with previously by the Chair. On November 6, 1976, in the *House of Commons Journals* at pages 482-3 the Chair held that an amendment moved was procedurally improper on the basis of citation 386(3) of Beauchesne which said that the House cannot both refuse to give second reading and refer some provisions of a bill to a committee. It has to make its choice. Here we are refusing second reading but at the same time saying we want to instruct the committee. It seems to me these are two considerations that would be helpful in determining the regularity of the amendments.

● (1722)

I make one last point, Mr. Speaker. Your memory was that the amendment goes beyond the motion on the order paper which was supported by a message from His Excellency.

Mr. Speaker: That was the third point that was earlier argued by the hon. member for Yukon (Mr. Nielsen) that is referred to in the precedents. I do not know if there is any intention to put forward a counter argument to the effect that the provisions, if accepted in the amendment, would raise the possibility of going beyond the financial prerogative of the Crown.

Mr. Knowles (Winnipeg North Centre): Mr. Speaker, may I say just a word about that which applies to most of the other arguments. I thought I had made it clear in my earlier submission that what this amendment would do is not to send the bill to the committee but simply to send the subject matter of the bill. Surely, if all the committee has is the subject matter, it could recommend back to the House the inclusion of other matters in the bill when the bill comes back again. Surely there is a difference between the things you cannot do to a bill and what you can do when what is before the committee is the subject matter of the bill.

Mr. Speaker: Order, please. I would be prepared to accede to that argument, as I am almost always prepared to accede to the arguments of the hon. member for Winnipeg North Centre (Mr. Knowles), if it were not for the fact that Erskine May takes two or three pages in Chapter 21 to deal specifically with instructions related to motions on second reading of a bill. It goes into motions of instructions that would, for example, have the effect of widening the powers of the committee beyond the ways and means or money resolution which covers the bill, or if its proposals involve charge. There are several other precedents that indicate an instruction is out of order if it attempts to introduce into a bill a subject which should properly form the substance of a distinct measure.

Page 513 of Erskine May's nineteenth edition covers the points raised by the President of the Privy Council (Mr. MacEachen), that is to say, that since the clauses of a bill can be amended to accomplish what it is endeavoured to accomplish by the general amendment, that the amendment goes beyond the scope of a proper amendment at second reading stage and gets into amendments that can and properly should be secured by specific clause by clause amendments when the bill is in committee.

The first of such precedents cited at page 511 of Erskine May are worthy of mention, that is, if the instruction attempts to embody in a bill principles which are foreign or not cognate to the bill or are outside its scope and declared intention. I know the argument would be that if the bill were sent to the committee with that instruction, those precedents would apply. The argument is that since it is not the bill but the subject matter that is being referred, the instructions have become validated by virtue of that device.

With the greatest of respect I cannot accede to that argument. The hon. member knows that he can accomplish the same thing by stopping the amendment after the words which refer the subject matter to the committee. The amendment reads as follows:

That Bill C-25 be not now read a second time, but that the subject matter thereof be referred to the Special Committee on a Northern Pipeline—

The amendment could stop there and the hon. member would be able to do what he wants to do. If the amendment carries, then when the bill gets to committee he could persuade that committee to give consideration to the matter.

In view of the very clear precedent against the addition of instructions on motions at second reading stage, and since the instructions appear to run into a number of difficulties—giving the committee powers that it would not ordinarily possess to do things and to make changes to the bill which appear to be the proper subject of clause by clause amendments and might very well turn out to offend the financial provisions and be beyond the scope of the bill—all things considered, I have to resolve the benefit of the doubt against the procedural regularity of this amendment. I do say that under the circumstances, and particularly with the confusion about putting the question, if it is desired that the amendment be put now in proper language I would certainly think it appropriate to do so in the circumstances. I do not like to do that in every circumstance, but if

the amendment were altered to put a period after "Northern Pipeline" I think that might be accepted.

Is the House ready for the question? Before the Deputy Prime Minister speaks, we might regularize our own procedures a little bit. I take it we have agreed we will continue with the consideration of government business, namely, the resumption of the debate on the second reading motion on this bill and by allowing the minister to address the question he would be concluding the debate.

Mr. Broadbent: Mr. Speaker, I should like to be clear where we are in the proceedings. I understood you to rule or to make the suggestion that my original amendment be changed to make it procedurally acceptable. Are you now accepting the amendment in modified form? If that is so, I will sit down.

Mr. Speaker: I was making an offer. It is not something I like to do in every case, but in these circumstances I think it only fair that if the hon. member wishes to modify his amendment and put a period after "Pipeline" the Chair would accept that amendment, put it, and it can be taken for debate. Is that agreed and understood?

Some hon. Members: Agreed.

Mr. Speaker: The motion will now read, moved by Mr. Broadbent, seconded by Mr. Peters:

That Bill C-25 be not now read a second time, but that the subject matter thereof be referred to the Special Committee on a Northern Pipeline.

The motion is now procedurally regular, is before the House and in the possession of the House. In speaking now the President of Privy Council is addressing himself to that motion.

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, I want to begin by expressing the expectation that, even though we are debating the amendment moved by the hon. member for Oshawa-Whitby (Mr. Broadbent), the debate is coming to a conclusion and that it might be possible for us to deal with both the main motion and his amendment by a vote today or after conclusion of all the speeches that may be required.

In any event, if the debate is not concluded by my speech I will have another opportunity to speak on the main motion if necessary.

Mr. Knowles: Mr. Speaker, one never knows what will happen around here, but my notion is that the minister's speech is the last one. Rather than having a vote or two votes that cut into the dinner hour, I wonder if we could have an understanding now that if there are no speeches after the minister speaks, the vote or votes will be taken tonight at 8 o'clock, 8:15, or whatever.

Mr. Nielsen: That is agreeable to us, Mr. Speaker. I hope there will be no further speakers after the minister. We are prepared to vote at any time he concludes his remarks.

Mr. Deputy Speaker: Order, please. Knowing that the minister is effectively speaking on the amendment, and seeing the good will and agreement of the House, maybe we could make some order that would prevent a member who is not here now and a part of the agreement from indicating at 8 o'clock that he wants to add something to the debate. If we clarify the situation now we can establish the time of the vote, more or less, agreeing that the speech of the minister would conclude the debate on both the amendment and the main motion, and that any division to be taken would be postponed until such an hour.

• (1732)

Mr. Baker (Grenville-Carleton): Mr. Speaker, I understand there may be a disposition for the House to finish now and to have the vote at eight o'clock this evening or, if possible, before the dinner hour. I certainly hope that will be the case and we can get the matter cleared up.

Mr. Peters: Mr. Speaker, there is no agreement on that. We will take the vote on the amendment and take any other votes in their turn.

Mr. Knowles (Winnipeg North Centre): May I make a simple suggestion, Mr. Speaker. If the minister finishes before six o'clock, he could call it six o'clock and take the floor again at eight o'clock. Things will probably then work out.

Mr. MacEachen: Mr. Speaker, I believe I have sufficient guidance to know what to do in carrying out the instructions that the hon. member for Winnipeg North Centre (Mr. Knowles) failed to send to the committee but which he has succeeded in giving to me.

First, I want to express my appreciation to the House for its consideration of the bill at this stage. During the course of the debate, a number of questions were raised and several constructive comments were put forward. Of course, there were a number of criticisms of the bill and the circumstances surrounding it. While obviously there will be an opportunity to deal more fully with these suggestions and criticisms in the special committee, I want to respond to some of the more important matters raised in the debate.

I wish to refer to a statement made today in the debate and earlier by the hon. member for Oshawa-Whitby (Mr. Broadbent) to the effect that the only significiant benefit to Canada in the Alcan pipeline project is jobs that may occur in the country. Of course, there is a benefit to Canada from jobs that we expect to be created. However, there are other benefits. It would be a great mistake for anyone, especially for anyone in the House of Commons, to believe that the only significiant benefit to Canada from this international enterprise is the creation of jobs, admitting the vital importance of that result.

I should begin by saying that this is an international project. It will be the result of an agreement that was negotiated between Canada and the United States. It was understood from the beginning that neither country could enter into the

agreement unless it could register definite benefits for itself from the agreement.

In the negotiations we were seeking mutual benefits, benefits for the United States and benefits for Canada. I am not put off or disturbed in any way if members, especially those in the New Democratic Party, say in comparison that the El Paso route of Mr. Schlesinger was able to give a benefit of $8 billion to the United States as opposed to the Alcan route. Obviously there were strong pressures in the United States for that domestic route and not an international route. It had to be defended in the United States because that choice yielded benefits to the United States. Therefore, I do not regard that as a convincing argument against entering into this agreement. I refer to the argument that the United States gained benefits.

This agreement has provided benefits for the United States and is providing benefits for Canada. It is a plus for both Canada and the United States. I want to list as briefly as possible the main benefits that are accruing to Canada as a result of this agreement.

First, the agreement provides access to western Arctic supplies of gas on the only economic basis currently available to meet growing needs in this country. The capacity for the transmission of Canadian gas would be 1.2 billion cubic feet per day and even a flow of as little as 800 million cubic feet daily would be sufficient to supply up to 10 per cent of the forecast demand for several years. In contrast, the larger supplies in Alaska would only supply 5 per cent of United States needs.

Second, as a result of the cost-sharing formula with the United States with regard to the Dempster lateral, as provided for in the agreement, the cost of transporting Canadian gas could be up to 20 cents per mcf less than under the original National Energy Board proposal for a diversion of the main line in the Yukon to Dawson. That could represent a saving for the transport of existing Canadian reserves of $1 billion.

Third, it is estimated that between $4 billion and $5 billion will be spent in Canada in current dollar terms for the purchase of goods and services required for the construction of the 2,765 mile pipeline system from the Yukon to the southern U.S. border. These estimates do not include the lateral. This includes everything from design, engineering, projection supervision and transportation of supplies and equipment to pipes, valves, compressors, flanges and construction machinery. These outlays will provide a substantial boost to output and employment in this country, not only as a result of direct spending on the pipeline itself and all the machinery and equipment required to build and operate it, but also because of indirect demand for other goods and services that will be generated by pipeline spending.

Fourth, as stated previously on many occasions, nearly 100,000 man-years of employment would be created by the total project including the Delta lateral. Some 69,000 man-years would be generated directly by construction activities and 31,000 man-years indirectly as a result of expenditures of pipeline income. That was the estimate that was given when the agreement was announced. It was the estimate that we have been working on. Later I will deal with some of the interconnected reasons that the hon. member for Oshawa-Whitby put before the House.

Fifth, the construction of the pipeline system and the guaranteed access it assures to the Mackenzie Delta as a result of the Foothills commitment to provide a connecting lateral will provide substantial stimulus to continued exploration for new petroleum reserves in the western Arctic.

Sixth, the northern pipeline project will have a strongly positive impact on Canada's international balance of payments. That has hardly been mentioned in the debate. The first boost will come from the expected heavy inflow of capital to help finance construction in Canada, and once the gas begins to flow through the line to the south, Canada will be in receipt of substantial payments from the U.S. to cover transmission charges.

● (1742)

It is interesting that this particular aspect of the pipeline agreement was mentioned specifically at the federal-provincial conference of first ministers by Premier Allan Blakeney, whom the hon. member for Oshawa-Whitby recommended to us as the only man at the first ministers' conference who could assist the current economic situation in Canada. He ruled out the provinces of Ontario, British Columbia and Manitoba but he selected the premier of Saskatchewan as the paragon of economic analysis. Obviously what he said would be acceptable to the hon. member. At pages 13 and 14 of his address concerning the Alcan project, he was talking about energy projects in general and I quote the premier:

> While it's not an energy project for Saskatchewan, the Alcan pipeline project is key. That project awaits a number of very important decisions.
>
> The pipeline could mean 18,000 man-years of construction work and 1,000 permanent jobs.

The premier of Saskatchewan is obviously referring to his province. Then he goes on to say that fees for Alaska gas flowing to the United States through the pipeline could earn Canada as much as $800 million a year by 1983. That is a very substantial benefit. Every year by 1983 American shippers or purchasers will pay Canada $800 million. Then he goes on to say:

> If the federal government makes sure that the pipe can be made in Canada, the steel plant in Regina could expand its capacity creating both construction work and nearly 500 permanent jobs.

You will notice that the premier of Saskatchewan said "if the federal government makes sure that the pipe can be made in Canada". We have assured that. The National Energy Board through its recommendation has assured the premier of Saskatchewan that the pipe can be made in Canada. I am sure that the premier of Saskatchewan, even though he is not a graduate of the London School of Economics, knows the difference between the words "can" and "will". He is a graduate of Dalhousie University. That is why I put high value on his selection of words. I will return to the premier of Saskatchewan's remarks later on because I find his speech rich in analysis which will, of course, be immediately accepted by

the hon. member for Oshawa-Whitby who extolled his qualities yesterday in the debate.

I mentioned the support on the point of the balance of payments. The premier said that fees for Alaska gas flowing to the United States through the pipeline could earn Canada as much as $800 million a year by 1983. By the way, that figure is substantiated by the National Energy Board, and that is a powerful assistance to Canada.

Here I address myself to the hon. member for Yukon on the question of Yukon employment. Foothills have indicated that preference will be given to Yukon residents in hiring for construction of the line. It is estimated that some 200 permanent jobs will be opened up to residents of the Yukon to oversee operation of the pipeline in the territory and that many hundreds more will be created indirectly in the north as a result of the catalytic effect of the project in stimulating continued petroleum exploration and in helping to foster other industrial development.

I am disappointed that the chief spokesman for the New Democratic Party, the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas) and the hon. member for Oshawa-Whitby, have confined their interest in the pipeline basically to that part of Ontario which is so interesting to the hon. member for Oshawa-Whitby. Not a word about the industrial possibilities and employment opportunities that will come in the Yukon as a result of the catalytic effect of the project.

Mr. Broadbent: "Catatonic".

Mr. MacEachen: Communities in the Yukon lying along the route of the line will also benefit through access to gas supplies at preferred rates.

I raised the question of property taxes—a subject matter which has been skilfully skirted by opposition spokesmen in the debate—under the agreement with the United States. I must say I was a bit irritated with the hon. member for Nanaimo-Cowichan-The Islands for his speech and the way he denigrated Canadian spokesmen. He also showed disdain for the Americans. He vacillated. He said we fear them, we do not like them, the Canadians are no match for the Americans. He said there was a lack of confidence. As I listened to the debate I found the NDP had not really understood what happened in the negotiations, and they have not understood it yet. Just take the question of the Yukon property taxes. Under the agreement with the United States the company will be required to pay total property taxes of $35 million—

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Brant (Mr. Blackburn) seeks to rise on a point of order.

Mr. Blackburn: Mr. Speaker, I would like to ask the minister if he would entertain one short question at this point.

Mr. MacEachen: Mr. Speaker, I will at the end of my comments. I would like to put these benefits on the record in one place so that the hon. member for Oshawa-Whitby will not go around saying the only significant benefit to Canada is from jobs we have not guaranteed.

Here is a very significant benefit to the Yukon under the agreement with the United States. The company will be required to pay property taxes of $35 million prior to completion of the line and $30 million annually thereafter, an amount which increases each year in line with the gross national product price deflator. Assuming 5 per cent inflation, net property tax payments of the company in the Yukon over the 25 year period will be more than $1 billion.

The hon. member for Nanaimo-Cowichan-The Islands said we threw away a $200 million compensation fund. He said our chief negotiator threw away a $200 million card that he did not have to throw away. I admit I threw away that $200 million card, but I played a more than $1 billion card for the Yukon. This reminds me of what Mr. Lysyk and the National Energy Board recommended. What has been negotiated has yielded the Yukon more than three times the amount that would have been yielded to the Yukon under the National Energy Board proposal, three times more than what was suggested and recommended by the National Energy Board, and twice as much as was recommended by Dean Lysyk.

By this negotiation the property taxes we have achieved for the Yukon over the lifetime of the pipeline will amount to net tax revenues of more than $1 billion, which are much greater than any recommendation given to us by the National Energy Board and by Dean Lysyk.

● (1752)

In addition to the property taxes which will be paid to the Yukon, there is the very substantial revenue which will flow into the treasuries of the three western provinces as a result of the pipeline from such levies as property taxes and personal and corporate income taxes. Also the federal government will reap significant revenue from all these sources, other than property taxes.

If one compiles the benefits Canada will receive as a result of this agreement, one will see that the question of jobs is an important part but not the only part of the total benefits accruing to Canada.

I thank the hon. member for the Yukon (Mr. Nielsen) for the general support his party has given to this bill. I should like to answer a number of his criticisms. He indicated that the government has delayed the bringing in of this legislation. We brought the legislation in after having put the complex elements together. It was necessary to decide that before bringing in the legislation. It is true the United States Congress dealt quickly with the decision of the President. That was so because of pre-legislation which had been passed earlier under the Alaska natural gas transportation act. The United States Congress still has to deal with the President's energy package before gas contracts can be finalized. I am told these contracts are vital to the financing of the project.

The question of the price of gas in the United States has to be resolved. As yet the United States has not set up any administrative mechanism, nor any regulatory authority to

deal with the pipeline. All of these things must be done. There is no basis for the complaint by the hon. member that the government is delaying the commencement of this project. The passage of this legislation is timely. If it can be dealt with in committee, then we will be in phase with the requirements as they have developed.

Also the hon. member for the Yukon dealt with the wide powers which were being given to the pipeline agency. These powers would be given directly and indirectly through the authority of the governor in council to amend regulations under other acts relating to the pipeline, or to transfer powers under legislation which bear on the project. I had that very much in mind when I was building the legislative framework.

During the debate which occurred last August, the hon. Leader of the Opposition (Mr. Clark) indicated that as a final condition for approval of the Foothills project his party insisted upon the creation of a single authority or independent regulatory agency. Also he indicated that the agency should be new and only last for the life of the project. That is what we are providing for. He continued by saying that the agency should have clear authority over all agencies and departments whose conflicts now complicate life in the north. He suggested that this agency must have a mandate to oversee and regulate technical and social problems connected with the pipeline. That is exactly what the government has attempted to do. We wanted to create a single authority which would be capable of overseeing and regulating the technical and social problems connected with the pipeline.

Mr. Paproski: That agency should have been located in Edmonton.

Mr. MacEachen: I should like to inform the hon. member for Edmonton Centre (Mr. Paproski) that the office of the administrator will be located in the city of Calgary, along with the headquarters of the Foothills company.

Hon. members opposite have referred to the ability of parliament to oversee the operations of the pipeline agency.

Mr. Paproski: Monitor.

Mr. MacEachen: I have heard the word "monitor" being used, but I am not certain what it means. This agency will be subject to parliamentary control. Its annual reports will come before parliament. Its spending estimates will be before committee. Also it will be possible to examine this agency, to ask questions about it and to control it like any other department of the government.

Mr. Nielsen: Once a year.

Mr. MacEachen: I realize the hon. member for Yukon has other ideas on the subject of parliamentary control. Those ideas will be listened to and looked at in committee. The government does not intend to create an overblown agency. We intend to keep it as small as possible. It will be operated by seconding people from other government departments. We do not believe a large increase will be required in the number of government personnel.

Mr. Nielsen: Is the hon. minister going to deal with the appeals process?

Mr. MacEachen: I wanted to discuss other issues raised by the hon. member regarding provisions in the bill relating to the matter of recourse to the courts. I have considerable sympathy for the concerns expressed. We are prepared to consider that matter further when the bill is before the special committee. I want to underline the fact that some of those concerns appear to be based on a misunderstanding of the facts.

May I call it six o'clock?

Mr. Deputy Speaker: It being six o'clock, I do now leave the chair until eight o'clock tonight.

At six o'clock the House took recess.

• (2002)

AFTER RECESS

The House resumed at 8 p.m.

Mr. MacEachen: When we rose at six o'clock, Mr. Speaker, I was dealing with the concerns which had been expressed with regard to the provisions in the bill relating to the matter of recourse to the courts. I referred to the comments that had been made by the hon. member for Yukon and other members of the House on this subject. If I interpret the hon. member correctly, he seemed to be suggesting that clause 16 of the bill, which empowers the governor in council to modify any regulations as they apply to the pipeline, combined with the second clause—he is reported in *Hansard* to have referred to clause 25(3), but I am sure his reference was intended to be clause 23(5), which restricts the Federal Court of Appeal to confirming a decision of the board or referring it back for reconsideration—could be employed to legislate native land claims to the Yukon out of existence.

Mr. Nielsen: To prevent injunctions.

Mr. MacEachen: I am certain that no such power exists in the bill, and I can assure the House that we have no such intention.

I will say that the hon. member for Yukon seemed to be somewhat ambivalent about his position on the provisions of the bill with respect to judicial reports. On the one hand he expressed concern that Indian groups may make every effort to prevent the project from proceeding, and he said he does not agree with that. On the other hand, he is concerned also about the denial of the fundamental right in British justice of guaranteeing a citizen free access to the courts.

In the course of his remarks the hon. member suggested that I had unintentionally misled the House in asserting that the restrictions on the judicial process proposed in the bill were

similar to those provided by the United States with respect to the pipeline project. I believe that many of the restrictions are similar, but I did not mean, and I do not mean now, to suggest that they were identical. As the hon. member said, the court of appeal in the district of Columbia may quash, alter or confirm an order of the regulatory authority. He suggested that the courts in Canada had the power to confirm, quash, alter or refer back the decision of the semi-judicial tribunal.

He went on to contend, as I understood him, that clause 23 would be more acceptable if the appellate tribunal were empowered not only to confirm or refer back an order of the National Energy Board or the designated officer in the agency but also to alter it. I am informed by others more learned in the law than I that in fact it is not customary in Canadian practice to authorize the courts to vary the decision of an administrative agency of this nature. I suggest, therefore, that this is a matter which must be weighed more carefully in considering where to strike a balance which ensures the preservation of justice and equity for the individual without unnecessarily or unreasonably obstructing the progress of a project which promises so much benefit for the vast majority of the Canadian people.

Now I would like, if I may, Mr. Speaker, to turn to a number of questions involving the pipeline project as it affects the Yukon territory. It has been suggested that I made somewhat wild statements regarding preference for Yukon labour and procurement. The legislation requires the company to comply with undertakings it made before the National Energy Board which include a clear commitment to give preference to Yukon residents in hiring and procurement. In addition, Foothills also will be required to comply with detailed terms and conditions laid down under the authority of the legislation which will spell out the manner in which the company must comply with this undertaking.

In connection with the various undertakings by Foothills about which the hon. member for Yukon was inquiring, I might advise him that while many of these are summarized in the report of the National Energy Board, I understand that the board is presently in the process of documenting the undertakings made throughout the course of the hearings. I would expect that a complete list will be available by the time the bill is under consideration by the special committee.

Mr. Nielsen: That is next Monday.

Mr. MacEachen: Yes, Mr. Speaker. It has also been contended that the representative from the territory on the proposed federal-provincial consultative council should be named by the territorial assembly which, it has been implied, would parallel the practice in the provinces under which their representatives might be named by the provincial legislatures. I am quite certain that in fact the provincial representatives will be named by the respective governments, and I can assure hon. members that it is our intention to designate the Yukon representative to the council on the advice of the executive committee of the territorial government.

There were a number of references made throughout the debate to various proposals that were put forward earlier with regard to providing additional funding for the benefit of the Yukon. This question was thoroughly covered by my colleague, the Minister of Indian Affairs and Northern Development (Mr. Faulkner). I think it might be worth reiterating the $200 million heritage fund recommended by the Lysyk inquiry, which the hon. member for Yukon described as up front money to meet the additional costs that the territory would face as a result of the project of providing additional services and facilities. The hon. member for Yukon argued that the provision we have made for the Yukon to borrow up to $200 million between 1978 and 1982 was back-end money.

● (2012)

I think it ought to be made clear that the heritage fund proposed by the Lysyk inquiry was not intended to provide up-front money to meet additional costs of services and facilities required by the pipeline but was for quite unrelated purposes. The provision permitting the Yukon to borrow up to $200 million would make funds available for this very purpose. I dealt earlier with the suggestion made by the hon. member for Nanaimo-Cowichan-The Islands that when we agreed in the negotiations to forego the idea of a $200 million fund we threw away a valuable card. I have already indicated that that is nonsense.

Instead of gaining the $200 million so-called compensation fund for the Yukon we suggested in the negotiations the payment of a property tax to accrue to the treasury of the Yukon more than $1 billion over the lifetime of the pipeline. So I do not feel there is a need for going into that question more thoroughly.

I am satisfied that anyone who looks at the report of Lysyk and the funding recommendations of the National Energy Board for the Yukon, including the heritage fund, and at what has been negotiated, would agree that we have in all cases enriched the situation for the Yukon considerably above any proposals that were made by these inquiries.

The question of a further examination of the socio-economic impact of the project on the Yukon was dealt with in considerable detail by the Minister of Indian Affairs and Northern Development. As he made clear in response to unwarranted allegations of a number of members of the opposition, this second stage examination of the issues involved will provide a full opportunity for public consideration and discussion.

The second stage examination will be undertaken by the northern pipeline agency, and it will focus on the detailed terms and conditions which will be imposed on the company to maximize the benefits and minimize the adverse effects of the pipeline, which the Lysyk inquiry emphasized should be the principal objective of the exercise.

A number of speakers, notably the hon. member for Prince George-Peace River (Mr. Oberle) and the hon. member for Lambton-Kent (Mr. Holmes), raised the question of socio-economic considerations as they apply to northeastern British Columbia. I appreciate the concerns which hon. members have

expressed. I am sure that they in turn understand that there are problems in connection with this issue involving the division of jurisdiction between the federal and provincial governments. While the primary responsibility in this area rests with the British Columbia government, we recognize our responsibility for the welfare of native communities along the pipeline route. It is not yet clear how the provincial government intends to proceed, and we will want to obtain its views. For our part we would certainly be willing to consider having public hearings held in the region to examine the detailed terms and conditions that would apply to the project throughout northeastern British Columbia, as we plan to do in the Yukon.

Some interest has been expressed in discussions between Canada and British Columbia. I can tell hon. members that earlier this week I had a comprehensive survey, with the minister of energy and environment, the Hon. Jack Davis, on the interface between the federal government and the province of British Columbia with respect to the operation of the pipeline and the benefits that the province of B.C. will derive from this operation.

The hon. member for Yukon also raised a question as to who would be responsible for distribution of gas within communities in the territory. While that is a question which remains to be determined in consultation with the Yukon government, I understand that at least two companies have indicated an interest in resuming responsibility for that operation.

Mr. Nielsen: I hope it is not NCPC.

Mr. MacEachen: The Parliamentary Secretary to the Minister of Public Works and Minister of State for Science and Technology (Mr. Maine) underlined the importance of the provision we are making through an agreement with Foothills for the possible future electrification of its compressors in the southern Yukon in providing a potential base for future major expansion in electrical generating capacity in the territory. As he recognized, such a development could provide an opportunity for further expanding the industrial capacity of the Yukon and employment for the growing labour force of the Yukon.

I think there is very little I can add at this stage to the question of native land claims. The hon. member for Nanaimo-Cowichan-The Islands complained that there was no provision in this legislation for the settlement of such claims. In my view it would be quite inappropriate for us to make such provision in this legislation.

The hon. member for Yukon thought we would be in for quite a shock if we considered that we were on the verge of settling claims in the Yukon. I can only repeat that the federal government is making and will make every effort to achieve a fair and just settlement just as quickly as possible. As hon. members will recall, the Lysyk inquiry concluded that it was quite possible to reach early agreement and considered that it was in the interests of Yukon Indians to do so in order to enable them to take full advantage of the benefits offered by the pipeline project.

Mr. Nielsen: That's right, but they don't believe that.

[Mr. MacEachen.]

Mr. MacEachen: The question of Canadian ownership—

The Acting Speaker (Mr. Turner): Order, please. I regret to interrupt the Deputy Prime Minister (Mr. MacEachen), but his allotted time has expired. However, he may continue with unanimous consent.

Some hon. Members: Agreed.

Mr. MacEachen: Mr. Speaker, I thank hon. members for giving me additional time. I hope they will not regret their decision as I reach the conclusion of my remarks.

Let me turn to the question of Canadian ownership and equity participation in the pipeline. This subject was raised by a number of members of the official opposition and members of the New Democratic Party, and I have no doubt that hon. members will want to probe this issue more fully in the special committee.

The hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton) contended that there was nothing in the legislation that made any mention of conditions laid down with regard to the financing of the pipeline to make sure that Canadian content where it really counts—ownership—will be protected. I must advise the hon. member that on this point he is quite wrong. The majority Canadian ownership of the system in Canada is actually doubly protected under the legislation. The parent corporation, Foothills Pipe Lines (Yukon) Limited, and the two sponsoring Canadian-owned companies which control it, Westcoast Transmission and Alberta Gas Trunk Line, cannot terminate, alter or amend their shareholders' agreement without the prior approval of the minister and the board.

Mr. Nielsen: That is not what he meant.

Mr. MacEachen: Further protection is provided under clause 12(a)(i) of schedule III of the bill, which requires the company to submit evidence to the minister and the National Energy Board prior to commencement of construction which establishes, in effect, that it is a Canadian controlled company as defined in the Foreign Investment Review Act.

• (2022)

An hon. Member: What about Canadians buying shares?

An hon. Member: What about Canadians generally?

Mr. MacEachen: Hon. members have asked about Canadians generally and I want to say a word or two about that. Members have underlined the importance of ensuring that opportunity is provided for the widest possible acquisition of equity in the Foothills project by Canadians. Because Foothills will be funded on a project financing basis rather than by the more conventional means adopted by companies that are already going concerns, it will be essential for the sponsoring companies to put up all the required equity initially as a prerequisite to raising the necessary debt capital.

When the bill is before committee, members will have to ask themselves whether it would be feasible at that stage to insist that common shares be made generally available to the

Canadian public and whether they would be an appropriate security for the average Canadian investor.

Mr. Nielsen: Only after completion.

Mr. MacEachen: The sponsoring companies have undertaken to make up to approximately 13 per cent of the total equity in the parent company available to the Canadian public. At a later date hon. members may wish to pursue in committee whether Foothills should be required to meet such a commitment once the project has been successfully completed and operations begun.

May I turn now to the arguments made by the hon. member for Nanaimo-Cowichan-The Islands. He took great delight in portraying those of us who participated in the negotiations with the United States on the joint construction of this great undertaking as "innocents abroad." Despite the fact that we supposedly held all the cards, he suggested that Canadian negotiators were again outslickered by those shrewd Yankee traders.

Mr. Broadbent: They did not have to be very shrewd.

Mr. MacEachen: That refrain has been echoed mainly by members of the New Democratic Party who exhibit an innate sense of inferiority which they feel as a result of the long period spent in their particular part of the House of Commons. I feel no such sense of inferiority even though, as the hon. member for Timiskaming (Mr. Peters) suggested this afternoon, I ought to feel it because I come from a "backward part" of Canada.

In this debate I have been waiting to find out where we have been outslickered. The hon. member for Nanaimo-Cowichan-The Islands made some comments that I will deal with in a moment. I doubt there has ever been a negotiation undertaken with the United States or any other country that has not prompted some Canadians to proclaim that Canada got the worst of the bargain.

The hon. member for New Westminster (Mr. Leggatt) had an unhappy complaint about all the instances in history when poor Canada had been outslickered by the United States. I find it rather interesting that some in the United States Congress seem to believe the same thing—but in the opposite way. They have been complaining that their negotiators ought to go back to Canada and improve the result obtained on the question of content, because it was obvious they had been outslickered by those shrewd Canadian negotiators.

I want to spend a moment or two with the arguments advanced by the hon. member for Nanaimo-Cowichan-The Islands in support of his allegation that we had been outslickered by those shrewd Yankee negotiators. His speech wavered between an expression of fear of the United States and an expression of disdain for the United States. He was not sure on which side he came down. As I understood his case, it rested on the contention that the United States desperately need the pipeline while Canada would not require gas from the Mackenzie Delta much before the mid-1990s, and might not need it at all until early next century. His analysis is now supported by the hon. member for Oshawa-Whitby. I do not know what he will say when I point out later that the paragon of economic analysis, the premier of Saskatchewan, disagreed with that view quite openly at the federal-provincial conference.

The hon. member said that Canada was put on the defensive by stressing the need to gain access to our Delta reserves, to which he would have attached a low priority. He would have attached a low priority to Canada's gaining access to our Delta reserves—I think that is important—and if not a low priority, no priority at all.

He went on to say that the Canadian bargaining position was strengthened because the United States desperately needed the gas and we do not. We had a further bargaining point because the United States would save $6 billion by transporting existing reserves by the overland route as opposed to the United States alternative, which apparently horrified their military authorities for security reasons.

Out of this fabricated "made in Canada" content policy the hon. member for Nanaimo-Cowichan-The Islands tried to build his argument. While he now tells us that the United States desperately needs access to Alaskan gas, the hon. member for Oshawa-Whitby told us on August 4 that there were reports put before President Carter which showed that the United States did not need the gas until the late 1980s. That is the argument he made in support of delaying the project. Now the hon. member for Nanaimo-Cowichan-The Islands says they desperately need the gas but that their military authorities were horrified at the prospect of an all-American route.

The hon. member for Oshawa-Whitby repeated that unfounded allegation this afternoon. We know that the President of the United States received a report from his Department of Defence. The conclusion was that of the three transportation systems there was no overriding preference for one route over another when the analysis was based on military factors alone.

The hon. member for Nanaimo-Cowichan-The Islands referred to the saving of $6 billion to the United States by transporting this 22 trillion cubic feet of established Alaskan reserves via the overland route. I should inform him that the saving to Canada of transporting delta reserves of some five billion cubic feet through the joint system, as opposed to the all-Canadian alternative along the Mackenzie Valley, is estimated to be in the order of $2.5 billion. In relation to the size of our reserves there, the savings to Canada on this joint project are 60 per cent greater than is the case for the United States.

● (2032)

When you follow the hon. member for Nanaimo-Cowichan-The Islands down the dark alleys of his arguments you find that his arguments really fall apart. Of course, we on this side of the House differ fundamentally with the New Democratic Party on the question of the critical importance to Canada of gaining access on an economic basis to our reserves in the

western Arctic. In this we share completely the view of the Conservative party as expressed by its leader in the debate last August, when he said that the primary goal is to deliver Canadian resources to Canadian markets.

Some hon. Members: Hear, hear!

Mr. MacEachen: My colleague the Minister of Energy, Mines and Resources (Mr. Gillespie) very carefully explained why we consider it so vital to ensure access to our reserves in the Mackenzie Delta.

During the debate last August, the leader of the New Democratic Party was so concerned about the availability of gas reserves in Canada to meet future needs that he proposed, in effect, that we take the drastic step of abrogating our contracts to supply the United States after 1985 with any exports thereafter on a swap basis only. That was the course of action recommended by the leader of that party last August. This past week their chief spokesman said that we really do not need that gas.

I believe the New Democratic Party is prepared to put the future well-being of Canadians at stake in a numbers game based on widely varying estimates from private sources. We are not prepared to join the New Democratic Party in that particular gamble.

I wish to refer to the speech made by the Minister of Energy, Mines and Resources in which he underlined the importance to Canada of gaining access to Canadian gas in order to reduce our dependence on imported oil. In that connection, I wish to refer to what the premier of Saskatchewan said at the federal-provincial conference. I quote:

—I can't think of a better place for governments to start investing in our future than in energy. Jobs today—energy tomorrow.

In a few years, it's being predicted that Canada will have to import at least 600,000 barrels of oil a day. Even at current world prices, that's over $3 billion a year.

That's a $3 billion a year drain on our foreign currency reserves. That's $3 billion a year of inflationary pressure on our economy. That's nearly half the gross domestic product of the province of Saskatchewan. Three billion dollars a year and going up!

And yet there are people who say that governments should not build new energy projects now because they're afraid of inflation!

There are people who say that governments should not build new energy projects now because they do not understand the importance of access to these gas reserves to Canada in the pursuit of the goal of energy self-reliance and improving our balance of payments, particularly in financing the cost of the Quebec-Maritimes pipeline. The Prime Minister (Mr. Trudeau) and all the premiers suggested that an application ought to go before the National Energy Board as soon as possible to test the viability of that particular project.

I will not take very much time of the House to respond to the shop-worn argument of the NDP members with regard to the establishment of some kind of guarantees of high Canadian content. We did not insist on guarantees in our agreement with the United States for a number of reasons. First, they were not necessary. We are content today that Canadian industry is fully competitive, that it will be able to gain this business without legislated guarantees.

Next week the bill will be before the committee. Members of the New Democratic Party will be able to question the sponsors of the project. They will be able to ask them where they intend to buy their materials and whether they believe they can achieve the goal of nearly 90 per cent Canadian content. Up to the present time, Foothills have assured the National Energy Board, members of this party and me as minister that they intend to buy Canadian materials. They intend to buy Canadian steel and pipe, not Japanese pipe. Hon. members can ask the companies what they intend to do.

More than that, there is a provision in the bill by which the procurement plan listing the sources from which the company proposes to purchase its equipment, goods and materials must be submitted to the agency and the minister. If it is not satisfactory, it can be rejected by the agency and the minister. That is what is meant by effective control over Canadian content.

With regard to the suggestion that we have no ability to deal with unfair competition or dumping of foreign material, there is a provision in the bill which enables the minister to send back to the company any proposal or bid about which there is suspicion of unfair competition or dumping on the Canadian market.

In my opening speech, I argued that it is quite impossible for Canada to have these guarantees written into an international agreement without violating the provisions of our commitment under the General Agreement on Trade Tariffs. The hon. member for Nanaimo-Cowichan-The Islands did not accept that argument. He is quite incorrect in suggesting that Canada and the United States are perfectly free under GATT to enter into an agreement which discriminates against other members by providing a guarantee of Canadian content. The non-discriminatory provisions of GATT do not apply to procurement by governments for their own purposes, but they certainly apply in the case of a pipeline project which is to be carried out by a private company for private purposes.

For many months we have heard suggestions from the New Democratic Party that the Americans were pressing for the adoption of a 48-inch high-pressure system from Whitehorse to Caroline in an effort to squeeze out potential Canadian suppliers. That charge was always quite untrue, but what is the response of the New Democratic Party now that we have indicated our intention to adopt a 56-inch pipe which no U.S. company is capable at present of producing? The argument advanced by the hon. member for Nanaimo-Cowichan-The Islands is that Canada had been outmanoeuvred by the United States, and the United States had garnered unto itself all of the pipe business. Lo and behold, when it was announced that the pipe selected was not even manufactured in the United States, the hon. member for Oshawa-Whitby suddenly changed the basis of his argument and said: "I have been talking to members of the steel industry and they tell me they are not really concerned about American competition, they are now concerned about Japanese competition." Of course, the

implication of that argument is that the United States and Canada have so outmanoeuvred each other that they have handed over all the business to Japan.

● (2042)

Some hon. Members: Oh, oh!

An hon. Member: How much Canadian content in the Alaska pipeline?

Mr. MacEachen: Mr. Speaker, I really cannot refrain from quoting the immortal words of the hon. member for Oshawa-Whitby on this particular point. He said on February 21, 1978, that: It is a total capitulation to American interests. The Canadian government has yielded to American pressure to allow more Japanese competition.

Some hon. Members: Oh, oh!

Mr. MacEachen: This will certainly go down on the record as one of the most absurd and most nonsensical statements ever made, even by the hon. member for Oshawa-Whitby.

I ask you to contrast that reaction from the hon. member for Oshawa-Whitby with other interest groups. You would think the president of Ipsco would have complained if he had been thrown off base. He said "We are delighted." The president of Stelco said "Tremendous." The vice-president of Foothills said "This is great." I am using general terms for their words. However, I will not use general terms for the statement issued by the office of the premier of Saskatchewan, Allan Blakeney. The premier of Saskatchewan said when we announced the decision that "This is a good decision for Canada." He did not say it was a total capitulation to American interests in order to get business for the Japanese."

Some hon. Members: Oh, oh!

Mr. MacEachen: I wish the former premier of Saskatchewan had updated himself on this question. On major points the premier of Saskatchewan has taken opposite positions from the New Democratic party in the House of Commons on the source of piping. He has not asked for guarantees. He asked at the federal-provincial conference if the pipe could be made in Canada, not if it will be made. All he wanted to do was compete, and he pointed out the benefits to his province of so doing.

On the question of energy projects he disagreed totally with the analysis of the hon. member for Nanaimo-Cowichan-The Islands when he urged Canada to get on with new energy projects now. He underscored the importance of this particular project in improving our balance of payments situation and reducing our dependence upon foreign imported oil.

I regret to say that on the question of jobs for Canadians the members of the New Democratic Party have been creating a false issue where no issue exists. I once again remind them of the benefits to Canada that are contained in this agreement with the United States and in the legislation that is before the House. The New Democratic Party intend to vote against this legislation because they say there are no guarantees for Canadian jobs. If their will prevailed the legislation would be defeated and Canadian business would have no opportunity to compete. Canadian workers would also have no opportunity to compete, and indeed the plans for expansion in Hamilton and Regina would have to be delayed.

An hon. Member: You are ready for the Senate.

Mr. MacEachen: All I can say is that the Canadian people and the House of Commons will bear in mind the irresponsible approach to this bill by the members of the New Democratic Party.

Some hon. Members: Hear, hear!

The Acting Speaker (Mr. Turner): Order, please. I would like to suggest that the hon. member for Oshawa-Whitby has already spoken in this debate, and unless he has a point of order, I will not recognize him.

Mr. Broadbent: Mr. Speaker, I rise on a point of order. Since the Deputy Prime Minister was granted a half hour extra time for his speech I wonder if he would reciprocate the courtesy by answering one question. The Deputy Prime Minister has indicated he would.

Following the Deputy Prime Minister's long, interesting and at times even factual discourse, I noted he did not deal with a matter I raised concerning a speech made by the Minister of Industry, Trade and Commerce on February 20, and it is really very germane to his whole argument. He said on that date with reference to the problem of competition that we really did not have to worry because we had procedures under our Anti-dumping Act that would enable us to deal with the Japanese or the Italians or all these people who managed to build the Alaska pipeline in the face of intense Canadian competition. As reported at the top of page 3036 of *Hansard* he said:

● (2052)

It should be noted that neither (11A) of the anti-dumping regulations nor the imposition of countervailing duties for reasons of export financing subsidies appear to have been tested as yet. Moreover, the anti-dumping option would really only come into play after the fact, which renders its use, other than as a threat mechanism, somewhat ineffective.

The Minister of Industry, Trade and Commerce said in fact the anti-dumping regulations, which the government is relying on so heavily to ensure fair competition, are ineffective. Would the Deputy Prime Minister comment on that?

Mr. MacEachen: Mr. Speaker, I am glad the hon. member for Oshawa-Whitby raises that point. I just do not have the clause before me at the moment, but within this bill there is provision under which the minister or the agency may, quite apart from the authority resting with the Minister of Industry, Trade and Commerce, send back or cause to be sent back for review any bid or any contract.

An hon. Member: Will it be done?

Mr. MacEachen: It is subject to the approval of the minister through the procurement plan. It will be sent back if there is any reason to believe there is any dumping, any subsidy or unfair competition. That is provided for within this bill. There is also, and I think this is important, the procurement plan. Before this is approved we will know where all this material is to come from and then we will have to say yes or no. That seems to me to be the kind of effective control the hon. member wants, and I believe when he gets to the committee he will agree with me.

Some hon. Members: Hear, hear!

Mr. Blackburn: Mr. Speaker, I rise on a point of order. Earlier this afternoon I intervened and asked the Deputy Prime Minister whether he would entertain a question and he indicated at that time he would at the end of his speech. My question really is non-partisan and of a non-political nature.

An hon. Member: I am sure.

Mr. Blackburn: Yes, it is. Just wait a minute. We and the Deputy Prime Minister have been talking about job creation in the Yukon. What I would like to hear from the Deputy Prime Minister is what measures, if any, are contained in this bill, or what measures will the government entertain in respect of the pre-training of natives—that is, native born Yukoners and non-native born, including Inuits, Indians, whites and so on—to ensure that these men and women will be able to compete with those from outside the Yukon for the jobs that will be available when this pipeline is being built.

Mr. MacEachen: Mr. Speaker, on the question of hiring of Yukoners and of their training, there is an undertaking by Foothills that it will give preference to northern workmen. That is one of the undertakings it has given, and that must be lived up to. One of the direct costs that may be associated with the pipeline is the cost of training which the company will have to bear. We expect that the Department of Employment and Immigration and Foothills will undertake whatever training is required so that the maximum advantage can be taken in respect of this project by the residents of the Yukon.

It is further my understanding that it will not be possible for people just to wander into the Yukon unless they get pre-clearance in the south. The hiring arrangements will be controlled in that way.

Mr. Leggatt: Mr. Speaker, I rise on a point of order. Since the Deputy Prime Minister is being so co-operative, in view of the continuing assurance we have from the minister about the competitivenes of Canadian industry, and the assurance from the industry itself that it is competitive, will the minister bring the House into his confidence by advising us what percentage of the Alaska oil pipeline was constructed by Canadian contractors, and what percentage of Canadian steel was used in that pipeline which was subject to the same open bidding he has suggested for the gas pipeline?

Some hon. Members: Order.

[Mr. MacEachen.]

Mr. MacEachen: Mr. Speaker, I do not have those statistics. I am sure the hon. member has them. It may be that Canada did not get the business, and I do not know the reasons. I do know in respect of this line to be built in Canada that my confidence remains unshaken as to the ability of Canadian industry and Canadian workmen to bid. I should add that I was really quite heartened in that when we made the announcement of the 56-inch pipe the president of Stelco said: "We can get this business".

An hon. Member: He didn't say that.

Mr. MacEachen: The national director of the 185,000-member United Steelworkers Union, rather, when told of the board's ruling, said "That's good . . . I think it is a wise decision". The union leader said that the Canadian steel industry is quite competitive and Canadian mills may also be able to get some of the American section of the $10-billion pipeline to bring natural gas from Alaska to U.S. markets.

Some hon. Members: Hear, hear!

Mr. MacEachen: You cannot blame me for saying we can get the business when the national director of the steelworkers union says that, in his view we can get the Canadian business and part of the American line. I say, more power to him. I wish he were an active member of the NDP and would support this legislation.

The Acting Speaker (Mr. Turner): I will recognize the hon. member for Yukon on a point of order, but let me suggest we are now getting into questions, and questions can be asked at the committee stage.

Mr. Nielsen: Mr. Speaker, I have one very brief question for the minister. Perhaps I might assist in regard to the question which was advanced by the hon. member for Brant by saying that AGTL has had a training program underway for the past six years, training northern native Yukoners to take over operational positions on the pipeline. The government has been slow and has nothing in place as yet.

The minister mentioned in his remarks that he made a better deal with the United States in connection with the tax revenues that will accrue as a result of the construction of the pipeline in the Yukon. Pipelines are normally taxed, somewhat higher than would be the case in the provinces. Because of this these tax revenues would be accrued anyway. The $200 million for the heritage fund, however, was something that Lysyk recommended, and something the NEB recommended should be in addition to these tax revenues. How does the minister explain the loss of that heritage fund of $200 million in face of the fact that the tax revenues are something to be expected in any event?

Mr. MacEachen: No, Mr. Speaker, it was not a question of "in any event". It was a question of negotiating this particular tax arrangement as a substitution for negotiating the $200 million suggested by the National Energy Board, or the $200 million suggested by Lysyk. This was a substitution, and the

end benefits to the Yukon are much greater. The net dollar result is enormously better for the Yukon.

A question arises, of course, as to the purpose for which the fund was accruing. How will it be spent? There may be some difference of opinion as to whether or not we should put aside the $200 million of that more than $1 billion for the purpose suggested by Dean Lysyk. I think that is a legitimate argument to put forward. But there can be no argument which would support the suggestion that we lost $200 million. We gained more than a billion in negotiating.

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): The question is the following one. Mr. MacEachen, seconded by Mr. Goyer, moved:

That Bill C-25, an act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be now read a second time and referred to the special committee on a northern gas pipeline.

Mr. Broadbent, seconded by Mr. Peters, moved in amendment thereto:

That all the words after the word "that" be deleted and the following substituted therefor:

"Bill C-25, an act to establish the Northern Pipeline Agency, to facilitate the planning and construction of a pipeline for the transmission of natural gas from Alaska and northern Canada and to give effect to an agreement between Canada and the United States of America on principles applicable to such a pipeline and to amend certain acts in relation thereto, be not now read a second time, but that the subject matter thereof be referred to the special committee on a northern gas pipeline".

The question is on the amendment. All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the nays have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

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

Northern Pipeline

(Division No. 24)

YEAS

Messrs.

Benjamin
Blackburn
Broadbent
Douglas (Nanaimo-Cowichan-The Islands)
Firth
Gilbert
Knowles (Winnipeg North Centre)
Leggatt
Nystrom
Peters
Saltsman—11.

NAYS

Messrs.

Abbott
Allmand
Anderson
Andras (Port Arthur)
Andres (Lincoln)
Appolloni (Mrs.)
Baker (Gander-Twillingate)
Baker (Grenville-Carleton)
Basford
Beatty
Béchard
Bégin (Miss)
Blais
Blouin
Boulanger
Breau
Buchanan
Bussières
Caccia
Cadieu
Cafik
Campagnolo (Mrs.)
Campbell (Miss) (South Western Nova)
Campbell (LaSalle-Émard-Côte Saint-Paul)
Caron
Chrétien
Clarke (Vancouver Quadra)
Clermont
Comtois
Corbin
Côté
Crosbie
Cyr
Danson
Daudlin
Dawson
Dick
Dionne (Northumberland-Miramichi)
Douglas (Bruce-Grey)
Duclos
Dupont
Dupras
Duquet
Ellis
Fleming
Foster
Francis
Fraser
Gauthier (Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Grafftey
Gray
Guay (St. Boniface)
Guay (Lévis)
Guilbault
Haidasz
Hamilton (Qu'Appelle-Moose Mountain)
Hargrave
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Huntington
Isabelle
Jamieson
Joyal
Kaplan
Kempling
Lachance
Lajoie
Lalonde
Lambert (Edmonton West)
Lamontagne
Lang
Langlois
Laniel
Lapointe
La Salle
Leblanc (Laurier)
LeBlanc (Westmorland-Kent)
Lefebvre
Lessard
Loiselle (Saint-Henri)
Lumley
MacDonald (Cardigan)
MacDonald (Miss) (Kingston and the Islands)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Marshall
Mazankowski
McCain
McGrath
McIsaac
McKenzie
McKinley
McRae
Milne
Munro (Esquimalt-Saanich)
Neil
Nicholson (Miss)
Nielsen
Oberle
O'Connell
Olivier
Ouellet
Paproski
Parent
Patterson
Pelletier
Penner
Philbrook
Pigott (Mrs.)
Pinard
Portelance
Prud'homme
Railton
Ritchie
Roberts
Robinson
Rompkey
Rooney
Roy (Laval)
Sauvé (Mrs.)
Savard
Sharp
Smith (Churchill)
Smith (Saint-Jean)
Stanfield
Stollery
Tessier
Trudel
Turner
Watson
Whelan
Wood
Woolliams
Yewchuk
Young—146.

● (2152)

Mr. Speaker: I therefore declare the amendment lost.

Amendment (Mr. Broadbent) negatived.

Mr. Speaker: The question is on the main motion.

The House divided on the motion (Mr. MacEachen) which was agreed to on the following division:

Northern Pipeline
(Division No. 25)

YEAS

Messrs.

Abbott
Allmand
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Baker
(Gander-Twillingate)
Baker
(Grenville-Carleton)
Basford
Beatty
Béchard
Bégin (Miss)
Blais
Blouin
Boulanger
Breau
Buchanan
Bussières
Caccia
Cadieu
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Caron
Chrétien
Clarke
(Vancouver Quadra)
Clermont
Comtois
Corbin
Côté
Crosbie
Cyr
Danson
Daudlin
Dawson
Dick
Dionne
(Northumberland-
Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupont
Dupras
Duquet
Ellis
Fleming
Foster
Francis
Fraser
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goodale
Goyer
Grafftey
Gray
Guay
(St. Boniface)
Guay
(Lévis)
Guilbault
Haidasz
Hamilton
(Qu'Appelle-Moose
Mountain)
Hargrave
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Huntington
Isabelle
Jamieson
Joyal
Kaplan
Kempling
Lachance
Lajoie
Lalonde
Lambert
(Edmonton West)
Lamontagne
Lang
Langlois
Laniel
Lapointe
La Salle
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lefebvre
Lessard
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacDonald (Miss)
(Kingston and the
Islands)
MacEachen
MacFarlane
MacGuigan
Maine
Marceau
Marchand
Marshall
Mazankowski
McCain
McGrath
McIsaac
McKenzie
McKinley
McRae
Milne
Munro
(Esquimalt-Saanich)
Neil
Nicholson (Miss)
Nielsen
Oberle
O'Connell
Olivier
Ouellet
Paproski
Parent
Patterson
Pelletier
Penner
Philbrook
Pigott (Mrs.)
Pinard
Portelance
Prud'homme
Railton
Ritchie
Roberts
Robinson
Rompkey
Rooney
Roy
(Laval)
Sauvé (Mrs.)
Savard
Sharp
Smith
(Churchill)
Smith
(Saint-Jean)
Stanfield
Stollery
Tessier
Trudel
Turner
Watson
Whelan
Wood
Woolliams
Yewchuk
Young—146.

NAYS

Messrs.

Benjamin
Blackburn
Broadbent
Douglas
(Nanaimo-Cowichan-
The Islands)
Firth
Gilbert
Knowles
(Winnipeg
North Centre)
Leggatt
Nystrom
Peters
Saltsman—11.

Mr. Speaker: I declare the motion carried. Bill read the second time and referred to the special committee on a northern gas pipeline.

Mr. MacEachen: Mr. Speaker, I rise on a point of order. There has been a suggestion that we might consider sending the document entitled "Proposals to correct certain anomalies, inconsistencies, archaisms, errors and other matters", and so on, to the Standing Committee on Justice and Legal Affairs. If we can get agreement on that I would like to move that motion; I believe agreement is forthcoming.

[Mr. Speaker.]

● (2202)

Mr. Baker (Grenville-Carleton): Mr. Speaker, that is quite agreeable to us.

Mr. Knowles (Winnipeg North Centre): We agree. Indeed, we believe that the whole Liberal platform should be sent to that committee.

Mr. Speaker: I understand the hon. Deputy Prime Minister (Mr. MacEachen) has the consent of the House to move that motion.

Some hon. Members: Agreed.

Mr. MacEachen: Mr. Speaker, I move:

That the document entitled "Proposals to correct certain anomalies, inconsistencies, archaisms, errors and other matters of a non-controversial and uncomplicated nature in the Revised Statutes of Canada, 1970, and other acts, subsequent to 1970", tabled on the 1st of February 1978, be referred to the Standing Commmittee on Justice and Legal Affairs.

Mr. Speaker: The House has heard the terms of the motion. Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

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

CANADIAN CULTURE—FEDERAL ASSISTANCE TO CULTURAL ORGANIZATIONS

Mr. David MacDonald (Egmont): Mr. Speaker, as hon. members will recall, as a result of meetings which took place on Tuesday of this week between the Secretary of State (Mr. Roberts) and representatives of the Professional Association of Canadian Theatres, yesterday I attempted to find out from the Secretary of State what action he had taken, particularly because of the very strongly worded press release and comments put forward by members of that association as a result of their meetings with the Secretary of State indicating the very serious situation in which a number of professional theatre groups in this country find themselves because of funding policies emanating from that department.

Members will know that over the past 20 years we have seen a tremendous expansion of professional theatre activities in this country. It is difficult to believe now that back in 1957

there were only three professional theatre companies in Canada. In the last 20 years we have seen an expansion in the number of professional theatre groups to some 133.

As hon. members know, a good deal of the incentive and encouragement for this has come from governments represented by parties on both sides of this House through regular grants put forward basically through the Canada Council. However, in recent years we have seen a situation in which the government has virtually frozen its funding.

I think it is unfortunate that the Secretary of State, in answering questions yesterday, left the clear impression that there was no real freezing of the funds of these professional theatre groups. To allow that kind of misunderstanding to stand on the record does not do him credit and certainly does not clarify the very serious situation which exists in respect of professional theatre groups. As they themselves have said, in spite of ticket price increases on the part of more than two-thirds of their members, they have been faced with a situation in which some 55 per cent have had to lay off staff, 74 per cent have virtually had to reduce the number of actors employed, and 55 per cent have incurred a greatly increased deficit. As the representatives of the Professional Association of Canadian Theatres remarked, their situation is intolerable.

● (2207)

The situation is well underlined in the tabling of estimates which took place yesterday. The over-all estimate of government expenditures is up by 9.3 or 9.8 per cent, depending on which figures are used. That is close in line with the average cost in the consumer price index, which is up 9.5 per cent. Even the estimates of the Secretary of State have shown a whopping increase. It runs into hundreds of millions of dollars, or approximately 25 per cent. If one looks specifically at the grants for arts and culture, one discovers the main estimates are down some 21.6 per cent. This indicates a very serious lack of commitment and concern on the part of the Secretary of State for professional theatre groups in this country.

Obviously thousands of people are now making their livelihood in professional theatre activities from coast to coast. At a time of rising unemployment and at a time when it is increasingly difficult to give people encouragement so that they can expect to have what is rightfully theirs—a job with a meaningful income—it is simply shocking that in this area of government responsibility there is no action and a declining commitment. Not only is there a freezing of the budget, there is a reducing of the federal budget in relation to this important segment of cultural activity in Canada.

Another thing which is of perhaps even greater concern is the impact that short-ranged and insufficient support lends to the importance of the cultural fabric of this country. Much has been written and many speeches have been given about the importance of maintaining national unity. The Secretary of State should know how important his role must be in maintaining the fabric of national unity.

A few weeks ago I was in Calgary. I was amazed to see the amount of professional theatre activity which has mushroomed in that city. I met a number of groups there, as well as a number of groups from across the country. I know the meaningful contribution these groups make toward national unity and identity. For the government to play fast and loose with cultural activity, which has increased over the last 20 years, is sheer irresponsibility.

I trust the parliamentary secretary who will be responding tonight will provide some measure of encouragement. In the three meetings which have occurred, and in the letter of the minister to the president of the Professional Association of Canadian Theatres, which was sent approximately two months late, there was no encouragement whatsoever. That is simply not a sufficient answer, in light of the serious plight of the Professional Association of Canadian Theatres.

Mr. Robert Daudlin (Parliamentary Secretary to Secretary of State): Mr. Speaker, I thank the hon. member for Egmont (Mr. MacDonald) for his question. He will be pleased to know that today the Secretary of State (Mr. Roberts) received the first instalment on the 100,000 cards urging greater government support, as promised by the Professional Association of Canadian Theatres. The minister looks forward to a continued flood of mail and a continued expression of public interest in and support for our theatre in Canada.

In response to the question posed by the hon. member, I should like to quote from the minister's letter sent to Dr. Gregory Poggi, the chairman of the Professional Association of Canadian Theatres, Pact. The letter answers directly the concerns of Pact and those concerns expressed by the hon. member. It reads as follows:

> I need no convincing on the subject of more public support for our artistic and cultural life: all the performing arts, including theatre, together with our visual artists, writers, filmmakers and cultural institutions such as museums, galleries, libraries, deserve and need greater financial support from the public they serve. As Secretary of State I am acutely aware that Canada's cultural growth—particularly in the realm of the arts—has long depended on the federal government's support and that of its cultural agencies such as the Canada Council, the Canadian Broadcasting Corporation, Canadian Film Development Corporation, National Film Board, and National Arts Centre. In recent years, support from other levels of government, from the private sector and from the public directly through audiences has broadened the financial base of the arts.

● (2212)

The letter goes on to state:

> The $13.6 million increase in federal cultural spending that I announced last September is concrete proof of the government's commitment to Canada's cultural and artistic growth. Not only do these new funds permit us to give more support through some programs whose value to Canadian arts and culture is well recognized. Perhaps more significantly, the funds are contributing in a variety of new areas hitherto unsupported.
>
> The 1977-78 increase in the Canada Council's budget . . . has meant that the council has had in many instances to keep grants at 1976-77 levels and to forgo this year making the first sustaining grants to newer companies. That in turn has forced many theatre and dance companies and orchestras to hold back on plans to more ambitious productions and schedules, or to seek more vigorously alternative sources of financing: private sector contributions, expanded subscription drives, for example. But I think it is unfair to say that because the government has, on the one hand, limited the over-all growth of an agency's budget and, on the other, provided new funds for specific areas of its total cultural program, it is taking from Peter to give to Paul.

I would like to emphasize further that the $13.6 million that the Secretary of State announced last September was new money for ongoing and new programs across the spectrum of federal cultural activities. Theatres do benefit! Here is the specific allocation in this area: The National Theatre School received $525,000 in capital grants in 1977-78 and 1978-79. The total over four years is $2.1 million. The Canada Council touring office, received $765,000 in 1977-78 and $1,065 million in 1978-79 for increased tours, workshops for impressarios and tour organizers.

The theatre, music and dance sections received $400,000 in both 1977-78 and 1978-79 for national cultural events involving participation of performing artists and arts companies, and for master classes enabling students to work with professionals. The National Arts Centre received $150,000 in 1977-78 and $1 million in 1978-79 to establish a theatre company, consisting of two small nuclear groups, one English and the other French, for creation and touring of theatrical productions.

I trust that the information from the minister's letter to the chairman of Pact, and this added information on the allocation of some of the $13.6 million, conveys to the hon. member for Egmont the commitment of the Secretary of State and that of the government to promoting professional theatre in Canada.

FRESHWATER FISH MARKETING CORPORATION—REASON FOR DELAY OF FINAL PAYMENT TO FISHERMEN

Mr. Cecil Smith (Churchill): Mr. Speaker, Manitoba produces 51 per cent of the fish that is handled by the Freshwater Fish Marketing Corporation located in Transcona, Manitoba. Due to the revelations that we have seen in the press in the last month and a half, I would say that the reputation of northern Manitoba fishermen is certainly in jeopardy.

At a meeting of the Northern Manitoba Commercial Fishermen's Association held on November 22 and 23, 1977, the chairman of the corporation, Mr. Peter Moss, said at that time that the fishermen would be receiving their final payment, which is due about the first part of December, in a couple of weeks. However, shortly after December 1, the chairman of the FFMC announced that no final payment would be made at that time. What has taken place since that time has certainly disheartened fishermen in Manitoba and, I am sure, has put what was once a very viable fishery into a precarious situation.

What had led to this situation is the fact that the Freshwater Fish Marketing Corporation has in its inventory some 14 million to 15 million pounds of fish which were purchased by the corporation. Of course, we read in the paper that much of this fish, due to freezer burn and to being stored for long periods of time, must now be dumped.

On November 22 and 23 at the meeting of the Northern Manitoba Fishermen's Association the chairman of the association, in reply to fishermen's questions, said he is getting sick and tired of people running down an efficient, well running corporation. "What are we fighting about", he asked. "We are trying to peddle your fish", he said. "We must work together closely". He suggested that they look at the beef producers and grain growers and count their blessings. Two short weeks after that the chairman said there was no final payment for the fishermen.

[Mr. Daudlin.]

• (2217)

In 1969 the corporation was established, and its mandate was to market fish. Since that time the corporation has been getting into other aspects of the fishing business. I suggest that the corporation has spoiled the reputation of Canadian fishermen. The quality of fish has deteriorated. It will take a long time to re-establish fish markets.

Another point is that the ability of salesmen to sell fish harvested by fishermen has diminished. It has been suggested by the Northern Manitoba Fishermen's Association that these salesmen be put on commission instead of salary.

On the editorial page of the Winnipeg *Free Press* for February 18 we find an article entitled "Freshwatergate?" That pertains to some very serious allegations concerning the Freshwater Fish Marketing Corporation. The agency has been accused of changing package dates as well as stamps.

Another article is entitled "Rabbi's OK was forged". That article accuses the corporation of changing dates on fish which had been stamped for gefilte fish and so forth.

There have been other allegations. It has been alleged that fillets have been shipped to a city dump for burning because they had been shipped to New York and some 30,000 to 40,000 pounds had been rejected by inspectors due to freezer burn. It has been alleged that trout has been kept in cold storage for far too long, and that freezer burn had to be trimmed off. It has been alleged that dates on packaging have been changed to make it appear as though the fish was fresh.

The fishermen of northern Manitoba who must try to harvest fish and get it to market in a fresh condition are losing everything they put into their operations. Technically the fish still belongs to the fishermen. They have not received their final payments, even though a partial payment has now been made. This is very discouraging for commercial fishermen.

I would like to see an immediate investigation conducted into the Freshwater Fish Marketing Corporation. We have dealt with the chairman of the corporation many times in the committee. The chairman has been giving the committee a whitewash job. He has also been giving fishermen's associations whitewash jobs. He just cannot seem to understand that fishermen are concerned about putting a quality product on the market for human consumption. Fishermen do not want their products stored for long periods of time. There is an allegation that fish is being dumped under the direction of management. Fishermen are complaining about that and wondering why the price of their product cannot be reduced and sold rather than dumping the product. There has been an allegation that tons of fish have been left in the open and allowed to spoil. I ask that an investigation into the Freshwater Fish Marketing Corporation of Manitoba be started immediately.

Mr. Hugh A. Anderson (Parliamentary Secretary to Minister of Fisheries and the Environment): Mr. Speaker, the Freshwater Fish Marketing Corporation has ten members. The hon. member for Churchill (Mr. Smith) talks about irregularities and deviations from good corporate policy. I would remind the hon. member that four of those directors are active fishermen in the province of Manitoba. Although it is a Crown corporation the hon. member should realize when he makes remarks regarding the corporation in the province of Manitoba that he is not only hurting it but also the fishermen who play a very active role in the organization. I suppose I could say that the corporation has had a success which has led to some problems within the board.

● (2222)

The Freshwater Fish Marketing Corporation, as at April 30, 1977, completed the highest sales records and profits ever.

Mr. Smith (Churchill): And the fish are still in storage.

Mr. Anderson: Mr. Speaker, I listened to the hon. member and I hope he will allow me the same consideration.

Prices this past summer were increased and landings were up considerably for the summer fishing season. As a result this attracted fishermen who delivered greater volumes and substantially increased their earnings. Consequently, the corporation found itself at its borrowing ceiling and the board of directors made the decision to defer final payments until the cash flow improved.

On January 25, 1978, the corporation's board authorized the payment to the fishermen of 50 per cent of the final payment to be made February 24. The remainder will be paid as the cost flow situation continues to improve. In addition, the corporation is currently seeking inventory financing from the federal fisheries prices support board. This request is presently under consideration. This initiative will provide assistance until markets improve.

The Freshwater Fish Marketing Corporation also provides financial assistance to fishermen to cover start-up costs when necessary. This program is well known to fishermen and is designed to assist them. Fishermen, therefore, have every reason to continue to fish this winter as they have in the past.

Mr. Deputy Speaker: The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until Monday at 2 p.m.

Motion agreed to and the House adjourned at 10.23 p.m.

HOUSE OF COMMONS

Monday, February 27, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

SEAL HUNT—WARNING TO VIOLATORS OF PENALTIES FOR ILLEGAL ENTRY—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I wish to move a motion under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. A petition from some 40,000 Newfoundland citizens presented to the House of Commons last year gave rise to a non-partisan amendment to the Fisheries Act which requires permission from the Minister of Fisheries and the Environment to enter the area of the seal hunt and gives increased powers to fisheries officers to apprehend violators. I therefore move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House orders that the minister of fisheries and the environment give warning to intended violators of the act of the penalties that they will face on illegal entry, such warning to be given such wide publicity that will prevent the needless hostility which could occur at this year's hunt.

Mr. Speaker: The presentation of such a motion for discussion would require the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

CANADIAN PACIFIC RAILWAY

CALL FOR IMMEDIATE INCREASE IN PENSIONS—MOTION UNDER S.O. 43

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as one who remembers not only the depression years, but also as one who remembers—for an even longer period of time—what the CPR has done to its employees, both working and retired, I move, seconded by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Douglas), who also remembers:

That this House, noting that the Canadian Pacific Railway pays its president a salary of $330,000 a year, calls on the government to review and make public the massive extent to which this corporation receives public funds, and insists that the CPR increase immediately the level of pensions paid to its retired employees and their survivors, at least to the full extent recommended in the Noel Hall report of 1976.

Mr. Speaker: The presentation of such a motion for discussion at this time requires unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

SOCIAL SECURITY

POSSIBILITY OF REDUCING AGE OF ELIGIBILITY FOR OLD AGE PENSION—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I ask for the unanimous consent of the House to present a motion on an urgent and important matter.

Considering the unprecedented rate of unemployment now affecting the country and the fact that numerous workers are forced to retire before age 65 and consequently are not entitled to the old age pension, which creates unjustified difficulties for them, and considering that early retirement would greatly contribute to reducing unemployment, I move, seconded by the hon. member for Bellechasse (Mr. Lambert):

That this House urge the Minister of National Health and Welfare to take the necessary measures so that those retiring at age 60 or more could benefit from the old age security pension as well as the guaranteed income supplement.

Mr. Speaker: Order. Pursuant to Standing Order 43, presentation of such a motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

● (1412)

[*English*]

GOVERNMENT ADMINISTRATION

POLICIES LIBERAL PARTY PUT FORWARD AT CONVENTION—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the reports of wholesale theft and fraudulent conversion, without colour of right, but attempting to appear to the right, of policies and principles of the Progressive Conservative Party of Canada by pragmatic Liberal swingers at the weekend Liberal policy-swiping convention in Ottawa, and in view of the hanging given by liberal swingers to the leftist, state-ist and collectivist view of the Prime Minister (Mr. Trudeau) as enunciated by him in rare but candid and frank New Year's confessions between electoral bouts, I move, seconded by the hon. member for Hamilton West (Mr. Alexander):

That this House direct the Minister of Justice to investigate and to charge the Liberal Party of Canada with theft of policies and principles of the PC party, though not with use of the same, and that the courts be informed that a plea for mercy be considered in view of the desperation as to electoral prospects that induced the said theft and fraudulent conversion.

Some hon. Members: Oh, oh!

RESOLUTIONS PUT FORWARD AT LIBERAL PARTY CONVENTION—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the Liberal party resolutions approved this past weekend calling for an increase in government expenditures in many specific areas, while at the same time approving the tightening of the money supply, halting growth in the public service and limiting government spending, I move, seconded by the member for Winnipeg North Centre (Mr. Knowles)—that hon. relic from the depression days:

That this House agrees that this hallucinatory batch of resolutions supports the view of the hon. member for Vancouver-Kingsway that the Liberal party has gone to pot.

Some hon. Members: Oh, oh!

* * *

CANADIAN CULTURE

CONTRIBUTION OF CANADIANS OF EUROPEAN DESCENT—MOTION UNDER S.O. 43

Mr. Art Lee (Vancouver East): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the statement which the Leader of the Opposition (Mr. Clark) made in Hanna, Alberta, on February 24, 1978, and in view of the fact such statement described European Canadians as "thinkers" and not "builders" of this great country and that those Canadians of European descent, whether from the Ukraine, Italy, Poland, Germany, Scotland or England, have all contributed greatly to Canadian society, I move, seconded by the hon. member for Kent-Essex (Mr. Daudlin):

That this House condemn the artificial distinction made by the Leader of the Opposition as to North American and European Canadians, and that this House recognizes the great contribution of Canadians of European descent to our society and our nation.

Some hon. Members: Hear, hear!

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

Some hon. Members: Agreed.

An hon. Member: No.

Mr. Paproski: Mr. Speaker, on a point of order, no one said "No" on this side. If anybody said "No", it was on the other side.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please. It was a motion condemning the Leader of the Opposition (Mr. Clark). If the hon. member wants me to ask for unanimous consent again, I will.

Some hon. Members: Oh, oh!

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AGRICULTURE

ENTRY INTO CANADA OF OFFSHORE WORKERS—MOTION UNDER S.O. 43

Mr. Jake Epp (Provencher): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the fact that agricultural offshore labour is vital to the continuation of a healthy Canadian agricultural community, especially in horticultural pursuits, and in view of the fact that agricultural organizations have repeatedly asked the government to continue arrangements for offshore agricultural workers, I move, seconded by the hon. member for Carleton-Charlotte (Mr. McCain):

That the government continue the program of allowing offshore agricultural workers into Canada at levels not less than those of previous years.

Mr. Speaker: Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

ORAL QUESTION PERIOD

[*English*]

FINANCE

VALUE OF CANADIAN DOLLAR—REASON FOR DROP IN JANUARY EXPORTS

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, in the absence of the Minister of Finance and the Minister of Industry, Trade and Commerce, perhaps I could direct my question to the second acting minister of industry, trade and commerce, the Minister of Employment and Immigration. As the government has represented for some time that our "crash dollar", which crashed down to 89 cents, would at least aid exports, will the minister indicate what happened in the month of January, when our exports dropped 16.9 per cent, a drop even greater than our imports—just the reverse of what was represented?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I happen to have the answer to that question.

Some hon. Members: Hear, hear!

● (1417)

Mr. Trudeau: Mr. Speaker, because some of the comments on January commodity exports were misleading, the Minister of Industry, Trade and Commerce very diligently sent me some notes so that I would be able to answer the concern of the hon. member. We have to look at a number of things. First, the trade balance. The commodity trade balance in January, 1978, was $306 million. This is a very high level indeed, since it would amount to an annual rate of $3.6 billion.

Mr. Baker (Grenville-Carleton): Read on.

Mr. Trudeau: Second, we have to look at the record over the year. Canada obtained a merchandise trade surplus of—

Mr. Baker (Grenville-Carleton): Motions.

Some hon. Members: Oh, oh!

Mr. Trudeau: I thought hon. members opposite wanted some information.

Some hon. Members: Hear, hear!

Mr. Lambert (Edmonton West): It is very simple; put it on motions.

Mr. Trudeau: I do not understand. If the House is concerned about this very high figure, perhaps—

Mr. Speaker: Order, please.

Some hon. Members: Oh, oh!

Mr. Speaker: Order. The question concerned a statistical matter for the month of January. Up to this moment, that is the question being answered. I will not let it go on too long, but the question is being addressed.

Mr. Trudeau: I was saying that Canada obtained a merchandise trade surplus of $2.9 billion in 1977, even with a deficit of $1.5 billion in crude petroleum. Therefore, Canada improved over the past two years by over $3.4 billion. Third, our export performance in the last two years—the volume of our exports—has risen by about 22 per cent—

Mr. Speaker: Order, please. The answer may be too lengthy. The hon. member for York-Simcoe.

Mr. Stevens: Mr. Speaker, my further supplementary is directed to the Prime Minister. When he said that he had the answers, presumably that means the second acting minister of industry, trade and commerce does not have the answers. The Prime Minister started to quote certain figures. I would be very pleased if he would give us the current account trade deficit estimate now for Canada, bearing in mind the January turndown in the figures. Would he indicate whether, in fact, we may expect the original estimate of approximately $4.5 billion in current account trade deficit this year, or may it be even higher?

Mr. Trudeau: Mr. Speaker, now the hon. member is concerned with the current account. His question was about trade performance. It is on this that I have figures from the Minister of Industry, Trade and Commerce. I am sure the current account figures could be forwarded to me by the Minister of Finance, if the hon. member wants to know. The trade figures are extremely important. In the past two years, from 1975 to 1976, the value of exports of motor vehicles has increased by 52 per cent; automotive parts, by 69 per cent; chemicals by 70 per cent; industrial machinery, by 25 per cent; lumber, by 146 per cent.

Some hon. Members: Order.

Mr. MacDonald (Egmont): Don't be such a phony.

Mr. Trudeau: Are you not happy that trade is going well?

Some hon. Members: Hear, hear!

Some hon. Members: Oh, oh!

LEVEL OF CURRENT ACCOUNT TRADE DEFICIT

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my supplementary question is also directed to the Prime Minister. He must feel that the entire nation is filled with Canadians who are naive, when he attempts to give an answer like the one he just gave. My question was with respect to the current account trade deficit. The figures the Prime Minister referred to are the merchandise trade figures, and when an estimated $8 billion of current account deficit is subtracted, one ends up with a $4 billion to $5 billion current account trade deficit.

After explaining that to the Prime Minister, would he indicate whether the current estimate is $4 billion, or is it even

higher with respect to the current account trade deficit, bearing in mind that as our dollar hovers, now, around 89 cents, it is the current account trade deficit which may push it even lower unless the government does something to regain not only domestic confidence but international confidence in Canada's economic future?

● (1422)

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I imagine the hon. member is talking about the current account deficit, not about the trade deficit because, as he knows, there is no trade deficit. He is mixing the two terms. He has asked me a question—

Mr. Stevens: Tell us about the current account deficit.

Mr. Trudeau: The figures which alarm the hon. member—one can understand why he is alarmed—show that there was a slight fall in trade performance in January over December.

Mr. Stevens: Tell us about the current account deficit.

Mr. Trudeau: That is something else, Mr. Speaker.

Mr. Stevens: Tell us about it.

Mr. Trudeau: Of course there is a current account deficit. We have said that in the House. We have explained that that is why we are calling on the stand-by credit. That is why we are trying to do something in the tourist area, where we have an enormous current account deficit.

Mr. Stevens: How much?

Mr. Trudeau: I do not know how much tourist deficit there is, but certainly it is a substantial amount. That is why the first ministers and myself, just two weeks ago, undertook to act very seriously in this area.

Mr. Stevens: How much is there in the total current account?

Mr. Trudeau: Mr. Speaker, will the hon. member ask a supplementary question?

Mr. Stevens: Answer my question.

Mr. Trudeau: If the hon. member wants me to answer, Mr. Speaker, he should listen.

Mr. Speaker: Order, please. The hon. member for St. John's West.

VALUE OF CANADIAN DOLLAR—CONCLUSIONS OF CONFERENCE BOARD OF CANADA

Mr. John C. Crosbie (St. John's West): I have a question for the Prime Minister, who seems to be full of electoral beans today. Does the Prime Minister realize that the Canadian dollar has been devalued by 26 per cent as against the Zambian kwacha?

[Mr. Stevens.]

Some hon. Members: Oh, oh!

Mr. Crosbie: Last year, I pointed out to the Minister of Industry, Trade and Commerce that devaluation of the dollar was not a permanent solution to our trade ills, but the minister rejected that and said that the devalued dollar, the "Chrétien dollar", the dollar with the backside gone out of it, is the answer to our trade ills.

The Conference Board of Canada put out a report last week. I ask the Prime Minister whether he agrees with the conclusions in the report of the Conference Board that devaluation of the dollar is no permanent solution to our trade ills, and that growing deficits in manufactured goods, future large shortfalls in the oil and gas trade, deficits in service payments, including tourism, and the impact of negotiations with GATT, will have an adverse impact on our economic future.

Right Hon. P. E. Trudeau (Prime Minister): Not only do we agree, but I said that very thing in my speech in the House last October when I indicated that devaluation of the Canadian dollar might be a temporary solution, provided we accepted the judgment of the world markets that this meant we have to work harder to perform better, and thus be more competitive. It is good that the hon. member understands this; it might lead him to the conclusion that he would be unwise to speculate on Zambian currency as against Canadian currency. But if he wants to do it, it is his own dough and he can do it.

Mr. Crosbie: I do not intend to do the cha-cha with the kwacha with the Prime Minister. I am glad the Prime Minister understands these matters, but it is too bad he does not act on them. I ask the Prime Minister this question. Statistics Canada, in their advance estimates for 1978, show that the total of capital expenditures this year in all sectors of the Canadian economy will increase by only 4.8 per cent above 1977 figures. The figures for 1977 were 7 per cent higher than those for 1976, that is, less than the inflation rate; new construction will have a 4.8 per cent gain over 1977—and 1977 was a desperate year— and this increase is below the 8.1 per cent advance in 1977. The same with capital expenditures—

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

● (1427)

Mr. Crosbie: This is not the Liberal convention. We have Mr. Speaker here to keep order. These forecasts paint a very grim economic picture for this year. Has the Prime Minister any response to these very disturbing forecasts by Statistics Canada? These are not Liberal party statistics.

Mr. Trudeau: Mr. Speaker, in order to interpret those figures, I would have to know if the percentages the hon. member gave are in real terms or in money terms. If they are in real terms, that is good, and I thank the hon. member for bringing them to the House.

Mr. Crosbie: They were in money terms.

JOB-CREATING PROGRAMS—GOVERNMENT'S INTENTION TO INTRODUCE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I would be happy to help the Prime Minister in interpreting this question. The figures given refer to a forecast by Statistics Canada in real terms and indicate a net decline in investment for 1978 of about 3 per cent. Considering that the government's own document produced for the first ministers' conference said that an average of at least a 7.3 per cent increase was required in 1978 to produce the 300,000 new jobs which are necessary, can the Prime Minister indicate whether the government intends to bring any new job-creating programs before parliament?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I have not seen this forecast: I will gladly look at it. If it is only just out, I suppose it was available in some form to the government two weeks ago when we spoke to the first ministers. Therefore, I think the actions and policies we have brought forward are meant to deal with this precise situation.

Mr. Broadbent: Mr. Speaker, by his answer the Prime Minister has compounded the problem. If the figures were available to the government two weeks ago at the time of the first ministers' conference, why did the Minister of Finance forecast that we would have an increase in investment of 7.3 per cent? In real terms, Statistics Canada says there will be a net decline in the neighbourhood of 3 per cent. The government has indicated that we need a minimum of 300,000 new jobs a year to bring unemployment down to 5 per cent by the beginning of 1982. With this level of investment we will clearly not do that. Manufacturing is operating at only 80 per cent capacity. The private sector did not respond to give-away programs last year, for obvious reasons: businessmen are not stupid; they are not going to expand operations if there is 20 per cent unused capacity.

Considering this very real and serious situation, will the government now allow tax cuts for consumers in order to stimulate demand for manufacturing? Will the government bring forward public investment programs for a shipping fleet on the east coast and for urban transit programs for our cities to produce jobs?

Mr. Trudeau: Mr. Speaker, the hon. member is repeating the same lesson he has been giving us for the past month. The Minister of Finance and I have indicated to him that he is making the mistake of looking at this question in static terms. We had a first ministers' conference precisely because the situation was serious. All the first ministers, as well as myself, felt it very urgent to adjust our policies and to create a measure of confidence in falling price levels, in increased productivity and in a more competitive Canadian economic position. That is why we had that conference and that is why we are more optimistic than the hon. member, who prefers to look at past figures and present figures as though there has been no policy change.

Mr. Broadbent: It is clear that the Prime Minister and his party are not at the radical centre of Canadian politics; they are at the dead centre.

Some hon. Members: Oh, oh!

Mr. Broadbent: I am using Statistics Canada figures, which show that the private sector will not obtain the investment that is absolutely essential if we are to create jobs. Is the Prime Minister saying he would rather spend $4 billion—which is what we will spend on unemployment insurance next year in pay-outs to people for doing nothing—than invest so that people will have the opportunity to work?

Mr. Trudeau: Of course, that is not what I am saying. I am saying that this government is bringing forward policies and legislation which will create investment and jobs.

Mr. Broadbent: Where are they?

Mr. Trudeau: They are before the House.

Mr. Stevens: There is nothing.

Mr. Trudeau: The pipeline legislation, for instance, is before the House. The NDP persists in feeling that we will not create jobs, but I can assure the hon. member that that is not the feeling of the country.

● (1432)

[*Translation*]

VALUE OF CANADIAN DOLLAR—REQUEST MUNICIPALITIES BE ASSISTED TO MEET COMMITMENTS

Mr. Gilles Caouette (Témiscamingue): Mr. Speaker, I wish to put a question to the Prime Minister. He seems to forget that suggestions were made by members of the opposition and that the government is not quite willing when special rates are requested to transport ore from west to east so as to carry on our activities in Northwestern Quebec. However, the Minister of Finance stated during the weekend that the depreciation of the Canadian dollar was helpful for our exports, but he forgot to say that as a result of that same depreciation some twenty Quebec municipalities are unable to repay their loans made in Switzerland and abroad. Could the Prime Minister then tell us what he intends to do to help those municipalities meet their commitments abroad?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, the Social Credit leader is versed enough in monetary matters to know that when a currency depreciates in relation to another, it is due to the fact that this country is importing rather than exporting goods and services of all kinds. The reaction of the monetary system is to devaluate the currency of the country which is importing too much and is not exporting enough. This makes it possible to export at more competitive prices. In such a way, the economy can improve. This is why the Minister of Finance indicated that a devaluated dollar is warning the Canadian economy that it should be more com-

petitive. This is the lesson which should be learned by the government and the opposition parties.

Mr. Caouette (Témiscamingue): Mr. Speaker, I have a supplementary question. The purpose of the first question I directed to the Prime Minister was to find out what he meant to do for the municipalities which, because of the current dollar devaluation, are faced with the huge problem of not being able to reimburse the money they have borrowed in Switzerland and other countries. Therefore, I should like to know what, if anything, the Prime Minister can do to help these municipalities meet their commitments.

Mr. Trudeau: Mr. Speaker, the municipality, corporation or individual seeking a loan on a foreign market is aware that such a loan will be exposed to exchange fluctuation of both the Canadian dollar and the foreign currencies. This situation, which has been in effect since 1970, remains unchanged. For a few years, the Canadian dollar was worth more than its American counterpart; now it is worth less. The borrowers on foreign exchange markets are aware of this. They are also aware that, if the Canadian dollar drops in value, things will be more difficult, and that if it increases in value, they will be easier. Both situations have occurred over the past six or seven years, and borrowers are as a rule serious people who can assume their responsibilities.

Mr. Caouette (Témiscamingue): I should like to put one last supplementary, Mr. Speaker. As the municipalities are adult enough to know exactly where the problem lies, and as today they are up against the problem of reimbursing their debts which they cannot afford to do, I ask the Prime Minister what he intends to do and if he will finally accept to help those municipalities finance themselves here in Canada, instead of being forced to borrow money abroad, by granting them interest free loans or privileged rate loans from the Bank of Canada?

Mr. Trudeau: Mr. Speaker, two things are important: first, and the hon. member knows it full well, the municipalities do not fall within federal jurisdiction. When they borrow, municipalities do so under provincial laws or authorization. We have no control over those loans whether it be where they are made, the interest rates that apply, the amounts or the terms. We have no control whatsoever in those fields. If a problem exists, the municipalities can go to the provincial government.

As for the Bank of Canada lending without interest, I explained not so long ago, barely a month ago, to the hon. member, that when the government of Canada borrows from the citizens, it pays them interest: When the leader of the Social Credit Party buys savings bonds, he receives interest from the government: in other words, the government itself pays interest. So, clearly, when individuals or municipalities borrow, they must pay interest.

[Mr. Trudeau.]

[*English*]

AGRICULTURE

REMOVAL OF SUBSIDY ON POWDERED SKIM MILK

Mr. James A. McGrath (St. John's East): Mr. Speaker, I should like to direct a question to the Minister of Agriculture: it is prompted by a statement made last week to the Food Conference by the Minister of National Health and Welfare to the effect that the country is facing a nutrition crisis. Given that fact, and the importance of powdered skim milk in the diet of low income and fixed income people in Canada, declining farm incomes and rising food prices, would the minister explain to the House and to the country why he decided at this time to remove the consumer subsidy from skim milk powder?

Hon. E. F. Whelan (Minister of Agriculture): Mr. Speaker, I think it was based on the use of skim milk powder and whether the subsidy was doing the things we wanted it to do. Statistics Canada has taken a survey of over 3,000 families which shows that this subsidized product was not being used by the poor people it was intended for; the biggest percentage was used by middle income people or those who could afford the other type of product.

Instead of consumption of this product increasing because of its low price, it continued to go down. This amazed us, because so many told us that the right thing to do was to make sure this product was available to people on low income. It should also be noted that government programs such as indexing and transfer payments provide more income for low income families. It is estimated that indexing of family allowances, old age security pensions, guaranteed income supplements and other—

Some hon. Members: Order.

Mr. Speaker: Order, please. A supplementary question; the hon. member for St. John's East.

Mr. McGrath: Mr. Speaker, I do not think the minister is going to talk his way out of this one, as it defies explanation. I ask the minister who I know has a human heart beneath that gruff exterior if he would explain to the House what measures the government intends to take to ensure that the subsidy on powdered skim milk, an important dietary element to most Canadians—including those on middle or low incomes—is replaced, given the fact that it will mean an approximately 40 per cent increase in the price of powdered skim milk in this country for people who can least afford it.

Mr. Whelan: Mr. Speaker, the hon. member may not have thought that what I was saying about indexing pensions, transfer of payments, etc., was important; But they are for the poor people too. In 1977, transfers to low income people amounted to $589 million—not the $13 million with which we were subsidizing skim milk powder, but there was an equivalent of $589 million more to benefit the poor peole of our country so they could make their own purchases in their own manner.

We are trying to develop a program, with the Department of National Health and Welfare and others, to make the product available to people in the far northern regions of our country who cannot receive liquid milk. I was most disappointed that the program was not more successful in getting nutrition to the people who need it most, because this came out of my departments' budget and I thought it was the right thing to do. It turned out that the people using this product were those who could afford fluid milk, so the program has cost the government more money than it should because we were making powder and butter. When you sell fluid milk, you do not have those extra costs which are such a tremendous burden to the dairy industry and to the federal and provincial governments.

Mr. McGrath: A final supplementary question. Would the minister explain to the House the economic results of his actions? Why will Canadians now pay more for powdered skim milk than consumers in Japan, for the same Canadian product?

Mr. Whelan: Mr. Speaker, whatever Japan does with the product is up to them, but I would doubt we would be paying more than Japan because in actual economic jargon what Japan is doing is buying it at world market prices. Whether they buy the surplus product from us or from the European Community, in most instances they are putting it on their domestic market at a higher price than we are putting it on our domestic market.

Mr. Speaker, I think it is significant that consumption of this highly nutritional product was 43 million pounds two years ago, and it appears we will be lucky if it is over 26 million pounds this year. All these people who spread doom and gloom about the buying power of our people should check the statistics. They would find that only 10 per cent of our people live below the poverty line. That is a drop from 20 per cent in just a few short years.

* * *

● (1442)

FISHERIES

FRESHWATER FISH MARKETING CORPORATION—INQUIRY RESPECTING INVESTIGATION

Mr. Dean Whiteway (Selkirk): Mr. Speaker, my question is for the Minister of Fisheries and the Environment: it has to do with the Freshwater Fish Marketing Corporation and, in particular, two affidavits which I sent earlier today to the minister. In light of the statements made in those two affidavits, would the minister now indicate to the House whether he will immediately put in place an investigation into the marketing practices and financial arrangements of that corporation?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, not only have I received a letter from the hon. member indicating that he would ask these questions, but I have also seen the clippings from the Winnipeg *Free Press,* in which he has obviously orchestrated some kind of campaign announcing that affidavits might or might not come. By the way, these affidavits have nothing to do with marketing. If what is contained in the affidavits is perceived by the hon. member as being correct, and if he is interested in these matters being investigated, the least he should do is to give them to the attorney general of Manitoba.

Mr. Whiteway: Mr. Speaker, my supplementary question is directed to the same minister. I am not in a position to editorialize on these affidavits; they are statements made by persons who were employed there at one time. Does the minister intend to act within his jurisdiction and responsibility and direct an inquiry into these marketing procedures? Pertaining to statements in the affidavits as to certain actions by top executives of the corporation, does he intend to use his responsibility to institute a full investigation?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, the hon. member says that he does not want to editorialize. I certainly hope he does not want to smear individuals. The fact is that the Auditor General is the auditor of the Freshwater Fish Marketing Corporation and he has in the past given the corporation a clean bill of health from an accounting point of view. Obviously, if these allegations have substance, they should be checked or challenged. I am not a lawyer, but if they have substance I assume they should be the subject of some action by the attorney general of Manitoba.

If they are not substantiated, I would hope that the hon. member would at least stop smear and innuendo against persons who are employed and who could very well be employed in something else but who were working day and night trying to improve the conditions of the freshwater fish marketing industry.

Mr. Whiteway: Mr. Speaker, I have a supplementary question to the same minister. In view of the fact that the minister responsible in the province of Manitoba has asked the federal minister for such an investigation, is it the intention of the federal minister, who has the power to initiate an investigation, to do so at the request of the provincial minister? Is that your intention, sir or is it not?

Mr. LeBlanc (Westmorland-Kent): Mr. Speaker, my understanding is that the minister from Manitoba has a view of the marketing corporation which is a view not shared by the board of the marketing corporation, four of whom are fishermen and the others are representatives from various provinces involved in the corporation. This is an honest difference of opinion and it has to be met by the board. It is, in fact, being met by the board. Surely the hon. member is not asking me to go behind the back of other provincial ministers and to call inquiries and audits on the basis of allegations and affidavits regarding which he has not had the courage to at least name the sponsors.

Oral Questions

LABOUR CONDITIONS

ANNOUNCED LAY-OFFS AT IRON ORE COMPANY OF CANADA—GOVERNMENT POSITION

Mr. William Rompkey (Grand Falls-White Bay-Labrador): Mr. Speaker, my question is to the Minister of Employment and Immigration: it has to do with announced lay-offs at the Iron Ore Company of Canada plant in Labrador City, because of down-time, some time early in the summer. I ask the minister, in view of the effect this will have not only on the economy of the area but on the economy of the province which is hard hit already, what steps he can take within his deparment to help avert these proposed lay-offs. In particular, would he consider setting up a joint consultative committee of union and management to investigate thoroughly the reasons for the lay-offs and to attempt to find alternatives?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, it would probably be incorrect for me to say that we can take action that might avert these particular lay-offs. I can say that our manpower consultative service people are meeting with the company today, and it would be my hope that they would see fit to set up a manpower consultative committee in the interests of assessing what can be done for the individuals who are laid off, or who face lay-off.

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TRADE

PURCHASE AND SALE OF IMPORT QUOTAS FOR TEXTILES AND SHOES

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is to the right hon. Prime Minister. Can the Prime Minister advise this House whether he is aware of a domestic market building up in the sale and purchase of textile quotas, brought about because of the quotas that were imposed approximately a year ago?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I was not aware of that situation, but I will ask the Minister of Industry, Trade and Commerce to take note of that matter and look into it.

Mr. Fraser: Mr. Speaker, my supplementary is to the Prime Minister. Could he could also tell the House whether he is aware of a similar situation building up with respect to quotas granted for the imports of shoes? I am referring specifically to textiles and shoes of styles and prices which cannot be attained in Canada and for which there would not be any infringement on the domestic market in so far as Canadian producers are concerned.

Mr. Trudeau: Mr. Speaker, I thank the hon. member for drawing this question to my attention.

[Mr. LeBlanc (Westmorland-Kent).]

FINANCE

DATE OF INTRODUCTION OF AMENDMENTS TO BANK ACT

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for whoever may be subbing for the Minister of Finance. Is it the first acting minister of finance, the second acting minister, or the parliamentary secretary? With regard to bringing in for first reading the amendments to the Bank Act, statements were made almost a month ago that these were expected in the middle of March. Is the government prepared to say when this legislation is to be brought forward for first reading?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, the minister has not changed his position from the answer he gave the hon. member in the committee meeting a month ago.

Mr. Lambert (Edmonton West): My supplementary question is this. At that time the government announced that the amendments to the Bank Act would be introduced in the middle of March. That was a month ago. Is the date still the same? The bill was sent to the Department of Justice for technical drafting. Is anyone from the Department of Justice prepared to answer, Mr. Speaker, as to how long this technical drafting is to take, or is it simply that this document is to be kept away from the House until after Easter, in anticipation of a possible election call?

Mr. Lumley: Mr. Speaker, the minister hopes, and it is still his priority, that amendments to the Bank Act will be introduced during the month of March.

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LABOUR CONDITIONS

FEDERAL ASSISTANCE IN REFINANCING SAWMILL IN N.W.T

Mr. Wally Firth (Northwest Territories): Mr. Speaker, my question is for the Minister of Employment and Immigration. It concerns the Slave River sawmill at Fort Resolution, Northwest Territories, and the recent submission to the minister's department for refinancing under the emergency response program. Can the minister report any progress on this matter to the House?

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, as a result of that representation we looked at the matter favourably. However, because of the sum of money involved we require approval of the Treasury Board. I am not certain at this point whether that request was heard on Thursday. I will check it out and reply to the hon. member today.

Mr. Firth: My supplementary question is this. I ask the President of the Treasury Board when we may expect an answer on the submission regarding the sawmill operation at Fort Resolution, Northwest Territories, since he may be familiar with this application.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I have not seen the submission. I will inquire from the department concerned.

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NATIONAL SECURITY

WARREN HART—REMUNERATION FOR SECURITY WORK UNDERTAKEN FOR GOVERNMENT

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, my question is for the Solicitor General. Has he been able to satisfy himself whether Mr. Warren Hart has received money for the work he was doing in Canada related to security matters? Also, can he indicate whether the names of certain RCMP members mentioned by Warren Hart appear in immigration and other files and whether there is evidence, according to some of the material which was indicated to the minister previously, that aliens were taken across the border, in particular one Ferdinando Melito?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am in a position to indicate to the hon. member and to the House that, indeed, Mr. Hart has been in the employ of the RCMP. The other aspect of the hon. gentleman's question is one to which, of course, I shall be directing my attention.

● (1452)

Mr. MacKay: I appreciate the minister's answer. I should now like to ask a question related to the same general subject, that is, the activities of an undercover police informer. Has the hon. gentleman been apprised of an investigation regarding a Mr. C. Wagner about whose position a representative of CTV contacted Inspector Rod Stammler, resulting in an investigation which is apparently shaping up to the point at which CTV is reportedly threatened with charges, along with Mr. Jim Reed who investigated some of these matters?

Mr. Blais: The hon. member spoke to me about this matter before I came into the House. I have no additional information to provide at this time.

WARREN HART—RELEVANCE OF IMMIGRATION FILE TO DEPORTATION

Mr. Jake Epp (Provencher): A supplementary question to the Minister of Employment and Immigration. Has the minister been fully briefed on Mr. Warren Hart's immigration file, and can he tell us whether the stated grounds for his deportation correlate with the background in that file?

Hon. Bud Cullen (Minister of Employment and Immigration): Yes, Mr. Speaker, I have reviewed that file. I am satisfied that the deportation order with respect to Mr. Hart in 1971, the refusal of his application for student status in 1972, and the refusal of his application for immigrant status in 1976, were legal and that regular procedures were followed. I am also satisfied that immigration officials did not knowingly grant the entry of Mr. Hart to Canada in violation of the Immigration Act. However, we have received a request from the McDonald commission to forward a file and I have written today to Mr. Justice McDonald. Perhaps I should quote from that letter:

> It appears, however, that on several occasions after his deportation immigration officers became aware of his presence in Canada but, contrary to the provisions of the Immigration Act, did not take prompt action to apprehend and deport him because they were aware of the RCMP interest in him.

I felt this matter should be brought to the attention of the commission, so I have done that in addition to sending our headquarters' file.

Mr. Epp: Would the minister table that letter, since he has quoted from it at some length? In light of the minister's answer and the dates he gave, would he indicate the terms under which Mr. Hart was admitted to Canada on December 1, 1975?

Mr. Cullen: The information I have is that Mr. Hart, being an American citizen, came here as a visitor in the same way as any other American might do. It came to our attention that he had overstayed the period allowed for such visits, and a deportation order was made on that basis. As far as tabling the letter is concerned, I have a copy of it and I am quite prepared to accede to the hon. member's request.

Mr. Speaker: In response to the point of order raised by the hon. member for Provencher, it being in keeping with precedence, the minister is now at leave to table the letter.

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CANADIAN CULTURE

IMPORTATION OF U.S. EDITIONS OF CANADIAN BOOKS

Mr. David MacDonald (Egmont): Mr. Speaker, I have a question for the Secretary of State. Last fall, as he may recall, I raised the problem caused by the loss of thousands of dollars to Canadian authors and publishers through the importation of American editions of Canadian books. At that time, both the minister and the parliamentary secretary assured me that the problem could be overcome by means of schedule C of the Customs and Excise Act.

Is the minister aware that copies of a popular Canadian book entitled "Book of Eve", by Constance Beresford-Howe, published by MacMillan of Canada, have been on sale in Montreal and Toronto despite its being listed a year and a half ago under schedule C, and that in response to complaints by the author and the publisher, legal counsel for both Revenue Canada and the Department of Consumer and Corporate Affairs have stated they will not take action because, they claim, schedule C does not specifically encompass books? May I ask what action the minister is taking to rectify this situation, or what action he is recommending to his cabinet colleagues?

Hon. John Roberts (Secretary of State): I thank the hon. member for drawing this matter to my attention. I will look into it with the utmost dispatch.

Mr. MacDonald (Egmont): Mr. Speaker, the Minister of Consumer and Corporate Affairs is not here today, but since neither his department nor the Department of National Revenue has been able to act in this instance, I wonder whether some commitment might not be made through the acting minister or the parliamentary secretary either to introduce appropriate amendments to the Copyright Act or to undertake a test case, as was earlier suggested by Canadian authors, with respect to this serious situation.

Mr. Alan G. Martin (Parliamentary Secretary to Minister of Consumer and Corporate Affairs): As the hon. member may be aware, it is proposed that amendments to the Copyright Act will be coming forward at some time in the future, and I will certainly bring his representations to the attention of the minister.

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FISHERIES

ALLEGATION SEALS SKINNED ALIVE—GOVERNMENT REACTION

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my question is to the Minister of Fisheries. In view of the fact that one, Brian Davies, was able to persuade one Newfoundlander to bring discredit to his province by indicating at press conferences in London and Paris that a goodly number of seals were being skinned while alive, I wonder if the minister has investigated that charge, and what action does he intend to take in the matter?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): We obviously have no evidence of this situation having arisen. I might say that if Mr. Brian Davies wants to skin an animal of the shape and size of seal while it is alive, it is quite a challenge to anybody's skill. We have no evidence of that whatsoever.

Mr. Marshall: I am sure the minister accepted that my question was a serious one. In view of the fact that the motion I placed before the House today was not accepted, and in view of the hostility which could occur at the seal hunt this year because of the bad publicity, I wonder if the minister would indicate, by wider publicity of the amendments to the Fisheries Act which were accepted by the government last year, that this will be given the widest publicity and people will be warned of the violation and penalties that could be inflicted on violators? Would he do that, because there are only a few days left before the seal hunt starts?

Mr. LeBlanc (Westmorland-Kent): I assure the hon. member that I did take his question very seriously. I read the text of the motion he sought to present, and had I been in my place at the time I would have said yes. The fact is that we have, by an order in council which will be published in a special *Gazette,* issued the regulations under which access to the seal hunt will be permitted. It will be under permit as parliament approved last year, and the regulations will be fully publicized. I hope there will be no confrontation. We have no interest in stopping legitimate observers from appeariang on the ice floes, including those who do not share our views about the seal hunt. What we want to avoid is interference with a legitimate activity of Newfoundland and Magdalen Island fishermen.

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AGRICULTURE

REMOVAL OF SUBSIDY ON POWDERED SKIM MILK

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I have a question for the Minister of Agriculture in connection with the price of skim milk powder. Skim milk powder will now cost about 40 per cent more in Canada as a result of the removal of the subsidy, a price which is about five times the world price. I know that the Consumers' Association of Canada were not consulted, and I know the dairy farmers were not consulted. Could the minister tell us whether, before taking the action he did, he consulted the Minister of Consumer and Corporate Affairs, and did that minister agree?

Hon. E. F. Whelan (Minister of Agriculture): Skim milk powder will still be much cheaper in Canada than fluid milk: the honourable member knows this. What he is trying to get across is that it is above and beyond the purchasing power of the vast majority of Canadians, which is not true; they will still be able to buy it. It is not the intention of the government to produce a surplus and just throw it on the world market and try and recoup what it can. We are curtailing our production for our domestic needs in order to meet our food aid programs across the world and aid needy people who cannot afford the high domestic price for it, as we have always done.

As I said earlier, in just one year we have put $589 million more into low income programs. When the hon. member suggests people cannot afford to buy skim milk powder, I do not know what he is talking about, and I do not think he does, either.

Some hon. Members: Oh!

Mr. Nystrom: Mr. Speaker, last week in this city a conference on food took place and one of the themes of that conference was the desirability of consulting all those in the food industry. My question was whether or not the Minister of Consumer and Corporate Affairs was consulted. The dairy farmers were not consulted; neither was the Consumers' Association.

Mr. Whelan: All my cabinet colleagues were perfectly aware of the programs which we were initiating, because of the consultation process under which we operate when putting forward our estimates. Of course, when we are putting forward our estimates, we do not have the leeway to make it possible to

consult on every little item. I might add that a survey was taken recently to determine how the subsidy was being used in this country and who was benefiting most from it. To our amazement, we found it was not the poor people who were benefiting and consuming the most, but middle income and richer people who can well afford to pay the present price for the good milk we are producing in this country.

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● (1502)

[*Translation*]

SOCIAL SECURITY

POSSIBILITY OF ESTABLISHING GUARANTEED INCOME

Mr. Eudore Allard (Rimouski): Mr. Speaker, since the Minister of National Health and Welfare is absent, may I direct my question to the right hon. Prime Minister?

Considering that since the 1974 election about ten federal-provincial conferences have been held on the subject of welfare, and in particular on the minimum guaranteed income and that, if I remember right, during the last federal election there was an undertaking that legislation establishing the minimum guaranteed income would be introduced, my question is the following: I would like to ask the Prime Minister whether he intends to carry out his undertaking and when he intends to introduce that bill.

Right Hon. P. E. Trudeau (Prime Minister): As a matter of fact, Mr. Speaker, there were several federal-provincial conferences of ministers responsible for health and welfare. I know that the then minister, the hon. member for Outremont, in his meetings with the provinces, made quite a lot of progress, towards a formula which would enable us to go in the direction mentioned by the hon. member. However, I shall refer the question to the present Minister of National Health and Welfare to have a report which is more up to date and I shall draw her attention to the hon. member's question. Perhaps he might ask his question again tomorrow.

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[*English*]

PUBLIC SERVICE

HANDICAPPED PEOPLE ENTERING SERVICE

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, my question is for the President of the Treasury Board. In November, 1977, and again in January, 1978, I asked the minister whether he would be tabling in this House the report of the Public Service Commission with regard to the problems of handicapped people entering and working with the public service. I know he has had some difficulty. Can the minister advise what the difficulty is, why it has not been reported and was not tabled in this House today, and when does he expect it to be tabled, because it is important in this continuing dialogue that must go on in the community with regard to the problems of handicapped people? It contains important recommendations. When will we see it?

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I will be very frank with the hon. member. I regret that it has not been tabled. I expect to table it within the next week or ten days. One of the problems has been that I was somewhat preoccupied with other responsibilities during that period. The hon. member has rightly reminded me of the report and its importance—an attitude I fully share. What I am attempting to do now is look very carefully at possible responses so that we will not, in fact, come out with a suggestion of further studies which, of course, the hon. member agrees we should not do, or the recommendations of the report that we should not.

I do not want to raise false or unfulfillable expectations. I want to be quite responsible, as the hon. member would want me to be, at the time I table it in order to be able to give some kind of response of the government which will lay before us all possible answers to this pervasive problem.

Mr. Baker (Grenville-Carleton): Mr. Speaker, did I hear the minister correctly, that he will be tabling the report? Certainly, that is the way this dialogue should begin, with the expectations and the reasons for action examined. Did I hear him correctly, that he intends to table it? If I did, when?

Mr. Andras: Mr. Speaker, I said that I intend to table it. I am hopeful of being able to develop a response as to the recommendations at almost the same time, so that expectations emanating from the report will not be beyond our ability to fulfil in terms of expenditures at this time. However, that will be within the next week or ten days.

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POINTS OF ORDER

MR. CULLEN—ANSWER GIVEN TO HON. MEMBER FOR PROVENCHER

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, I rise on a point of order. In a question to me by the hon. member for Provencher (Mr. Epp) I believe he mentioned the month of December for the deportation order. I want my answer to be as full and complete as possible. The situation is that Mr. Hart came into the country in the spring of 1971 to act as an informant for the RCMP. We were not aware of this fact until December, when the deportation order was made. I wanted to give full information to the hon. member.

MR. ALEXANDER—PROCEEDINGS DURING QUESTION PERIOD

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, I rise on a point of order. I just want to draw to Your Honour's attention the fact of the flagrant abuse of the question period

by two ministers in particular, the Prime Minister (Mr. Trudeau) and the Minister of Agriculture (Mr. Whelan), was particularly noticeable today. On several occasions I have heard Your Honour indicate to both sides of the House that questions should be sharp and short. I submit that this is what occurred this afternoon.

I noticed on several occasions that Your Honour attempted to admonish not only the Prime Minister but the Minister of Agriculture who were flagrantly—I do not want to use the word deliberately—abusing the question period by making statements which should come on motions. It is not up me to tell the Speaker how this House should be conducted.

Some hon. Members: Hear, hear!

Mr. Alexander: However, it is my duty to bring to your attention, Mr. Speaker, and to other members of the House that this type of action cannot continue, because we will have a breakdown. You, sir, have indicated this on several occasions in the past month and a half.

Some hon. Members: Oh, oh!

Mr. Alexander: The Prime Minister is again being a smart alec. He had a little three-day convention and he had Trudeaumania within the Chateau Laurier—

Some hon. Members: Hear, hear!

Mr. Alexander: —but he has despair, discontentment and disillusionment around the country. I will now close my argument, hoping that when the donkeys quit braying, you will have an opportunity to give some input to my point of order, particularly with regard to chastising and admonishing the Prime Minister, the Minister of Agriculture and other ministers who are flagrantly abusing the question period.

Mr. Speaker: Order, please. With respect to the point of order raised by the hon. member for Hamilton West (Mr. Alexander), my recollection is that today I extended about equal leniency to both sides of the House. I invite the hon. member to examine the transcript to see that. However, I will be glad to accept his invitation to come down a little tougher tomorrow on both sides. But it will be on both sides, not just one.

MR. PAPROSKI—MOTION OF HON. MEMBER FOR VANCOUVER EAST

Mr. Steven E. Paproski (Edmonton Centre): On a point of order, Mr. Speaker, so there will be no misunderstanding, I said to the motion by the hon. member for Vancouver East (Mr. Lee) that this motion is not true and it should be debated.

[Mr. Alexander.]

ROUTINE PROCEEDINGS

[*English*]

PUBLIC ACCOUNTS

First report of Standing Committee on Public Accounts—Mr. Huntington.

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

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IMMIGRATION

TEXT OF AGREEMENT BETWEEN CANADA AND SASKATCHEWAN

Hon. Bud Cullen (Minister of Employment and Immigration): Mr. Speaker, pursuant to Standing Order 41(2) I should like to table, in both official languages, the immigration agreement entered into between Canada and the province of Saskatchewan.

Mr. David MacDonald (Egmont): Mr. Speaker, I rise on a point of order with respect to the document just tabled by the Minister of Employment and Immigration (Mr. Cullen). Is it going to be the practice of the minister to table from time to time these important documents with respect to immigration agreements between the federal government and the provinces without any opportunity for the standing committee to examine the regulations that will come into effect shortly? I find this to be a strange abuse of governmental responsibility.

When we discussed Bill C-24 it was my very clear understanding that the standing committee would have an opportunity to review those regulations before they went into effect. We are now in the situation of having the minister table the agreements with the provinces, with no chance to review even the regulations that are going to come into force which will affect those agreements and the over-all functioning of Bill C-24.

Mr. Cullen: Mr. Speaker, rather than being discourteous to hon. members, when I was before the committee I provided them with rather extensive notes on the regulations to be passed pursuant to the Immigration Act. In addition, some two months ago, early in January in any event, I sent around to each member of parliament the regulations that would be passed, and pointed out the necessity of tabling them in the *Gazette*. I have not had one representation from any member of the House since January 3 with regard to the content of these particular regulations.

I thought I was being courteous to the House by indicating to it that notwithstanding whether I do or do not have a requirement, I made this information on the agreements available to members of the House so that they would have all of the information possible pursuant to the provisions of the act.

Mr. MacDonald (Egmont): Mr. Speaker, I rise on a question of privilege. I know that the minister would not want to

misrepresent the position of my colleague, the hon. member for Provencher (Mr. Epp), our spokesman on immigration. On two separate occasions since those regulations have been presented by the minister, my colleague asked that they be referred to the standing committee. The minister refused twice to have that happen. Therefore the situation is not as stated by the minister. There has indeed been a very clear request by the official spokesman of our party to have these reviewed by the standing committee. We have had no such opportunity. I find it strange the minister has refused it.

Mr. Speaker: Order, please. The hon. member is engaging in argument. It has nothing to do with privilege.

* * *

● (1512)

VETERANS AFFAIRS

REFERRAL OF REPORTS TO STANDING COMMITTEE

On the order: Government notices of motions:

Feb. 23—The Deputy Prime Minister and President of Privy Council—The following proposed motion:—That the Annual Report of the Department of Veterans Affairs, the Reports of the Chairmen of the Canadian Pension Commission, Pension Review Board, and War Veterans Allowance Board, and the Report of the Bureau of Pensions Advocates, for the fiscal year ended March 31, 1977, tabled on November 14, 1977, be referred to the Standing Committee on Veterans Affairs.

Mr. MacEachen: Stand.

Mr. Speaker: Pursuant to Section 2 of Standing Order 21, this government notice of motion is transferred to and ordered for consideration under government orders later this day or at the next sitting of the House.

* * *

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 225, 1,091, 1,130, 1,157, 1,158, 1,167, 1,229, 1,246 and 1,287.

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

[*Text*]

LOTO CANADA—NUMBER OF PERSONS UNDER CONTRACT

Question No. 225—**Mr. McKenzie:**

1. What is the total number of persons under contract to Loto Canada Inc. and how many are retired public servants?

2. What was the total amount in (a) 1975 (b) 1976 paid to those under contract and how much of this was to retired public servants?

Order Paper Questions

Hon. Iona Campagnolo (Minister of State (Fitness and Amateur Sport)): 1. As of October 20, 1977, there was one person under contract to Loto Canada Inc. He was a retired public servant.

2. (a) Not applicable. (b) During the fiscal year 1976-77, $183,490.93 was paid to persons under contract. This took place during Loto Canada's start-up phase so that a very large majority of these individuals are no longer associated with the corporation. None of these, to our knowledge, was a retired public servant.

KATIMAVIK—ENROLMENTS, PROJECTS AND PARTICULARS CONCERNING NEWFOUNDLAND

Question No. 1,091—**Mr. Marshall:**

1. How many young Canadians have applied to enroll under DND Programme KATIMAVIK?

2. How many were (a) accepted (b) rejected?

3. As of December 31, 1977, how many are still enrolled and how many have dropped out of the Programme?

4. What are the 30 communities involved in KATIMAVIK?

5. How was the project publicized in the Province of Newfoundland?

6. How many applications were received from the Province of Newfoundland and how many were (a) accepted (b) rejected, and for what reason?

7. What is the allocation of funding under KATIMAVIK, by province?

Hon. Barney Danson (Minister of National Defence): 1. KATIMAVIK is not a DND programme. The programme is managed by a private non-profit corporation which reports to Cabinet through the Minister of National Defence. However, the programme does offer a military option under the aegis of the Department of National Defence. The statistics in regard to the total programme as well as the military option are as follows: Number of applicants, 3,375; number invited for interview, 2,996; number reported for interview, 1,596; number enrolled, 1,137; number who selected military option, 112; number enrolled under the military option, 79.

2. See Part 1 above.

3. Total programme, 921; military option, 63.

4.

Terra Nova, Newfoundland	National Park
Breadalbane, Prince Edward Island	Institute of Man & Resources
Halifax Citadel	Parks Canada
Clare, Nova Scotia	University of Ste. Anne & Municipality
St. John, New Brunswick	Heritage Trust Association
Tracadie, New Brunswick	Caraquet Municipal Council
Larouche, Québec	Municipality
Coaticook, Québec	Tourist Commission
Baie Comeau, Québec	Conseil des Loisirs
Cabano, Québec	Le Sentier du Grand Portage
Gatineau, Québec	National Capital Commission
Arundel, Québec	Municipality
North Bay, Ontario	Conservation Authority
Prescott, Ontario	Municipality
Timmins, Ontario	Conservation Authority
Peterborough, Ontario	Conservation Authority Social & Family Services
Grand River, Ontario	Conservation Authority
Wasaga Beach, Ontario	Ministry of Natural Resources and Municipalities
Paint Lake, Manitoba	Provincial Park

Order Paper Questions

Bakers Narrows, Manitoba	Provincial Park
Wilcox, Saskatchewan	College of Notre-Dame & Town
Gravelbourg, Saskatchewan	Municipality
Yamnuska, Alberta	Recreation Centre
Fort McMurray, Alberta	Municipal Planning Board
Strathcona, British Columbia	Outdoor Education Centre
Kamloops, British Columbia	School District
100 Mile House, British Columbia	Royal Canadian Legion
Chilliwack, British Columbia	Park Board
Yellowknife, North West Territories	Environment Protection Service, Parks & Recreation Dept.
Yukon, Yukon Territory	Atlin Historical Society, Dawson City Historical Society, Parks Canada

5. Pamphlets and application forms at Manpower Centres, high schools, colleges and universities. Media interviews, Weekend issue magazine, Radio.

6. For the total programme including the military option, 80. (a) 68; (b) 12. Reasons for rejection were as follows: lack of motivation towards the programme; basic criteria not fulfilled such as age, citizenship and marital status.

7. There is no allocation of funds by province; provincial representation applies in the forming of teams and into the allocation of teams to regions. The regions and the number of teams are as follows: Atlantic, 6; Quebec, 6; Ontario, 6; Prairies, 7; Pacific, 5.

DEPARTMENT OF LABOUR—EXPENDITURES IN NICKEL BELT CONSTITUENCY

Question No. 1,130—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Labour and those agencies that report to it?

Hon. John C. Munro (Minister of Labour): Although the Department of Labour is active within the Constituency of Nickel Belt, accounting procedures are such that a specific reply would entail a lengthy and costly examination of accounts, the cost of which in manpower and time would be prohibitive.

SNOWBLOWING EQUIPMENT FOR STEPHENVILLE AND/OR DEER LAKE, NEWFOUNDLAND AIRPORTS

Question No. 1,157—**Mr. Marshall:**

Were requests made to the Department of Transport for new snowblowing equipment for Stephenville and/or Deer Lake, Newfoundland Airports and, if so, was such equipment provided under the $2.5 million procurement programme to replace snowblowing machines, as per Department of Transport News Release No. 283/77 dated December 20, 1977 and, if not, for what reason?

Hon. Otto E. Lang (Minister of Transport): The requirement to provide snowblowing equipment at Stephenville and/or Deer Lake, Newfoundland Airports, as for other Transport Canada Airports, is reviewed periodically. The result of the current review showed that the snowblowers held at these two sites are adequate to meet the workload commitment for the next four years. Snowblowing equipment is not included therefore for these two airports in the $2.5 million procurement program announced in the Transport Canada News Release No. 283/77 dated December 20, 1977.

[Mr. Danson.]

NATIONAL DEFENCE—FLIP IN NEWFOUNDLAND

Question No. 1,158—**Mr. Marshall:**

1. What are the particular projects being carried out under FLIP as a result of the allocation of $633,000 to the Province of Newfoundland under the Department of National Defence?

2. What is the breakdown, by districts, in the Province?

Hon. Barney Danson (Minister of National Defence): 1. The projects are in the administrative support and general labour categories and will basically provide the following work: (a) clerical, and general office work; (b) brush clearing, snow removal, kitchen help, grass cutting, cleaning assistance and driving.

2. CFS St. John's, $153,000; CFS Gander, $377,000; CFB Goose Bay, $103,000. Total, $633,000.

NATIONAL DEFENCE—COST OF COMMERCIAL AIR TRANSPORTATION IN 1977

Question No. 1,167—**Mr. McKinnon:**

What was the total cost to the Department of National Defence for commercial air transportation in 1977 for (a) military personnel (b) civilian personnel (c) material?

Hon. Barney Danson (Minister of National Defence): (a) and (b) This information is not readily available since military and civilian travel expenditures are controlled on a decentralized basis, at units, stations, bases and headquarters. To provide this information would require a review of thousands of claims all over Canada and overseas. For this the department does not have the necessary resources. (c) Commercial air transportation costs of material is not recorded as a separate item from other commercial transportation modes, i.e. railways, therefore only an estimate based on percentage use can be made. The estimate for 1977 is approximately $700,000. However, commercial air transportation is only used when DND resources are not available.

TASK FORCE ON CANADIAN UNITY

Question No. 1,229—**Mr. Howie:**

1. How many persons are on the New Brunswick Provincial Liaison Committee of the Task Force on National Unity?

2. Do they receive remuneration or travel expenses and, if so, in each case, in what amount?

3. (a) In what manner was the liaison committee in New Brunswick selected (b) what are the members names and in which municipality does each reside?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): 1. The New Brunswick Provincial Committee of the Task Force on Canadian Unity is composed of 15 appointed members.

2. The committee members are volunteer and receive no remuneration for their services.

3. (a) To select members of the New Brunswick Liaison Committee, the Task Force on Canadian Unity contacted directors of different organizations and citizen's groups, such as the Federation of Labour, numerous Chambers of Commerce, educational groups, etc. From the suggestions given by directors of the groups consulted, fifteen interested New Brunswick residents were selected in order to achieve optimum representation.

(b)	Mr. Doug Bannon	P.O. Box 2159 Station A, Moncton
	Mr. Ned Belliveau	P.O. Box 1238 Shediac
	Mr. David Blair	1234 Main Street Moncton
	M[me] Blanche Bourgeois	C.P. 60 Cocagne
	Mr. Bill Cooper	P.O. Box 295 Fredericton
	Dr. Forbes Elliot	29 Maple Grove Terrace Saint John
	Major Frank Ervin	29 Horton Road East Riverside Saint John
	Mr. Bud Gerth	75 Anne Street Moncton
	M. Fernand Landry	Case postale 878 Bathurst
	M. Martin Légère	Caraquet
	M. Denis Losier	80, rue Church Moncton
	Jocelyne Losier	860, rue Main Moncton
	Mr. Roland J. Lutes, c.a.	40 Charlotte Street Saint John
	M. Marcel Sormany	42 avenue Fraser
	Père Roland Soucie	Université de Moncton

AMENDMENT TO BANK ACT

Question No. 1,246—**Mr. Herbert:**

1. Is it the government's intention to introduce an amendment to the Bank Act obligating chartered banks to release funds to a client at a branch other than that at which the funds are held in the account of the client?

2. Is it the government's intention to change the procedure by which a chartered bank can release funds frozen at the death of a client?

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): A number of changes to the Bank Act were proposed in the White Paper on Canadian Banking Legislation, released in August 1976. Numerous suggestions were received through submissions from interested parties, responding to the White Paper proposals or to perceived shortcomings in the banking system. The government has considered these suggestions, along with a large number of relatively detailed changes that were not discussed in the White Paper. All of the proposed amendments, including any changes to the White Paper proposals will be made public at the time the bill to revise the Bank Act is introduced in Parliament.

MEMBERS OF PARLIAMENT AND SENATORS WHO ARE SHAREHOLDERS IN CPR

Question No. 1,287—**Mr. Jones:**

1. How many M.P.'s and Senators are shareholders in the CPR Company or its subsidiaries?

2. What are the names of these persons and the amount of their shares and what are the details?

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): See Beauchesne's Parliamentary Rules and Forms, Fourth Edition, citation 171 (dd).

[*English*]

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

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BANK ACT

AMENDMENT TO EXTEND OPERATION TO APRIL 1, 1979

Hon. Allan J. MacEachen (for the Minister of Finance) moved that Bill C-16, to amend the Bank Act and the Quebec Savings Banks Act, as reported (without amendment) from the Standing Committee on Finance, Trade and Economic Affairs, be concurred in.

Motion agreed to.

Mr. MacEachen (for the Minister of Finance) moved that the bill be read the third time and do pass.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, about a month ago I directed some questions to the Minister of Finance (Mr. Chrétien) in the hope that I would receive a reply from the minister or someone speaking on behalf of the government. I did not really expect a reiteration by the parliamentary secretary of the same vague information given to the Committee on Finance, Trade and Economic Affairs. That information was to the effect that the information might be forthcoming around March 15. The minister said it was really out of his hands in that the bill had been sent to the Department of Justice for the drafting of a technical amendment.

I have before me a copy of Issue No. 7 of the evidence of proceedings before that committee, where at page 6 it is indicated that the decision had been taken after the receipt of briefs, and that this was a very complex piece of legislation.

There may be some areas where it is complex, but of all the legislation I have seen and am familiar with, it seems to me the Bank Act is one of the clearest we have on the statute books, at least in its basic terms, and it has been in existence for a long time. I do not agree that this thing is very complex.

Of course we are not able to know what the government proposes to do as a result of its white paper and the representations it has received, but the minister has said that there is a technical amendment that has to be made, and that the bill has been sent to the Department of Justice.

It would be very interesting to hear from a representative of the Department of Justice what that department is doing about the revisions to the Bank Act. I did ask for such information, but the parliamentary secretary to the minister merely reiterated what had been said.

Why is the department hanging on to this bill? I would suggest in a straightforward way that the bill is being deliberately buried by the Department of Justice. Why would that be so? First of all, I think the government must be concerned about some of the recommendations it has received, it has seen, or will be seeing in the Bryce report on corporate concentration, and that report has been aborning a long time. It seems to me it has been in the hands of the government for some time. It is supposedly in the process of translation, but the government knows what it contains, and that may have caused the government to want to change the Bank Act.

We are reaching a very sensitive season. As of yesterday we have been told we can expect an election date at any time. If anything is to be proposed by the government in respect of the Bank Act which might upset a part of the Canadian community, then obviously the best thing for the government to do is leave those revisions buried in the drafting section of the Department of Justice until it is too late for them to affect this House or the opinion of the public.

The extension date to March 31 of next year must be taken in conjunction with the government's proposals in its white paper dated August, 1976. Those in themselves are modest enough and there is no fundamental revision to the Bank Act, or not to the extent I would like. I think what all this amounts to is a sort of tinkering based upon what has happened in the last ten years. There should be much more than that.

I am not going to repeat what I said during the second reading debate. The Bank Act in so far as it deals with the chartered banks is not too bad. However, with the growth of the near-banks, and they are even more permanent than they were ten years ago when changes were last made,—I am referring to the trust companies, some of which were founded in the 1960's and have grown into substantial institutions—we need some changes. These near-banks are not as big as the big five chartered banks, but they are substantial institutions and are engaged in the business of banking. No one will deny that they are engaged in the business of banking.

Some of the provinces are overly touchy about these near-banks. They do not want trust companies operating under incorporation by and within the provinces to be touched by the

authority of the Minister of Finance or the Inspector General of Banks. However, the constitution speaks about banking, and these companies are engaged in the business of banking. The only thing they do not have is the formula under which they can increase the volume of deposits on the basis of a percentage of their reserves and cash. The same thing applies to les caisses populaires and credit unions. They are engaged in the business of banking, and I will discuss them a bit further later on.

These near-banks, in whatever form, want the advantages of the clearing system, but they are not prepared to commit their reserves, as do other chartered banks, small or large. There are credit unions in existence today which are larger and stronger than some of the new banks that have been incorporated in the last two or three years. They have been operating for a good length of time. There is no question about the fact that they are no longer in the infant stage. They have grown to full-blown adulthood. I am not objecting to that in any way. They have been well run, but they are in the business of banking. Therefore it seems to me anyone engaged in the business of banking should come under the Bank Act. There should be a Bank Act not just dealing with commercial banks but with the chartered banks as well.

● (1522)

I expressed the opinion that there should be a short debate on this bill. My colleagues have convinced me otherwise. The stated purpose was in order to receive some views about changes to come in banking at this time. That is not totally relevant to the bill, but in the tradition of the House if something can be brought in under the title of a bill, then debate will take place regardless of the rules of relevance. Be that as it may, the official opposition voted against this bill on second reading in order to express disapproval of the government's failure to come forward with amendments to the Bank Act. This bill is another illustration of the careless, slapdash attitude the government has toward economic problems. It is tied up with so many other things that do not assist in putting this country together, and do not work toward developing Canada's economic strength. Further development of our economic strength is necessary in order to afford people the frills they desire in an affluent society.

I should like to refer to government proposals made in regard to the Canadian payment system. This must be brought out in the open. This is the first time we have had a chance to debate these matters before the House. What is the Canadian payment system? The present system is run by the Canadian Bankers' Association. It is established under federal law, and its by-laws are subject to the approval of the Treasury Board. The system is highly automated, but it is on the verge of becoming outdated for two reasons. I should like to refer to the white paper which reads as follows:

> The first reason is that inequities have developed in the system as the near banks, operating under legislation different from that under which the banks operate, have become important in the business of accepting orders for the transfer of deposits.

Anyone working in the clearing system of any bank can indicate what the volume of transfer deposits means. The credit unions and caisses populaires are not geared to handle as yet their responsibilities in the clearance system. Any good banker who has worked in the main clearing system can indicate that.

The white paper continues:

> While the banks have made provision for the clearing of the cheques on these institutions, thereby aiding them to gain their present status in the payment system, the near banks have no voice in the operation of the clearing system.

I think they should have a voice in the operation of the clearing system. They have been strong participants in the transfer of deposits.

It continues:

> Neither do they have access to lending facilities of the central bank as do the chartered banks. On the other hand, the near banks have no obligation to maintain non-earning reserves against their deposit liabilities as do the banks.
>
> The second reason why the present system is becoming outdated is that the making of payments is starting to evolve from a system based almost exclusively on paper transactions toward an electronic system in which paper transactions will have a less prominent role. The Government of Canada has already recognized that the near banks should be represented in the technical work that must precede the introduction of such a new system and they are represented in the committee now at work designing some of the specifications which will be required. These institutions have asked for and welcomed the opportunity to participate . . .
>
> In the evolution of the payments system of today into the payments system of tomorrow, the economic interests of Canada will be served best by a national clearing system in which all of the institutions directly involved may participate and share the requisite rights and obligations in an equitable manner . . .

I think everyone in the House would agree with that. In principle, all the near banks would agree with this. Then arises the question of how to achieve this status and what it would cost. What would be the responsibilities? I am afraid there is a difference of opinion in that regard. It has been expressed to me in letters from some of the credit union federation since I last spoke on this bill. I respect some of the opinions expressed. In others the language was somewhat intemperate and was not becoming of those who signed the letters. When the Bank Act comes up for revision, those self-same people will be heard, as I will be too. We will have an opportunity to discuss and then decide what should happen.

There will be many colleagues on the committee interested in banking who will express views with which there may be some divergence. This dialogue should have taken place a long time ago. There is no reason why the former minister of finance, the hon. member for Rosedale (Mr. Macdonald), should have refused to let the white paper go to the Standing Committee on Finance, Trade and Economic Affairs. In the fall of 1976 the other House availed itself of the opportunity by adopting the simple expedient of referring the contents of the white paper to its banking committee. They conducted some good hearings and heard views from people from whom we should have heard. Because there was a conflict of stupidities in regard to the length of debate that could take place on second reading, this was not done here. I am sure there would have been extensive participation from both sides of the House on second reading, because the Bank Act only comes before the House every ten years. There are strong views held in favour of varying conditions which apply across the country. The conditions in Alberta should not necessarily apply in the Atlantic provinces, nor in the province of Quebec where there is a greater influence in the credit unions and les caisses populaires, nor in any other province where there is not the same balance.

One of the big difficulties in the economic administration of this country is that the Bank Act lays down conditions for the operations of chartered banks. They should be the same from St. John's, Newfoundland, to Victoria, British Columbia; from the 49th parallel and those places south of it, right up to the north pole. It seems to me that in a while we can legislate for the operations of the chartered banks across the country on a uniform basis, yet there should be provisions in the Bank Act to give flexibility for the better operation of those institutions best suited for the development of the regions.

● (1532)

If rural Quebec prefers to have caisses populaires and credit unions, or if in the rural portions of Newfoundland co-operative credit unions are the best vehicle for the handling of business on a personal and commercial basis, then so be it, but they should all come under the Minister of Finance (Mr. Chrétien) in so far as monetary policy is concerned, and their responsibility should be to the central system. That is the way the constitution foresees it in giving to the federal authority absolute jurisdiction over banking and money. Yet we see the side operations, which now represent a high portion of the total of the financial operations in the country, being beyond the direct control of the Minister of Finance and of the central bank. I do not think we are in a position as a country to deal in what I think is such a slipshod and loosely organized way as that.

I want to see our banking system, as I explained on second reading, much more responsive to the needs not only of today but of the next 25 to 40 years. As I said then, we operate the Bank Act on a Model T Ford mentality. Everything is based on how the old Model T used to go.

The Porter Commission in the 1950's and 1960's made a number of valid proposals. I do not think it went far enough because I do not think it looked at the whole of the banking system, but the conditions in Canada at that time were different from what they are now and the Porter Commission should be viewed in the context of the conditions that applied at that time and the experience of today. Today we are in quite a different world. Our population has increased, our business affairs have increased, the sophistication of our financial system has created new demands, but, frankly, our financial institutions have not been flexible enough to respond to this.

You can talk to businessmen in the United States and to many of our own businessmen who will tell you of their difficulty in obtaining easier financing so that it does not become a case of hawking one's gold teeth every time one requires financing, or borrowing your own money. A much greater degree of confident risk taking must exist. The small businessman today in this country is strapped by the condi-

tions. I am not blaming the commercial banks. They have to change their philosophy as well, but we must also make available other systems to fit our requirements.

We need a money market in Canada. At present one has to go abroad. The framework and the circumstances most required for the development of that money market do not exist and cannot be created overnight. If the minister of finance at that time, the hon. member for Eglinton (Mr. Sharp), and the then inspector general of the banks had seen fit to allow merchant banks in Canada on a proper framework, we would not have had the kind of funny financing that goes on now. There is some merchant banking that takes place in Canada, but mostly by agencies of foreign houses.

The white paper speaks about the operations of foreign banks. Well, there is competition and our chartered banks welcome it, but there must be competition on a fair basis. I say, as I did on second reading, that in most of our major cities we have suitcase bankers. They come from the world over and they provide a remarkably large volume of funds required to meet conditions here in Canada. There is one difficulty, however. These people operate without supervision and entirely outside of any control so far as ethics or safeguards are concerned. They take money out of the country. It is proposed here that there should be some form of control, but this condition has become epidemic and it will go further by March 31, 1979. Of course, that is only a problematical date, I forecast, because it all depends on when the next federal election takes place.

If the bill comes in on March 15, it is a question of whether the present House leader will consider allocating time to a lengthy debate on second reading of the bill. The estimates are before the House now, and the House committees will be considering estimates, not legislation, and also there has to be a run-up period for public hearings. When will those public hearings take place? Would it be in May or June? What about an election or, if the election is deferred until the fall, when will those public hearings take place? The committee will make its report, and on that basis what will the government do? Will it just turn a deaf ear to many of the recommendations that the committee may make and insist, if God forbid it should be the same administration, that its original proposals should stand without any major amendments?

● (1542)

Then, when is the legislation to be passed? More important, we must give time to the various financial institutions to adjust their operations so that they can be in a position to carry on when the new legislation becomes effective. They cannot adjust casually to the requirements which may be made of them because, insofar as chartered banks are concerned, the Bank Act is their charter. If they cannot be in a position to operate legally under the Bank Act, they will be in contravention of it. That is not a profound statement, but the Bank Act is their charter, and it sets out the conditions under which they operate. I find it appalling that the government has adopted such a casual approach to the fundamental cornerstone of the operations of the Canadian economic system. This cornerstone is viewed as an easy canter or a lazy waltz toward the objectives. I do not think that is good enough.

[Mr. Lambert (Edmonton West).]

Let us go back to what the government proposed with regard to the Canadian Payments Association. There would have to be a companion act, incidentally, because the Bank Act in its present form deals only with chartered banks. There would have to be a Canadian Payments Association Act because near-banks cannot operate under an act which is limited and forms the charter of chartered banks only.

To give effect to the payments system of tomorrow it is proposed that a Canadian Payments Association be established by companion legislation to the Bank Act. All institutions in Canada accepting deposits transferable by order will be required to join the association. That means trust companies, caisses populaires and credit unions. All members of the association will have certain rights and obligations. They will have the right to offer checking facilities to their customers. They do that now. They will have the right to have checks and perhaps certain other items cleared through the national clearing system. However, they do that now in a limited way in that this is handled in an account within one of the chartered banks which itself is a member of the clearing system. Near-banks are not.

Members will be expected to co-operate in the effective running of the system and to share its operating costs. I think that is quite right. If you are a member and you have a say about operations, you should be prepared to pay some of the costs. I do not think anybody really objects to that.

To assure all members that their associates are maintaining a sound financial condition, all members will be required to belong to the Canada Deposit Insurance Corporation, to be insured by the Quebec Deposit Insurance Board, or, in the case of credit union centrals and caisses populaires federations, to be members of the Canadian Co-operative Credit Society. I do not think that condition represents any obstacle. As a matter of fact I think everyone operating complies with these requirements, but here comes, shall we say, the nut on which some are cracking their teeth: members will also be required to maintain minimum reserve against specified liabilities in the form of Bank of Canada notes, in non-interest bearing deposits at the Bank of Canada or, in some cases, with other members of the association. Finally, members will be obliged to meet other requirements of the Canadian Payments Association Act in areas such as reporting information.

Provincially incorporated institutions will in all other respects continue to be controlled by their provincial acts of incorporation and subject to provincial jurisdiction. The filing of financial returns, annual reports, lists of shareholders, or whatever the credit unions require of their member societies, will have to be done according to the regulations laid down within the various provincial statutes, but as far as the business of banking is concerned it is my view—which is not necessarily shared by all—that all such institutions should have common privileges and common responsibilities.

The white paper goes further to say that in order to give flexibility to the system and, indeed, to permit it to function as much like the present system as the members desire, it is proposed to permit any bank or non-bank member of the association to be either a clearing member or a non-clearing member. A clearing member will keep its reserve account with the Bank of Canada and participate in the clearings at the regional settlement points. A non-clearing member will elect to clear through a clearing member and may keep its reserve account with that member, in which case the clearing member will have to match the non-clearing member's reserve account by an equivalent amount in its account at the central bank.

It is anticipated that many members of the association will elect to clear through other members. I think so; they do that now. There already have been some difficulties in some of the smaller institutions and among near banks. It is felt that the assignment of some reserves to a known interest earning status will cause them some difficulties. I do not know. Unless I can be persuaded otherwise, it seems to me that if they want to belong to the club they have to pay their dues. I am not looking for a great controlling hand.

My purpose in looking at the revisions to the Bank Act is to help create a Bank Act and a system which will give us greater flexibility in the kinds of institutions we can have here in Canada. They should, however, be responsible through the banking system to the Minister of Finance, who is responsible by law for the monetary policy of this country. Canada should be furnished many of the features of banking systems abroad. All of us know very well that those systems function very successfully. We have not been able to incorporate those features into our requirements because the single act we have that governs banking, governs chartered banks only.

● (1552)

There is another feature that I want to discuss briefly, Mr. Speaker. There has been mention of an electronics payments system which is an offshoot of the payments system. It will be much like a credit card but will be a payments card. The possibilities are just beginning to become evident, but I believe that within ten years of the effective date of whatever legislation we have permitting the payments card, individuals will be doing a fantastic amount of their business that way. It is open to electronic connections and the desire of the banks, whether near or fully chartered banks, to eliminate the cost of the float. The cost of floating credit instruments constitutes a high proportion of the total cost in our systems today. Banks may be able to eliminate some of these costs and thus reduce charges for the services offered to customers, and perhaps even enlarge their clientele.

I will not touch on the subject of reserve requirements because that is too complicated to discuss at the moment, but I should like to refer to the difficulties of entering the banking industry. At the present time banks may be incorporated only be a private act going through this House and the other place. The passage of a private banking bill is a calvary. I do not know how many gethsemanes the organizers of a new chartered bank have to pass through before a bill passes. The record is shocking. The system for private members' bills is such that one or two members can hold up a chartered bank bill beyond reason, just through caprice or ignorance. This is unfair to the organizers of a bank.

I agree with the proposal that chartered banks may be incorporated by letters patent, subject to stringent conditions, through the Department of the Secretary of State or the Department of Consumer and Corporate Affairs. One thing in the white paper that I do not agree with emanated from the Western Economic Opportunities Conference, and that is the proposal to allow provincial governments to participate in the founding of chartered banks to the extent of owning up to 25 per cent of the issued shares, this to be reduced to a maximum of 10 per cent over ten years.

I am very pleased that the White Paper dropped the much more dangerous provision that was bandied about in Bill C-2 three or four years ago which would have allowed provincial governments to buy into existing chartered banks. This would have resulted in chaos and conflicts of interest. It would have given the provinces that owned shares in major banks an unjustified leverage in granting credit for the development of industry in certain provinces. It was a totally repulsive feature which I was glad to see abandoned.

I do not like to see provincial governments in the business of banking. It is all right for them to operate savings associations, but not chartered banks. The province of Alberta operates treasury branches which are a form of near-banks. I would like to see them disposed of to someone who is prepared to organize a regional bank which would respond to the needs of people as do the treasury branches.

I should like to close on a note of caution, Mr. Speaker. We have mentioned the activities of foreign banks. I am sure they recognize that they should operate within a framework which people understand and which at the same time is fair to them. At the present time arbitrary action can be taken which would be unfair to them. Not only would this framework permit a measure of control over them but it would also give them protection. It should be remembered that overly stringent or repressive action by the Canadian government toward foreign banks would be reciprocated in many countries. Our major chartered banks have established a world-wide network of operating branches in foreign capitals which enable Canadians to do business with their own institutions and thereby facilitate Canadian business. This should not be endangered.

This bill is a reflection of the slip-shod performance of the government, Mr. Speaker. I cannot accept the reasons given by the parliamentary secretary to the Minister of Finance (Mr. Lumley) that the delay occurred in the Department of Justice. But I certainly think that March 31 next is a sort of trigger clause or non-sitting clause. If it is required at that time it will give us a margin of safety with the chartered banks.

● (1602)

There are factors, however, which might cause us to come back again because there will be insufficient time to deal with

the Bank Act. In outlining my remarks I have indicated what those circumstances might be. It might be just a case of calling the election at the wrong time. I hope, therefore, that members of this House had an opportunity themselves to examine the white paper. I think we should have a limited debate even of this nature given somewhat beyond Bill C-16. We thank the Chair for its indulgence, and I am sure that hon. members on the government side would want to respond in the same way so that we can discuss some of the requirements we think should exist in the Bank Act.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, the Bank Act by law is revised every ten years. We are now being asked to postpone that major revision. It is not because the opposition is opposing or blocking the revision of the Bank Act; it is because the government is not ready. This is an indication of how serious the economic situation is in this country and how the government has mismanaged its affairs.

This is a time when we have the highest number of unemployed Canada has seen since the great depression of the 1930's. By official statistics we have 991,000 unemployed. We know there are probably another 500,000 unemployed who are not counted in the official statistics. These are people who have given up looking for work because there are simply no jobs. These people live in areas such as Newfoundland, Cape Breton Island and eastern Quebec and the majority of them are women and youth. There are almost 20 people available for every job that exists. This is an indication of the serious situation in which this country finds itself.

Banks in every country have tremendous power. Banks play a major role in the decisions which will direct the economy over the next few months or years. And yet despite the banks' decisions to invest money in certain areas and in industry, and despite the importance those decisions have on the people of Canada, the government is not ready with its proposals to revise the Bank Act under which all the chartered banks and institutions such as the credit unions and trust companies operate. This is, to say the least, a disgraceful indication of the difficulties which this country faces.

This debate should be one of the most important debates in parliament. The chartered banks are at the centre of our whole financial system. We are disappointed, Mr. Speaker, that the government has taken this approach in postponing consideration and amendment of the Bank Act.

When the present Bank Act was tabled over 10 years it was labelled by the then finance minister as a "blueprint for competition". But over the next decade the banks grew faster then ever before in our history. They have consolidated their position at the centre of our financial system. In our view, their level of profits over the last decade has been much higher than public interest would have dictated. I would suggest, Mr. Speaker, in light of the anti-inflation program which this country has supposedly lived with since October, 1975, together with the 6 per cent restriction which the government has imposed on any increase of wages and salaries in the coming year, that the increase in assets and profits of the five largest banks is a disgrace. This is a situation the people of Canada ought not to put up with.

[Mr. Lambert (Edmonton West).]

The five largest chartered banks which control 90 per cent of the assets have already an inordinate degree of power. Yet the new Bank Act which the government is considering and which I assume will be the basis for the bill when we get it some time next year, would increase substantially the powers the banks already have. They would be able to expand into new areas where they have previously been forbidden and thus be able to expand profits and power.

One only needs to look at the information which the banks make public to see the tremendous powers that they hold. I want to take a few moments to illustrate some of these powers. I do this because of the tremendous financial assets of the banks and because of the interlocking directorate between senior officers of the five largest banks and the other major industrial and financial corporations of this country. These facts I procured from the Directory of Directors published by the *Financial Post*.

Mr. W. Earle McLaughlin is the chairman of the Royal Bank of Canada, and I will mention just a few of the directorships which he holds. First of all is Sun Life, and those Canadians particularly from Quebec know all about Sun Life. Mr. McLaughlin is a director of Adele Investments; Algoma Steel; Allied Chemical; Canadian Pacific Railway; General Motors—this is the whole General Motors corporation not just the Canadian segment—Genstar; Metropolitan Life; Power Corporation; Ralston Purina, the food corporation; and Standard Brands.

Another of the Royal Bank's directors is Ian Sinclair who is the president of the CPR. According to a report in the *Globe and Mail* for February 22, Mr. Sinclair was forced under provisions of United States law by regulations enacted by its Securities and Exchange Commission, to make public the salary he earns. This is a salary well over $300,000 a year. At the same time Canadians are being told by the Prime Minister (Mr. Trudeau) and the Minister of Finance (Mr. Chrétien) that they are living beyond their means. This is at a time when Canadians are being told by the Prime Minister that they should tighten their belts and so on; it is at a time when the CPR pays some of its retired employees pensions of substantially less than $100 a month. Anyway, Mr. Sinclair, who is a director of the Royal Bank and of the CPR, is also a director of CP Investments, of CP Air, of Cominco, of Pan Canadian Petroleum, of the Canadian Investment Fund, of Great Lakes Paper, of MacMillan Bloedel, of Seagrams, of Simpsons Limited, and of TransCanada Pipelines.

● (1612)

Look at the Canadian Imperial Bank. Its chairman, Russell Harrison, is a director of Brascan Limited, of British American Assurance, of Canada Life, of Kinross Mortgage, of TransCanada Pipelines and of the Royal Insurance Company. One of its directors, John A. McDougold, is head of the Argus Corporation, of Dominion Stores, of Standard Broadcasting, of Hollinger Mines, of General Bakeries, of Massey-Ferguson,

of Domtar Limited, and of the Iron Ore Company of Canada. If I were to take the time to list all the corporations of which Mr. McDougold is a director it would take up the whole of the 40 minutes available to me.

Now I turn to the third largest bank, the Bank of Montreal. Its chairman, Fred McNeil, is a director of Canadian Canners, Dominion Life, MICC Investments, the Mortgage Insurance Company, Seagrams Limited, and International Resources Finance Bank. Another director, A. Searle Leach, is a director of Federal Industries, of Great West Life, of Bathurst Paper, of Carling-O'Keefe Limited, and of Dominion Tanners.

I could go on and on, but I think the few examples I have given illustrate the kind of control which the senior officers of Canadian banks exercise not only over the banking system but over the largest corporations of this country. At a time when ordinary citizens are being told by the federal government that they ought to restrict demands for increases in wages and salaries to 6 per cent, although the cost of living is increasing by 9 per cent, we find that the assets and profits of the banks have been increasing month by month and year by year at well beyond that rate.

I call attention to an article which appeared in the *Globe and Mail* of February 22, 1978, in the section headed "Report on Business." Consider the situation. Our largest bank, the Royal Bank, held assets amounting to $35,670 million as of December, 1977. This figure increased in one year by 18.8 per cent. On the same date the Canadian Imperial Bank of Commerce held assets of $32,781 million. In that case there was an increase of 19.6 per cent in one year. The assets of the Bank of Montreal, at $25.9 million, increased by 21.8 per cent in one year, and those of the Toronto-Dominion Bank, at $19.46 million, increased by 18.5 per cent.

Looking at the extent to which assets have risen one also finds that funds invested in NHA mortgages increased by 35 per cent, money on loan increased by 16.5 per cent, the value of securities held went up by 62 per cent, and holdings of Canadian treasury bonds increased in value by 17.3 per cent. Finally, funds out on day call and short loans rose by 32.5 per cent. Not only do the banks possess tremendous assets but the size of those assets is increasing rapidly. Total bank assets in December, 1977, according to the *Globe and Mail*, amounted to over $150 billion. So the banks play a decisive role in all the economic activities of Canadian corporations and Canadian citizens.

We in this party feel very strongly that the chartered banks, or at least the five largest, already have an inordinate degree of power and that the Bank Act amendments which the government proposes to bring forward, and which it is now postponing, would have increased the powers of the banks still further, allowing them into new areas previously forbidden to them, and offering them many new possibilities for expanding profits and power. At the same time the near-banks such as the credit unions, the caisses populaires, and the trust companies would have found the bill imposing new restrictions upon their activities. We believe that the bank bill, when it is brought forward, should do the reverse—that it should encourage competition by giving more power to the credit unions, the caisses populaires, and the trust companies.

The proposals which the government included in its draft bank act were supposed to promote competition. It is our feeling that the result would have been just the opposite, that there would have been even more concentration than there is at the present time. The plain fact is that promoting competition between institutions of grossly unequal size simply allows the dominant institutions to take over the smaller ones. The record proves that this is what happens. If the Minister of Finance is really serious about increasing competition in the financial system, we would like him to take up the suggestion made at the finance ministers' meeting last month, that is, to set up a monitoring system to track the distribution of market power in the financial world and, if there is evidence of concentration, to take action to correct it.

We challenge the minister to look closely at the level of profits the banks have made over the past decade and to tell the Canadian people if he believes this is in the best public interest. If, as we think, the banks have made too much money in recent years, the government should be proposing measures to control profits and interest rates. Yet there is nothing in the Bank Act as it was drafted which addresses itself to this issue.

We believe the Minister of Finance should ask himself whether the big banks have been responsive in the last ten years to the real economic needs of this country. According to a narrow definition, one might say that economic efficiency is maximized when market forces concentrate investment in shopping centres and office space in big cities at the expense of investment in low cost housing, small business, and development in the more isolated regions. There is all kinds of evidence that banks have been leaders in the concentration of the business community in this country in the high growth areas of southern Ontario and British Columbia to the detriment of slow growth areas in eastern Quebec, the Atlantic provinces and Manitoba. Governments at all levels should be taking a more active role in deciding investment priorities. That is what governments do in such countries as Norway, Sweden, and West Germany.

● (1622)

The federal government has not done that kind of investment planning in co-operation with the banks. That is one reason why this country has economic difficulties and unemployment. Disparities between the high growth and low growth regions of Canada have been increasing rather than decreasing, which has been the supposed objective of the federal government for the past ten years.

When it brought forward the Bank Act, we were disappointed that it limited participation of provincial governments in regional banks. It seemed to penalize co-operative institutions such as credit unions and caises populaires. By and large, these institutions grew up to serve local and regional needs with which the big banks could not be bothered. They are an essential part of our financial system, particularly for those who are increasingly turning to the credit unions and caisses

populaires for whatever their business requirements may be with regard to financial institutions.

The criticisms I have made are the same that were made when the white paper on the Bank Act was brought forward. I want to put on record some of the views of governments, credit unions and trust companies. To a large extent they are the same criticisms that we make of the government's proposed bill which has been postponed. Should the same government be in office when the Bank Act is brought forward, it will be in much the same form as when it was first tabled by the government.

When the white paper on the Bank Act was brought forward, the government of Manitoba made certain comments. I quote in part from their comments:

My government has serious concerns with the over-all tenor of the proposals. They are apparently designed to promote competition among financial institutions and make the provision of financial services more efficient.

They said they approve of those goals but feel that, and I quote:

—the very structure of the financial sector in Canada is such that the changes proposed are more likely to produce the reverse effect—more concentration and less "efficiency" in the broadest sense.

The plain fact is that promoting competition between institutions of grossly unequal size simply allows the dominating institutions to take over business from the small institutions.

The chartered banks have demonstrated clearly that they act as 'oligopolists'; if competition among banks were real or effective they would be vying with each other for higher deposit rates and lower lending rates, and this would be reflected in lower profits.

I was told today by someone very knowledgeable that one cannot get from the Canadian banks the prices they offer for different types of loans. This is kept secret. In fact there is no competition among the major banks despite the need for competition, and we should have a new competition act which would deal with that kind of situation.

The government of Manitoba further stated:

I would ask that the federal government demonstrate the sincerity of its concern with competition in banking by setting up a monitoring system to track the competitive situation in the financial sector—and take action should there be evidence of lack of competition.

Talking about the kind of investment controls which I indicated countries in western Europe have, the government of Manitoba said, and I quote:

The federal government has the power to stipulate requirements on the banks' assets and thus influence the composition of investment. Market forces concentrate investment on large low risk projects, and shortchange housing, especially low income housing, and small business and industry in remote regions. Certain proportions of the banks' investments should be earmarked for housing and small industry.

The province of Saskatchewan stated:

The banks have not been responsive to regional needs. The credit unions and co-operatives have grown up to fill this gap. The continuing existence of a strong credit union system is our insurance that the banks will not revert to their old ways of dealing with the people of Saskatchewan . . .

The banks are already earning excess profits because of their market power; allowing them to move into leasing and factoring will increase this power, which is already too strong.

[Mr. Orlikow.]

I do not have time today to go into detail, but in the *Financial Post* in January of this year there was a story headlined "Banks Increase Share of Expanding Leasing and Factoring Services." It will be seen that the province of Saskatchewan was not wrong when it warned of this. I quote from this article:

Despite further delays in the Bank Act revision, Canadian banks are going ahead and beefing up their participation in leasing and factoring (basically managing accounts receivable).

Canadian Imperial Bank of Commerce and Banque Provinciale du Canada have recently established new wholly-owned leasing subsidiaries. And Provinciale has brought a 100 per cent interest in an existing factoring company while Commerce is negotiating with a U.S. bank to take over its Candian factoring operation. Earlier, Royal Bank of Canada bought a 100 per cent interest in an established leasing company and increased its holding in another to 100 per cent from 50 per cent.

One therefore sees the direction in which the banks are moving without any countervailing action on the part of the federal government.

The province of Saskatchewan said that it is concerned that the white paper relies too heavily on the notion that increased competition within the banking sector will have a beneficial impact. The paper fails to realize that the real source of competition for the banks will increasingly come from the trust companies and credit unions. They feel in particular that no impediments such as a reserve requirement should block the road for the credit unions, that direct regulatory controls are necessary to restrain excess profits in the banking industry.

The National Association of Canadian Credit Unions made representations. They pointed out that while they had no objection to reserve requirements based on the needs of a clearing system, they saw no need for non-interest bearing reserves with the central bank. They said the only purpose of that proposal would be a centralized monitoring control which the Bank of Canada had always maintained could be achieved through control over the banks. They said that credit unions are already subject to a variety of legislative requirements under the provincial statutes and the federal Co-operative Credit Associations Act. They said that to stack such requirements on top of existing legislative requirements specific to Credit Unions without providing access to the compensating advantages enjoyed by chartered banks would be quite inequitable.

● (1632)

An even lengthier brief was presented by the Federation de Quebec Caisses Populaires. I could go on, but it is pretty obvious that what the government proposes in respect of revisions to the Bank Act will not do the job required. It will not bring about more competition and will not serve the needs of the people of Canada. We believe the Bank Act should accomplish these things, and this should have been assured in the proposed bill that has been postponed. There should have been provisions included to beef up disclosure and conflict of interest rules that apply to banks so everyone will know who it is that runs the big banks, what they earn, and what are their business interests.

Indicative of the kind of secrecy we have in this country is the fact that the information about the salary of the president of the CPR which I put on record today came to us, not as a result of laws we have in Canada, and not as a result of regulations put into effect by Canadian governments, but rather as a result of information which the U.S. government requires. The Securities and Exchange Commission of the United States requires every corporation to make public, when its shares are being traded on U.S. stock markets, that kind of information. Without that kind of regulation in the United States we would not know what the president of the CPR makes, anymore than we know the salary of the presidents of the Bank of Montreal, the Canadian Imperial Bank of Canada or the Royal Bank. We would not know what their roles are. We think that kind of regulation is needed in the Bank Act which we will finally be discussing.

When the Bank Act is brought forward we believe it should strengthen the role of co-operative credit institutions in our society. Our analysis, and the analysis of the credit unions and caisses populaires of the proposed bill, are that in fact if it had been passed as it was it would reduce this role and make the credit unions and the caisses populaires even less able to meet the needs of the Canadian people than they are at the present time. When the legislation is finally brought forward we believe it should make the big banks more responsive to regional needs, the need for housing, and the need for small business investment.

We are happy that several new banks have been created in recent years, and that the credit unions of western Canada helped to establish the Northland Bank. However, the assets of the new banks and their powers are relatively insignificant when compared with those of the five major banks. We believe more competition is required, and that the way to get that competition is by strengthening the credit unions, caisses populaires, and the trust companies.

The Bank Act should make the financial system as a whole more responsive to government investment priorities. One cannot come from a relatively slow growth area like Manitoba, as I do, without realizing that for generations, if not for the entire 100 years of Canada's life, the banks have not given the kind of consideration to the needs of slow growth areas that they ought to have given. The Government of Canada should take a leaf from the books of the governments of most of the democratic countries of the western world. Those governments, by law or by custom, voluntarily or by a twisting of the arms of bank officials, require the investment policies of their banks to be directed toward meeting the needs of the people. It is our belief the Government of Canada should have and should exercise the same kind of power and influence in respect of the investment policies of Canadian banks.

I am not going to deal with this at any length today, but we are less than enthused by the involvement of Canadian banks in large scale investments in countries such as Chile and South Africa. Our concerns are not just those of the members of this party, but are concerns that have been voiced by the largest churches in this country as well as by credit unions, co-operatives, and other organizations. We are amazed and horrified by the increasing involvement of Canadian banks, with assets entrusted to them by the ordinary Canadian citizen, with regimes such as the repressive regime in Chile and the racist regime of South Africa.

Mr. Benjamin: Anything to make a buck.

Mr. Orlikow: As my colleague, the hon. member for Regina-Lake Centre (Mr. Benjamin) says, "Anything to make a buck". That is precisely the attitude of the major Canadian banks. We hope that when the government finally gets around to bringing forth its proposed bank act for discussion and enactment, which will amend the present powers, rights, duties and responsibilities of Canadian banks, it will take into consideration the proposals, suggestions, and criticisms of some of the provincial governments, credit unions, trust companies and co-operatives of the proposals in the postponed measures. When we get the new Bank Act we hope it will require our banks, more than has been the case, to meet the needs of the ordinary citizens of this country.

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, the government first presented its highlights in the white paper on Canadian banking legislation back in August, 1976, and here we are, two and a half years later, still talking about it. We are no further ahead, and the government is asking for an additional extension of the Bank Act to 1979. We are prepared to grant that extension, but first the government should table the bill. It should give us the proposed bank act.

Our financial institutions, caisses populaires, credit unions, opposition parties, and others have been patiently waiting for the new Bank Act to be tabled. With the economic crisis we have in this country, together with record unemployment, record debt and record borrowing—and we are now borrowing abroad to pay the interest on the money we have borrowed—the last thing we need is another delay in the Bank Act or in respect of anything to do with economic issues in Canada.

This request for an extension to the Bank Act was first suggested by the government on January 23 of this year when the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) stated:

> Mr. Speaker, hon. members will recall that in March of this year the former minister of finance, the hon. member for Rosedale (Mr. Macdonald), introduced a bill to amend Sections 6 of the Bank Act and Quebec Savings Banks Act to permit the banks incorporated under those acts to continue to carry on business until March 31, 1978, nine months beyond the date specified. The short bill before us today will further extend the banks' powers to do business until March 31, 1979.

The parliamentary secretary went on to say:

> The reasons given in March for the delay in the decennial revision were the following. First, the extent of consultations encouraged by the white paper. Second, the extent and complexity of the task of converting the principles of the white paper into legislation and particularly, where appropriate, making the Bank Act consistent with the principles and provisions of the Canada Business Corporations Act and, third, the extent of the pressure of other priorities on the small group of legislative drafters in the Department of Justice.

● (1642)

The government has had ample time in order to do this. It is aware of the fact that the Bank Act has to be revised every ten years. Certainly this should have been prepared by now.

The document entitled "Highlights of the White Paper on Canadian Banking Legislation", dated August, 1976, reads as follows:

The federal government's white paper on banking issued today proposes significant legislative changes designed to encourage more competition in Canada's financial system.

Let us move toward revising the Bank Act in order to have this competition.

The document continues:

The white paper proposes to establish a new national framework for Canada's chequing system. It would permit foreign bank subsidiaries to operate within Canadian banking legislation, as a new dimension in competition.

Steps outlined in the white paper will help facilitate the establishment of new Canadian domestic banks. A number of changes are also proposed in the powers of the chartered banks, in order to promote stronger competition within a framework of Canadian regulatory control and predominantly Canadian ownership.

The white paper follows an extended period of study by federal authorities, during which financial institutions and other groups made representations to the government.

This was 2½ years ago. Yet we are still faced with delays and stalling tactics.

It continues:

The paper provides a further opportunity for public discussion before conclusion of the current decennial review of the Bank Act and other banking legislation.

Well, discussions have taken place. The banks and the credit unions did their homework and presented briefs approximately two years ago. The government is causing the delays. Everyone is co-operating with the government. It is time for the government to reciprocate by taking a look at the Bank Act.

The document continues:

The review is occasioned by the fact that the Bank Act confers powers on Canada's ten chartered banks for a ten-year period only.

The ten years are up.

It continues:

The last review was concluded in 1967; parliament will be required to act before the next scheduled expiry of these powers on June 30, 1977.

At this point we are well into 1978. The government has identified all the problems. It has made excellent suggestions in its white paper. It has run into very little opposition.

In the same document under the heading "A Canadian Payments Association", it reads as follows:

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The white paper points to growing inequities and fragmentation within the payments function, which lies at the heart of our financial system. This function is exercised principally by the chequing system, under which deposits are transferred by cheque or similar orders to settle financial obligations. Near banks, which include trust and mortgage loan companies, caisses populaires and credit unions largely outside federal regulation, play an important role in effecting payments. But they have only indirect access to the clearing system for cheques, and do not enjoy a full voice or full rights in its operations, with the result that they are not fully subject to all its obligations.

[Mr. McKenzie.]

The white paper proposes to bring all institutions offering chequing facilities into a new Canadian Payments Association to replace the present clearing system operated by the chartered banks. Members will share the same rights and obligations. They will obtain credit facilities from the Bank of Canada and will be required to maintain minimum reserves with the central bank.

Most of the credit unions are quite prepared to do this, but they want a copy of the Bank Act in order to read the fine print and details. This is causing them concern in their operations.

The document continues:

The reserve requirements: on Canadian dollar notice deposits, and term deposits with an original term to maturity of one year or less, or longer if encashable (includes most reservable deposits of near banks)—2 per cent on the first $500 million; 4 per cent on the remainder. On Canadian dollar demand deposits (mainly banks)—12 per cent as at present. On foreign currency deposits used domestically—4 per cent.

There are quite a few foreign banks operating illegally in Canada today.

Under the section headed "Foreign Banks", the document reads as follows:

Canadian law does not permit foreign banks to operate as banks in Canada, but they have established many affiliated corporations here as active lenders to business and as borrowers in the money market. Many of their operations are not subject to regulation. They enjoy some special advantages and have captured a significant share of commercial lending activities, including some areas where direct participation by Canadian banks is prohibited under the Bank Act.

Foreign banks can bring additional competition and innovation to bear in Canadian banking. With their world-wide connections, they can help develop Canadian resources, industries and trade. However, there should be a legislative basis for regulating their operations in Canada to ensure equitable and effective competition and that Canada's banking system remains predominantly in Canadian hands.

We do not know whether this will happen or not. Everyone is patiently awaiting consideration of the Bank Act, which has been delayed again and again.

The document continues:

The paper therefore proposes to allow foreign bank subsidiaries to operate in Canada as banks, incorporated with full powers under the Bank Act. However, government policy will be to limit their growth and size individually and their combined operations to 15 per cent of commercial lending in Canada, these limits being subject to review. They will be permitted a maximum of five branches; a minimum of one half of their directors will have to be Canadian citizens.

We do not know how foreign banks operate today. Perhaps those banks would like to know whether they are operating legally.

It continues:

Limits on the size of any foreign bank subsidiary will be removed if it opts to "Canadianize" by selling shareholdings in excess of 10 per cent to Canadians.

Canada will expect reciprocal recognition for its banks in the jurisdiction of the parent bank. The government does not propose to permit the establishment in Canada of branches or agencies of foreign banks. Foreign bank representative offices will be registered.

Non-bank subsidiaries of foreign banks in Canada will be required to file reports on their activities. Unless specifically authorized, such affiliates will be denied the right to borrow in the Canadian market with the guarantee of their foreign parents.

I should like to refer briefly to the representations made by the Co-operative Credit Society of Manitoba, Limited. As I pointed out on January 23, 1978, the credit unions and caisses

populaires across Canada have memberships totalling 7½ million, and there are 4,000 such institutions. Is the government afraid to face the credit unions? Is it afraid to sit down in committee and discuss the Bank Act? Is it afraid to deal with these 4,000 institutions? Is this one of the reasons for the stalling with respect to the bringing in of this bill? I am suspicious of this.

In a document entitled "A Summary of Concerns Respecting Proposed Federal Legislation", the Co-operative Credit Society of Manitoba indicated the following:

Bank Act Proposals—As we understand it, the government's basic purpose here is to integrate the payments system and to encourage fair competition among the financial institutions—as becomes a democratic society—maintaining Canadian control of our own banking system and avoiding undue concentration of power and influence in this field.

We agree all qualified institutions should have access to the Canadian payments system through membership in the proposed Canadian Payments Association. However, the manner in which present arrangements are to be effected is of some concern since the system must be applied nationally and yet not clash with the jurisdiction of the province whose legislation has traditionally dictated the Manitoba Credit Union regulations. This positive approach is specifically mentioned in the white paper. We feel impelled to emphasize its importance here for reasons set out in the credit unions' response to the proposed banking legislation which you have before you.

● (1652)

Especially of concern to our members is the matter of proposed credit union inclusion in reserving with the Bank of Canada. We feel, and feel quite strongly, that proposals in the white paper in this regard are based upon the long since antiquated idea that the chartered banks are the only financial institutions of significance in Canada. Also we feel that based upon this outmoded idea, the proposals regarding reserves with the Bank of Canada by all other financial institutions, which is based upon traditional chartered bank operations is unrealistic.

I should like to read also from the 1976 Annual Report of the Co-operative Credit Society of Manitoba and Subsidiaries. This gives you an idea of how long they have been preparing for changes in the Bank Act. It is unbelievable that the government, with the staff it now has, could not have been prepared last year. The Co-operative Credit Society of Manitoba in its brief states the following under the heading "Bank Act Revision":

Nature of the Canadian financial systems' development will hinge greatly upon final provisions of the Bank Act, which currently is undergoing its decennial revision. Manitoba credit unions' concerns are embodied in the National Association of Canadian Credit Unions' (NACCU) briefs to the federal government, prior to and following release of the government's white paper.

Our position is that the credit union system be included in the Canadian payments and electronic funds transfer systems, that the credit union system have direct access to the negotiable orders clearing system, and that credit unions be excluded from the proposed requirements of direct reserving with the Bank of Canada.

Credit unions maintain that the holding of reserves for monetary policy purposes and the maintenance of a settlement account for payment purposes are two entirely separate issues and should be considered separately.

These are some of the issues which we should be discussing in committee. In the meantime the government's constant delaying leaves the committee hanging in mid air.

In the white paper there is a reference to residential mortgages. With reference to that matter the white paper states:

The Bank Act now places arbitrary limits on bank holdings of residential mortgages. The limits have so far constrained only new banks, but in future they could also curb mortgage lending by larger banks. The limits will be removed in recognition of the need for residential mortgage funds.

Because of the problems we have today with high mortgage rates and difficulties which Canadians have in obtaining mortgages and finding proper housing, it is imperative that we get on with amendments to the Bank Act and that we do everything possible to help Canadians receive residential mortgage loans.

Another important aspect pointed out in the white paper is in regard to investments in Canadian corporations. It states:

The white paper outlines a limited number of exceptions to the principle that the business of a bank should be provided directly through its own corporate structure.

The exceptions arise in such areas as residential mortgage lending, certain mortgage-based funds, venture capital and joint venture activities.

In Canada today there is practically no venture capital available and very few joint venture activities. This is one of the reasons why we have such record high unemployment. Our secondary industries are not expanding because they cannot obtain venture capital. Two and a half years ago the government pointed out the need for venture capital for secondary industries. However, it has been stalling on this issue. It is unbelievable, in light of the financial problems we are having in this country. Businesses are closing down or are pulling out of the country; there is record unemployment; our secondary industries cannot expand because they need venture capital, and yet the government is stalling. It is absolutely ridiculous.

Back in 1975 the Canadian Federation of Independent Business presented a document on changes to the Bank Act. Two or three years ago everyone was doing their job to prepare for this, but not the government. It is not prepared to do anything other than engage in another stalling tactic. It causes as much confusion as it possibly can in this country. The Canadian Federation of Independent Business pointed out a number of policy issues about which they are concerned, such as the portion of bank loans made to independent business; support for new venture formation—they were talking about venture capital and how important it is in this country, and that was back in 1975—the role of guaranteed loan programs; the role of banks in fostering Canadian ownership—that is very important in Canada—the impact of bank credit cards; the broadening of bank services to compete with customers; competition in banking; the role of banks in furthering the process of concentration of power; and the role of banks in regional disparities.

The hon. member for Winnipeg North (Mr. Orlikow) commented on the huge profits that banks are making. That is something we should discuss with the banking officials when they come to the committee. I will have no hesitation in discussing this with them.

I should like to read an excellent article which was recently written on this subject headed "Credit Unions Can Now Give Banks a Run For Your Money". It reads:

Why would anybody want to deal at a bank when it appears they can get a much better deal at most credit unions and many trust companies?

I know of no banks which offer, as at least one credit union does, the following services: no charge for personalized cheques; no service charge for processing cheques; no charge for monthly mailing of statement and cancelled cheques; no charge for telephone transfer of funds from your savings account; no charge for postage-paid mail deposit envelopes; no monthly charges of any sort and no minimum balances required.

Here is what a reader stated, Mr. Speaker, about his experience with credit unions.

Banks are too expensive for the ordinary man. It's all free at many credit unions and several trust companies. Even loans are better. To pay my dentist bill, one year, I borrowed several hundred dollars at the credit union. The only added charge was for 12 per cent interest, and it worked out to small potatoes as I only borrowed for one month.

The article goes on to say:

Credit unions have come a long way. Here's a typical list of the types of services you can find at all but the smallest credit unions: various savings instruments, personal loans, first and second mortgages, collection of agreements for sale, life and general (fire, theft) insurance, Canada Savings Bonds (in season), registered retirement and home ownership savings plans (RRSPs and RHOSPs), wills and estate planning, reveal arrangements and safety deposit boxes.

They offer excellent service. We should be discussing why the banks have these tremendous charges for their chequing and other services and why credit unions can do it at no charge.

May I call it five o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

The Acting Speaker (Mr. Turner): Order, please. It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Vancouver South (Mr. Fraser)—Trade—Textiles—Purchase and sale of import quotas; the hon. member for Winnipeg South Centre (Mr. McKenzie)—Tourism—Problems identified at industry conference—Government action to solve; the hon. member for Cape Breton-East Richmond (Mr. Hogan)— Housing—RRAP—Changes in regulations under program.

It being five o'clock the House will now proceed to the consideration of private members' business as listed on today's order paper, namely, notices of motions and public bills.

[Mr. McKenzie.]

PRIVATE MEMBERS' MOTIONS

[*English*]

The Acting Speaker (Mr. Turner): I understand there is unanimous agreement to standing motions Nos. 4, 5, 11, 19, 20, 21, 22, 23 and 24. Is that agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Turner): We will now proceed to motion No. 25.

* * *

● (1702)

[*Translation*]

SOCIAL SECURITY

MEASURE TO PROVIDE ALLOWANCES TO HOUSEWIVES

Mr. Adrien Lambert (Bellechasse) moved:

That, in the opinion of this House, the government should consider the advisability of having Parliament adopt a measure authorizing payment of an allowance to housewives who remain at home to take care of their family instead of joining the labour market, the purpose being to ensure a global income corresponding to the family's needs by providing an additional family income to that earned by the father.

He said: Mr. Speaker, the motion I am honoured to sponsor aims at inviting the House to consider the important and noble role played by housewives in Canadian society and at inviting the federal government to introduce before Parliament legislation which would authorize the payment of an allowance to housewives who remain at home to take care of their family instead of joining the labour market, the purpose being to ensure a global income corresponding to the family's needs by providing an additional family income to that earned by the father.

In our society, Mr. Speaker, the family institution is at the very basis of the two founding people of our country. In our opinion, the family consists of the father, the mother and the children. I have always believed and still do today that the family is a divine institution for if it were an invention of men, it would have disappeared I think a long time ago. In the past, and maybe not so long ago, the majority of our population was made up of farmers' families. Each family would produce all sorts of goods to provide for its own needs. In that manner, each member of the family be it large or small, accomplished some kind of job to ensure satisfaction of the needs of his close relatives. Craftsmanship played an important role instead of importing, things were handicrafted at home. Progress and industrialization have completely transformed our customs and we now have to pay the price of it.

Before the Second World War of 1939-45, the number of housewives on the job market was very small. One can actually say that women really started working outside their home

around 1940, when Canada needed manpower for its ammunition plants. I can remember then that hundreds of women would go to the Quebec City Palais Station to board special trains taking them to the ammunition plants located at Valcartier where people worked day and night shifts. During the war, and in the ensuing years, as male workers were not available in sufficient numbers of the jobs market, the woman was increasingly attracted to it first on a temporary basis and then on a permanent basis.

Many families have contracted financial obligations to acquire a family home, which is quite legitimate. Then the mother tells the father: I am going to work to help you pay our home, and then I will stop working to look after my family. Unfortunately, that was not always the way it turned out. New needs were created. She had to keep on working in order to earn the income required to meet those new needs. Very often we hear mothers say: Oh, if I had a small additional income, I would much prefer to stay home. And just as I was coming to Parliament in the minibus, there was a mother saying: If I could, I would stay home to look after my children, but I have to work to help my husband earn enough to meet our commitments.

We are living in an age of speed which led to a consumer society. Everything or nearly everything is mass produced at the plant and delivered in homes in small packages, which is likely to further strain the family budget, and then the father's income is no longer enough. So the mother has to look for a job to help make both ends meet. And now this situation does not only exist in large cities but also in the country. I represent a riding which is made up mostly of country people; they are rural families and the same problem now exists for country people. By nature the mother is a housewife, and on the whole, she would much prefer to perform that role.

Generally speaking, that is what we hear: mothers would like to have good meals ready for their husband and children, the house to be clean when the father and children come back from work and everbody sits around the table. That is really a family meal and a way of meeting one another to talk things over instead of everyone being always on the run the home being simply a place to sleep that everyone leaves in a hurry. Unfortunately, that is the situation in too many homes.

Mr. Speaker, I believe for my part that the mother greatly deserves our recognition. We all have a mother, and everyone of us believes that his is the best in the world. That is normal. We must absolutely take measures to recognize that also in fact.

All things considered, it is she who gives our country its greatest wealth, that is human investment, it is she who takes care of our children. She must ensure that our children get a good education and a good instruction to be able to carry on a trade or a profession later on in life. As a matter of fact, I must say, Mr. Speaker, it is disappointing to find that sometimes these efforts are not successful. I know all members receive letters from young girls who, after graduating as nurses, secretaries, accounting clerk or anything else, are looking for jobs. Finding none, they stay at home and it is the mother, on top all her work at home, who has to go to work in a factory or an office to make ends meet.

It is topsy-turvydom. I think it is our duty to straighten things out. Nowadays, mothers are participating in meetings on children's education. They are more willing, at least in my province, to accept the school comissionner job. They sit in on parents' meetings while the father, busy elsewhere, has no more time to devote to his children's education. It is the mother's burden.

If she has an outside job, she is constantly rushed and cannot succeed either in playing her role as she would like and as her maternal feelings make her want to play it. The motion that I have suggested and that we are now discussing aims at recognizing that the mother who works at home is entitled to an income. I would not want this to be called a salary because a mother does not work for a salary; a mother with children does not think about that. On the other hand, she has needs which must be fulfilled. This is not done as in the past, as I explained at the beginning of my comments.

The married woman who has a job in a plant or an office is entitled to wages. Everyone recognizes this. At the end of the week, if she has worked 40 hours for example, society recognizes her right to a monetary reward. This is completely logical. This income is added to the salary of the husband. When there are five people in a family, they share the incomes of the father and the mother. This is a supplement. Everyone benefits from it. However, the mother who stays at home should also be entitled to a reward, whether she is married to a manual worker or a farmer, and God knows that farmers' wives work hard and have long days of work, not only in the house, but also in the barn, to help manage the dairy, to make sure everything is clean. I believe that those mothers are entitled to recognition and to an income.

I said earlier, and I want to repeat it, that it is essential and important for society to recognize in practice that we shall necessarily have to find a means to reward those who stay at home, through a sense of duty, necessity or choice. What happens in the case of a small wage earner, for instance? At the end of the week, the father comes home with his pay cheque, and if he has three children, this means that he must support five people including the mother. Unlike the family where the mother has an outside job, this family has only one income. Income has to be divided into five, and once more the mother will have to go without a number of small things she would like to have, such as short holidays she would like to take once in a while, because she cannot afford them. So she has to live on one income.

On the other hand, I approve the principle of equal pay for equal work. Obviously an employer should not be paid $100 more by his boss because he has three or five children. Equal

pay for equal work. But then, we should hasten to say in Canada, because we can afford it and the Lord gave us enough resources to do so, "To each according to his needs." We should find a way to add to income to meet that need. One way to reach that goal of family income would be to pay the mother as such a special allowance. That same allowance could also be paid to the widowed mother and the mother faced with some other hardship. We know, in this day and age, that there is no need to list such other hardships, because they are too numerous to be listed. They are covered by the words "other hardships".

Hon. members opposite may say the government is already paying mothers family allowances. Concerning this, I would point out that in the case of families with incomes below $13,000, family allowances should not be taxable, as we have said a number of times, and I am convinced government members themselves feel as I do. Of course some may say that the government needs revenues to meet the cost of social programs.

I think that capital should be taxed more. Let us consider the balance sheets of chartered banks which are making more and more profits as well as multinationals which manage to build up colossal reserves on which they are not taxed. We should consider this and we should surely find the revenues needed to compensate tax exemption at least on family allowances. I suggest to the government that families pay fewer taxes so that they have a chance to make a decent living and that our mothers have a little more opportunity to enjoy life and take some rest. They get tired and wear themselves out with work. We must give them a chance to stay beautiful. Women are beautiful. Mothers are beautiful. As legislators we must make all possible efforts to keep them even more beautiful. And to do this, we must alleviate some of their difficulties.

I invite the Minister of National Health and Welfare (Miss Bégin) to present a legislation recognizing that Canadian mothers deserve our gratitude and that this Parliament is dedicated to save the family structure which is crucial for our society. I think that if that legislation is passed, it could be considered as the first step towards an annual guaranteed income system.

Last night, during the CBC news report, I watched the summary of resolutions presented to the Liberal party convention during the weekend. I noticed that some were for it and some against. The former finance minister was not absolutely convinced that the annual guaranteed income was a possibility in Canada. The present Minister of National Health and Welfare has advocated the view that she already expressed in this House, that it was time to initiate an annual guaranteed income system. This is why I said earlier that I am convinced that even on the government side there is no consensus on all those points. It does not mean that we should relinguish this system. It means that we must work further and that all studies made at the federal-provincial conference level about the necessity to establish an annual guaranteed income system should be continued.

Today, in reply to a question from an opposition member the Prime Minister said that Canadians had to be more productive to become competitive on the international market. I entirely agree with him. There is one solution to encourage a greater input in the gross national product. It is to give youth the opportunity to contribute all their energy, their efficacity and their knowledge. At the same time, Canadian mothers would be given a chance to fulfill their responsibilities as mothers and wives, if we give them the security to which they are entitled.

● (1712)

[*English*]

Mr. W. Kenneth Robinson (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, at the outset I should like to congratulate the hon. member for Bellechasse (Mr. Lambert) for bringing forth a motion filled with the things we are all concerned about, that is, having sufficient income on which to live. He mentioned that the family is the basic unit. I certainly agree with that and I hope we will continue to feel that the basic unit is the family unit. I understand the hon. member has a large family. Maybe that is why he is so concerned about this kind of motion—he could use two salaries instead of one! I think he is pointing to the same kind of situation for many people in this country who find that one paycheck at the end of the week is not enough and that you actually need two in order to have a decent standard of living.

The motion put forward by the hon. member for Bellechasse regarding the payment of an allowance for housewives who remain at home to take care of the family instead of joining the labour market, touches the issue of income distribution and the status of women, matters which are of great concern to this government as I believe they have been of long standing concern to many others.

The motion essentially asks the government to consider in its over-all, ongoing study of income distribution and income maintenance, the specific role which allowances to housewives who remain at home to take care of their families, could play in the package of income distribution measures which constitutes the government's income policy at present and in the future.

● (1722)

I would like to respond to the hon. member's motion by reviewing some of the issues that are implied. Current studies by the Department of National Health and Welfare already have given considerable attention to many of these points; they are not new to me. I can do justice to the issues at hand by sharing some of my thinking on the subject with hon. members.

At the outset I would like to make particular mention of the fact that to focus on the needs of low income earners and single parent families as two specific target populations for the

continuing evolution of our income maintenance policy is an idea I wholeheartedly support. In my opinion, the motion before us is related to this idea, and I hope to be able to show that to you today. The needs of children, the needs of parents and the responsibilities of parents in meeting children's needs will be receiving considerable attention by the minister and by the Department of National Health and Welfare within the next few months.

First, I would like to point out that the use of the term "housewife" in the motion raises an important issue of definition. It seems to me necessary to take into account that there are the single parent families which in most cases, whether they remain at home or enter the labour market, receive a level of income below their needs. The majority of this population are women who remain at home and receive transfer payments. If they enter the labour market they are unable to earn sufficient income to live, to meet employment expenses, and to cover the necessary child care costs. These women do a considerable amount of work in the home. They make do without many conveniences; they nurture dependent children, but they cannot or do not want to be classified as "housewives"—maybe nurturers of children would be the appropriate term.

Many needy families are one parent families. The term "housewife" is not always relevant to them. To target a program to "housewives" would surely invite considerable and justified criticism from those who are charged with the responsibility of taking care of a family but are not "wives"—be they single women, single men or married men. I would imagine that a motion which replaced the word "housewives" by the words "parents with dependent children" would be better received by this House.

Second, I would like to clarify to this House that the main concern of what may loosely be called "family support" is, in my mind, the care and well-being of children. This is not to say that childless families never merit support; but rather that incremental redistribution of income which this government is considering is targeted to groups with identified special needs. The responsibility to ensure adequate care for children creates one of those special needs we have identified. Conversely, other special needs of certain childless families are addressed by other policies and programs.

The case can be made that the responsibility for children creates particular needs in families. It is much harder to build a case to the effect that housework in and by itself creates special needs. After all everyone is in one way or another engaged in housework. Therefore housework does not have a proper place in the discussion regarding income distribution between families. Admittedly, housework has a role in the discussion of the distribution of income within the boundaries of the family. This is another subject and I do not believe the motion we are addressing today touches upon that subject.

At present there is a virtually infinite range of alternatives for people to organize the distribution of tasks within the home from total specialization to total sharing including alteration of roles and so forth. It would be senseless and very unwelcome from the point of view of the population to interfere with those choices.

Third, and assuming that we are in fact discussing the special needs of parents during their child rearing years, it seems useful to distinguish between material support for the child rearing function and recognition of the social importance of that function. Both subjects are of great concern to me. Unfortunately the first is a more straightforward problem than the second. Let me begin by saying a few words on the issue of recognition, and I will return later to the issue of material support.

Many proponents of payment for parents at home have advanced the argument that the role of child rearing does not meet with proper recognition in our society, and that it is one of the responsibilities of the state to ensure that proper recognition is awarded. I say that this is one of the more problematic of the two concerns because it is neither clear that government intervention can prescribe the gain or loss of prestige of any individual or profession, nor is it clear that a monetary compensation would achieve any such desired goals. These two things are also interrelated. Prestige has traditionally been the result of a combination of qualities, among which money always had a role. The role of money, in recent years, has become more and more central in our society to the definition of prestige or recognition, to the point that some argue that only payment for services rendered is adequate recognition. Although this position has some merit in a society so heavily market oriented as is ours it remains unconvincing to many who argue that certain roles in society, among which child rearing is prominent, are privileged in that they contain intrinsic and otherwise non-monetary rewards.

Mr. Knowles (Winnipeg North Centre): Like being a member of parliament.

Mr. Robinson: That may be so.

In this regard our society seems to have come to some collective decisions without careful examination of alternatives. It is not clear to many observers that engulfing every person in the monetary and market scheme of things is a worth-while social objective. There are many different opinions and nuances voiced on this issue at this point in time, and to pretend to be able to find a solution to the problem of recognition through a monetary compensation scheme is premature. Nevertheless, let me repeat with emphasis that the issue of proper recognition of the child rearing function in our society is at the centre of this government's concern with the status of women. That is a subject on which I welcome further discussion.

The increasing sense of financial insecurity of parents who choose to remain outside the labour market due to marital breakdown, discontinuity of employment, loss of labour force skills and other related phenomena, is a mounting concern of this government. Recent and proposed changes in divorce laws and pension regulations address some of these issues. But then again this subject, as vitally important as it is, is not the issue raised by the motion under discussion.

Regarding the target population and the principal objective of the proposed policy study, namely, material support for parents with dependent children, I will address a fourth issue. This is the issue, as stated in the motion before us, of ensuring the adequacy of global income of families in relation to needs.

As you are all well aware, early in 1973 the government initiated a review aimed toward this objective: ensuring the adequacy of family income to meeting needs. At that time the Minister of National Health and Welfare tabled in this House the working paper on social security in Canada and launched the joint federal-provincial social security review. Since that review began there have been several major initiatives which have contributed very substantially to the attainment of the type of income security system envisaged by the hon. member for Bellechasse.

It will not be necessary to remind the House in detail of the many provisions that have come into being during the last few years through the sponsorship in the Ministry of National Health and Welfare and through the actions of this House. Among them I will cite only the tripling of family allowances, the tying of their purchasing power to the cost of living; the increases in old age security and in the guaranteed income supplement payments as well as their tying in to the consumer price index; the increase in Canada Pension Plan benefits and their protection against inflation as well as the increases which we have seen across the country in social assistance scheduled. Last but not least is the steep rise in income tax exemptions that has taken place.

Beyond these provisions, as I have already suggested, further income distribution proposals should be addressed to specific target populations in need. It is not sufficient to demonstrate that a segment of those affected are still in need in order to argue for augmenting universal income provisions. The taxpayer will not easily agree to give up more money for such unspecific purposes.

Therefore, the purpose of the motion must be understood to refer to the investigation and consideration of the needs of parents with dependent children which are not presently met by the broader income support systems. Clearly, only a portion of those with children will be found with valid claims for greater financial assistance; and that portion is by definition to be found largely among low income families. The motion, therefore, suggests that an investigation is necessary to determine in which income groups we still find parents with dependent children whose financial needs are not fully met for whatever reasons.

● (1732)

This is the type of issue which my department investigates on a continuing basis, and in so far as the issue raised by the motion is understood in these terms, I find myself in full agreement with it. Creating an atmosphere of financial security for every Canadian does not mean that we can be complacent and pretend that all problems are being solved. There are emerging needs and heightened perceptions of needs in a rapidly changing society which force us to be watchful and responsive at all times. In fact, as I have already stated in this House, the Department of National Health and Welfare is currently studying the means for instituting tax credits to benefit low-income earners and one-parent families, which are examples of how we seek to respond to changing needs in society. These studies, I might add, are also targeted in large measure to provide support to parents with dependent children.

Having said all that, I can now address a fifth issue, namely that this proposal does indeed refer to the provision of family allowances and income tax exemptions for dependent spouses and children. These are the two basic mechanisms available for the support of the child-rearing responsibilities of parents. With regard to family allowances, the first substantial step towards ensuring that family income matches family responsibilities was taken in 1974 by increasing the allowances to an average of $20 per month, by tying their purchasing power to the cost of living, and by maximizing the benefits to lower and middle income groups through the taxation of the allowance. In addition, provision was made for provincial legislatures to vary the level of federal family allowances, subject to national norms, in order to better integrate them with provincial social security systems. Two provinces, Quebec and Alberta, have taken advantage of these provisions.

With regard to personal income tax exemptions, I need only say that the basic deductions for the tax-filer, spouse, and two children under 16 today is $5,120 as opposed to $2,600 for the same family six years ago.

I would contend, Mr. Speaker, that the motion put forth by the hon. member for Bellechasse, although commendable in its intent, when examined closely comes down to a request for consideration of measures for the support of parents with dependent children in low-income situations, and that it is therefore misdirected in failing to take into account the existence of two very important provisions designed to accomplish precisely the objective which he advances. On the basis of these thoughts, Mr. Speaker, I cannot support this motion.

Mr. David MacDonald (Egmont): Mr. Speaker, I am extremely grateful to the hon. member for Bellechasse (Mr. Lambert) for bringing forward this motion; it is an important contribution to the list of subjects considered by this House during the private members' hour. As the previous speaker recognized, this is a matter which has been causing increasing concern not only to people in government but to many in the private sector as well. I do not think we should lose sight of the fact that one important if not crucial aspect of this subject involves recognition of the value of labour, of work done by those who work in the home.

We should not assume, simply because of the appearance of this motion before us, that there has been widespread acceptance of the idea that a definite value should be attached to the contribution made by homeworkers. While traditionally the major part of home-making activities has been carried out by women, increasing numbers of men are choosing to spend a

certain amount of their time in the home carrying on home-making activities as part of a changing lifestyle. It is important, I believe, to recognize this trend.

I am sure most hon. members can confirm this either from personal experience or from the experience of friends. I can think of friends of my own who from time to time have varied the sequence of participation in domestic tasks. It happens from time to time that one or other partner decides to leave the public labour force and work in the private labour sector of the home. Thus it is not totally the case that work in the home is reserved for women. There should be a flexibility attached to modern arrangements in societies such as ours.

Of course, changes of this kind do not come quickly or easily. Indeed, presentation of this motion does, of itself, create a danger—that in responding to the motion as it is phrased we might be moving toward a solution which would create more difficulties than the present problem. By this, we might be in real danger of reinforcing the whole notion of a female ghetto as represented by work in the home.

I say this because implicit in the motion before us is the idea that, basically, women should remain in the home. To concur with the proposition put forward in this motion would, I suggest, simply strengthen that particular conception. The thrust of the proposal is that women would be in a position to remain at home without suffering economic loss, a consideration of particular importance today when, unfortunately, a second income is necessary if many families are to survive. Such families find themselves in a situation where one wage-earner simply cannot supply the household needs. So especially at the lower end of the income scale we find women being forced out of the home not by choice but through economic necessity.

I can well imagine that the hon. member who proposed this motion has done so with the needs of such families in mind. However, adoption of the motion might lead to substantial difficulty. I would refer to a recent report of the Canadian Council on Social Development entitled "Women's Pensions", specifically to pages 124 to 126, which analyze the whole question of pay for housework. The report outlines the various arrangements which could be made to improve the economic position of those who work in the home but recognizes that specific solutions would almost ensure further dependency, locking women particularly into a housework role from which it would be very difficult to escape. Summing up the options available, the report states:

> Finally, the pay for housework proposal does nothing to solve the sexual division of labour inside and outside the home. Indeed, it may simply serve to legitimize it.

That one sentence contains the nub of the difficulty presented by the hon. member's motion. Further, summing up the report on page 235, there are one or two further comments which go to the heart of the housework for pay question. I quote from paragraph two of page 235:

> The recognition of so-called housework must be enhanced through fundamental reforms such as family law reform as well as through largely symbolic but important changes such as the inclusion of such work in the measurement of gross national product.

The author of this report, Mr. Kevin Collins, has done outstanding work with the Canadian Council on Social Development and has now gone on to work with the Canadian Labour Congress. Here he has stressed the need to recognize the importance of the work which is done in the home. For far too long, those who have worked in the home, for the most part women, have been regarded as providing a service of a kind which in other fields was provided by slave labour. If this motion does nothing else this afternoon, it emphasizes once and for all that those who work in the home are adding every bit as much to the total welfare of society and the totality of the gross national product as those who are employed in the well-known and strong professions of society.

● (1742)

I say again that we owe great credit to the hon. member for Bellechasse for bringing forward this motion. However, as I said, the danger is that we will reinforce the notion of a ghetto. It would lock women in particular into a no-choice situation. They would be forced to remain in the home, even though that may not be their basic desire.

As some members will recall, only a few days ago in this House I raised some questions with the minister responsible for the status of women. Knowing his great interest in this question, I am sorry he is not here to participate this afternoon. I raised with him the report that had been distributed through my office by a group of concerned female public servants. They indicated there were considerable problems within employment in the public service of this country. I want to quote a couple of sentences from the report to show how difficult it is to break down the notion of these ghettos, whether they exist in the home or in the public service of this country. In the opening part of this report they state:

> The attached is from a group of concerned women who are witnessing every day signs of increasing discrimination against women workers. Press reports have indicated that there is growing opposition to women workers. Few have reported on the fallacy of the argument that women are a cause of the high unemployment rate.

If women are the cause of increasing unemployment in our society, by all means let there be a regular allowance so that they can get out of the work force outside the home and stay in the home. However, if we were to take that very retrograde step, it would be a terrible disservice to the women of this country. The report goes on to note that we have already established in public service employment in this country a very great ghetto. I want to read a brief section from the report under the heading "Job Ghettos". I quote:

> One million women work in the clerical group and half of them are stenographers, typists or receptionists.

This is in Canada generally.

> In services, almost two thirds of the women work as cooks, waitresses or hairdressers. Of the half million professional women, more than 60 per cent are school teachers or nurses. In the federal public service, the percentage of administrative support jobs filled by women has increased steadily over the past five years (from 68.2 per cent in 1972 to 78.8 per cent in 1976), thus creating the biggest job ghetto in the public service.

When hon. members relate that to the figures of those women who are employed at the very senior levels of administration in the public service, they will realize what women in public service employment are up against.

According to a listing of departments from the Public Service Commission 1976 annual report, there were only 38 females in the senior executive capacity, known as SX, compared to 1,221 males. National Revenue with a total of 23,736 employees, of which 39.4 per cent were women. There were 55 employees in the SX category, but not a single woman. The Department of Supply and Services had 10,217 employees, 46.8 per cent of whom were women. Of 62 in the SX category, there was not a single woman.

In the Public Service Commission, which is charged with the redressing of the balance in terms of employment of women at senior levels, there were 4,042 employees; 55 per cent were women, there were 27 in the SX category, of which only one was a woman. Obviously she must have been regarded as a token woman in the SX category.

In the Department of Secretary of State where almost two thirds of the employees are women, there was not one in the SX category. CIDA, which deals with the development of countries around the world, with a thousand employees, roughly half of them women, with 31 people at the SX level, does not have one single woman at that level. That is the kind of situation women face today in the public service.

What concerns me about the motion today is that we might restrict the opportunity for women to have their rightful role at every level of employment, not just in certain ghettos outside the home as is presently the case at a clerical administrative level, but throughout the public service and employment in this country.

I will not carry on this debate any longer, Mr. Speaker. It has been a useful contribution to a particularly important question, and I hope other members will have an opportunity to contribute to it as well.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, as the Parliamentary Secretary to the Minister of National Health and Welfare (Mr. Robinson) and the hon. member for Egmont (Mr. MacDonald) have indicated, it is possible, on the one hand, to praise the hon. member for Bellechasse (Mr. Lambert) for bringing in this motion and then to turn around and find all sorts of flaws in it. I suppose I could find a flaw in it myself. However, I am more concerned, to give my support to the intent of the motion, which is a good one for us to be considering this afternoon.

Time is going on and I shall not be part of the talking out process. I have learned in private members' hour how to say what is on my mind very quickly.

I feel that the Parliamentary Secretary to the Minister of National Health and Welfare missed one of the main points in this whole proposal. I recognize that in the motion there is a reference to the ensuring of a global income. However, it seems to me that the main reason for making payments of some sort to housewives and mothers is not just as an addition to income, but as a means of recognizing the contribution these people make.

During the first part of his speech the parliamentary secretary showed no indication of that. When he got along into his speech, he talked about recognition. What did he say? Wives and mothers should enjoy the prestige that they have, that that should be sufficient recognition. That is where I threw in my reference about being members of parliament. There is a lot of prestige attached to our position as members of parliament, but we are not a group of people who are prepared to do it for no pay, just recognition. I submit that the time has come when we should recognize the work being done by housewives and mothers in the same way as we recognize all others.

I recognize the argument that the hon. member for Egmont made about job ghettos. However, I think he carried it a little bit far. I would like to see an equal chance for women whether they go out into the labour market or stay at home. As the hon. member pointed out, there are plenty of ghettos. However, I believe he is overplaying that word as far as life in the home is concerned. I contend that, there should be equal opportunity.

I promised myself to keep this contribution brief. However, I want to say a word about my concern with regard to equality for women which also extends to the time when they should be on pension. It is a shame we have not found some way of providing women in the home with the equivalent of the Canada Pension Plan. This might be one way of doing it. If we can put them on some sort of allowance or salary for the work they do in the home and count that as a contribution to the Canada Pension Plan, we might be able to do something about it. We shall have more to say about this matter on another occasion.

My main concern this afternoon is not to point out the flaws in the hon. member's motion but to commend him for bringing it forward and to encourage him to keep at it.

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I did not intend to enter this debate this afternoon, but I cannot sit here and listen to this kind of tokenism, perpetuation of role locking a woman into the role of homemaker—a place in life she may not choose. If you want to pay your wife, pay her yourself; the country should not have to pay the cost. I do not think there are many women in Canada who would welcome this, as opposed to having essential help to what I would call the "displaced homemaker". These are women who have carried out this job as wife and mother for 10 or 15 years and raised their children with little imaginative support in the home. Their husbands were out enjoying themselves. I have worked all my life in that world and I know the men have had a much better and easier time of it. They have their coffee breaks and other privileges. They had freedoms, often, to act in a way I did not admire such as being disloyal to the women at home working.

• (1752)

We must give some consideration to those women who have been homemakers. There should also be equality in the home. We now have a number of househusbands, as they call them, who stay at home and look after the children. They must have equality with their wives who are out working. They are entitled to equal respect and equal opportunity.

This debate reminds me of what might have happened even before there were women in this House. This whole matter dates back to even before the 1920's. I have been in the work force now for about 35 years. I remember when men tried to prevent me from being in the outside work world. They told me, and are still trying to tell me, that my place is in the home. They suggest I have no right to be in the work force because, God forbid, I may be taking a job away from some man. There is nothing in our society that says men are superior, more competent and more able than that other 50 per cent of the population. It may very well be that our society, our governments, our institutions, our working force and, perhaps, the entire world would be better off if we recognized the fact that there is another 50 per cent of the population, the women—those members of society who not only make good mothers and homemakers, but also good lawyers, good accountants, good engineers—

An hon. Member: Good members of parliament.

Mrs. Holt: I thank the hon. member for Toronto-Lakeshore (Mr. Robinson) who says "good members of parliament". I would like to see 50 per cent equity in this House. We are always talking about giving proportional representation by race. Perhaps it is time we also said we should have proportional representation by sex—in the House of Commons and in the work force.

I know there are many women who will not accept this motion by the hon. member for Bellechasse and I do not blame them. Many of the young women today are studying law, medicine, etc., even while they are raising their children. This is much more difficult for them because there are still some men who do not think they have to ease the workload for women, even those at school or working. If there is work to be done in the home it should be paid for by whoever is earning the living, be it the man or the woman.

There must never again be another Murdock case in Canada. In that case a woman who had worked her whole life to help in the building of an estate lost it all because she happened to be a member of the female sex. In courtrooms women are strangers in a foreign land and are taken to the cleaners.

If a woman wants to stay at home she should have that right and be paid for the work she does there by the one who uses her services—if this partnership requires pay. I think the greatest occupation ever for a woman or a man is the raising of a family successfully. There are none I respect more than those who have done so. There are none in this world we can respect more than those who have brought children into the world and fashioned them into good human beings. The children of today will be the leaders of tomorrow. There is nothing that says the woman alone must raise the family.

The greatest failures among children are the results of the very thing the hon. member is suggesting in his motion, that the men can abdicate their responsibilities and let the government take over in the raising of their children while the women stay at home alone. As the hon. member for Egmont (Mr. MacDonald) says, this would legitimize the servant status for women.

I had a cartoon slipped to me early this afternoon and it is amazing how appropriate it is to this debate. It comes from *Grainews*, published by the farm information services of the United Grain Growers Limited, P.O. Box 6600, Winnipeg. Hon. members can send for this cartoon if it pleases them to adopt a chauvinist line. It is a picture of two farmers beside an old cow. Beside them is an elderly woman walking away with a milk pail. Underneath it states: "I don't care how good she used to be! Look at those teats! She's a broken down old bag and I'd get rid of her!". That attitude is what it is all about. I say we must all strive here to get women equal rights and equal respect.

Do you know, Mr. Speaker, what happened to the homemakers of the generation just before mine? They finished their job of raising the children but were not prepared to go out and earn a living outside the home. Some ended up in mental hospitals; some managed to rebuild their lives; and some managed to learn to use their leisure properly. Many turned to alcohol. Those were the tragedies of once good wives and homemakers—rejected and lonely.

In my generation a few women have broken out and are free. Many of my friends have gone back to school in their middle years and are trying to find a way to catch up. During the 20 years they were destined to be in the home alone, without much help, they were left behind in the work world by men. In many cases the man and woman would enter law, for example, at the same time, but the woman would have to stop because it was her duty to stay at home with the children and keep house. While the woman stayed home, locked into this thing called "woman's duty," the man moved on to become a judge, the head of a bank, the head of a business, a head plumber, or a head horticulturalist. As a result, when the women were free to enter the work force they could only go into jobs such as waitresses and secretaries.

Let me stop here to say that the most important and strongest group of women in our society is that group made up of our secretaries. I have discovered—and perhaps this is why women have been kept out of the board rooms for so long—that the male executives do not want women to find out the truth of how they do their jobs. The jobs really are done by the secretaries. In the law profession for example, it is very interesting to note that the secretary does most of the work—the factumes, the reports and the statements of claim. She does all that work and may make $8,000 a year.

I thank the hon. member for Winnipeg North Centre (Mr. Knowles) when he argues—

Mr. Robinson: Mr. Speaker, I rise on a point of order. I must take exception to some of the remarks of the hon. member. Being a lawyer myself I cannot agree that all of the things she has said are in fact accurate.

The Acting Speaker (Mr. Turner): Order, please. Let me suggest to the hon. parliamentary secretary that that is not a point of order but rather a point of debate.

Mrs. Holt: Thank you, Mr. Speaker. They must defend their own injustices to women. I am not saying the parliamentary secretary is in this position, but many lawyers pay $8,000 a year to these women and charge $20,000 to $50,000 for the cases those women have prepared for them.

I say that young women now know they must prepare for their lives in their middle years. They will have to attain their degrees and nurture their talents in order to prepare their lives for the future. If both men and women share in the lives of their children, I am sure we will have happier children.

The Acting Speaker (Mr. Turner): Order, please. The hour for consideration of private members' business has now expired. It being six o'clock, I do now leave the chair until 8 p.m.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

BANK ACT

AMENDMENT TO EXTEND OPERATION TO APRIL 1, 1979

The House resumed consideration of the motion of Mr. MacEachen (for the Minister of Finance) that Bill C-16, to amend the Bank Act and the Quebec Savings Banks Act, be read the third time and do pass.

Mr. McKenzie: Mr. Speaker, I should like to continue with my remarks in regard to how credit unions offer many additional services free of charge compared to banks. Turning to the article which I was referring to earlier, it reads as follows:

> Banks certainly offer many of the same services, and quite a few others as well—although there's usually a charge.
>
> But the credit unions offer many of the everyday services free, and the rates they pay for savings are often slightly higher than those paid by the banks.
>
> To obtain the revenue for this, the credit unions sometimes charge slightly higher loan and mortgage rates—but then they often allow you to make extra payments ahead of time without penalty, which can be worth quite a bit.

[Mrs. Holt.]

The article went on to quote the comments of one member of a credit union who indicated the following:

> We own a 12-site apartment and our cash flow is about $30,000 a year. Our account's monthly balance ranges from $1,200 to $2,000. Our bank didn't pay interest on the daily balance, so we switched to a credit union which does. And our credit union cheques work out to a cost of ten cents each versus the bank's 21.7 cents.

These are things we can question the bank representatives about when they come to committee in order to find out why the same services cannot be offered.

Earlier in my remarks I referred to the government's white paper on revisions to the Bank Act. It pointed out that some type of legislation would be brought in to deal with venture capital. Just last month I spoke on that subject in another debate. I indicated how important it was for our secondary industries to obtain venture capital. Venture capital cannot be obtained because of conditions in the country today. Apparently the government has some kind of program in regard to venture capital which will be presented.

Last week the Minister of Finance (Mr. Chrétien) stated that the opposition was making him look good. When we experience delays like this and the stalling tactics which have occurred, neither the minister nor the government looks good. With the economic conditions in the country today, the government looks terrible when it delays something as important as the Bank Act. Also it is a disgrace that the minister is delaying the development of the new Bank Act. Independent businessmen of Canada have pointed out the kind of changes required in the legislation in order for small business and secondary industry to obtain venture capital. This is important today with our record high unemployment, which is costing $8 billion a year. It is time for something to be done to expand our secondary industry and to assist our small businesses, instead of just bringing in ridiculous pieces of legislation calling for delays in bringing in the Bank Act.

● (2012)

Earlier this year I read from a document from a financial group in Winnipeg named Peter Henry Jerch and Associates. They are a firm specializing in corporate finance and acquisitions. They have a significant roster of clients needing capital and are aware of many of the situations where the injection of equity venture capital can produce very beneficial results to them and to the economy at large. In fact, the need is so broad that nearly half of all companies that apply to banks for credit should have additional venture capital to make them more successful and more viable.

Instead of allowing this tremendous outflow of capital to the United States and large numbers of businesses to move to the United States because of the political climate here and the uncertainty caused by delays in producing the Bank Act, which should have been tabled here at least a year ago, the government points out the need for all these things in the white paper but is doing nothing. It is just bringing in ridiculous pieces of legislation asking for more delays.

This investment counselling firm also pointed out:

> ... if such venture capital investments could be offset in full against other income, and besides the tremendous impact on the short and long term economy, there would be no negative effect on government tax revenues. To test this assertion, Peter Henry Jerch and Associates conducted a detailed survey of 40 smaller Canadian owned companies located in Ontario, Manitoba, Alberta and B.C. The survey delved into nearly every aspect of a company and included a review of financial statements and books, a review of management ability to carry out a proposed strategy, and a study of product viability and historical projected market acceptance. Detailed summary tables were drawn up based on the results of this in depth review.

They go on to give statistical information on how they could expand and the number of jobs they would create if they could receive additional venture capital which they cannot obtain in this country and which, as the minister pointed out in his white paper, is one of the top requirements in this country. But apparently we will have to wait until unemployment goes up, more businesses leave and more investment capital leaves the country. Then the government might get around to bringing in revisions of the Bank Act. This is a ridiculous situation although, as I said at the beginning of my remarks, we could go along with a further extension of the Bank Act if the legislation is tabled now and businesses, credit unions and banks across Canada have this document to study so they can prepare themselves.

Therefore, Mr. Speaker, I cannot support the delay for which the minister asks. I hope he will read the remarks that were made today by the hon. member for Edmonton West (Mr. Lambert), by myself and by others who will speak later. I hope they will be forceful also in demanding that this irresponsible minister table the Bank Act immediately, instead of making ridiculous statements in the House that he looks good.

Mr. Bill Kempling (Halton-Wentworth): Mr. Speaker, I would like to say a few words about Bill C-16 which is before us, the purpose of which is to extend the Bank Act for another year. My colleague, the hon. member for Winnipeg South Centre (Mr. McKenzie) and the hon. member who spoke prior to him, the hon. member for Edmonton West (Mr. Lambert), both expressed my views clearly on why we are debating this bill when, as they have said, we should be debating the new Bank Act. I know that the minister, the people in his department and most of the people in the private sector to whom I spoke look upon the revised Bank Act as the basis for any economic recovery which will occur in Canada. We have all read the white paper on banking and the proposed changes to the Bank Act. We know that the legislation is ready and has been for some time.

Mr. Chrétien: This is not true, it is not ready.

Mr. Kempling: Perhaps we have been misinformed, but we were informed in January that the Bank Act is ready and that we might possibly be debating it—

Mr. Chrétien: With the permission of the hon. member I would like to tell him that if the bill were ready, I would be tabling it. The bill is being drafted at this time by the Department of Justice. I am as frustrated as the hon. member that the bill is not ready. We had a long debate after the white paper was brought forward, we had more representations and some changes had to be made. Since the bill is not ready, I am not tabling it. It has not come back to me in its draft form.

Mr. Whiteway: That is the problem. The bill is not ready.

Mr. Chrétien: I said that in the committee about two weeks ago. I know that when the hon. member said the bill was ready, he was probably using information he had, and I wanted to correct his wrong impression.

The Acting Speaker (Mr. Ethier): I am sure the minister wanted to rise on a point of clarification, but this does not justify a point of order.

Mr. Whiteway: That is the problem, it is not ready.

Mr. Paproski: Nothing is ready over there.

Mr. Kempling: I thank the minister and I accept his explanation that the bill is not yet ready. What I was referring to was information that we had in January to the effect that the bill was ready, had been drafted and approved; and, I might go on to say, we were even told that it followed the white paper very closely with few changes. I am referring to the white paper which was presented in August of 1976. We were told that that is the sort of bill we would be seeing. So I was not just spreading an idle rumour; I was speaking on the basis of pretty good information.

However, now that we are talking about the bill not being here, let me point out that the bill was being considered in 1973, 1974 and 1975. Here we are in 1978, five years after the bill was first considered, being asked to extend the existing legislation for another year to give the government a chance to bring in revised legislation. It is particularly important because people in the private sector are being pressured by the government to stimulate employment, to expand their plant facilities, to help pick up the slack in unemployment, to help export more products, and to offset our balance of payments deficit. The reason for not doing this, aside from the general economic condition, is the severe difficulties they have in obtaining adequate financing through our banking system.

In the last ten years, the ability to accumulate wealth has dried up. Normally, one could go into the stock and raise capital in order to spawn a new industry or enlarge an existing one, but that facility is not available today. The result is that we have to rely on what was traditionally a short-term money market for long-term investments. When we have difficulty getting those commitments out of some of our banks because of restrictions in the existing Bank Act, that is one of the major reasons for the absence of an upsurge in economic activity in Canada.

● (2022)

We need a variety of financial institutions in Canada. After reading the white paper on proposed changes to the Bank Act and on proposals regarding the credit union movement I was concerned. I suggest to the minister that possibly we need two levels of financing. Perhaps we need the level of our ten

chartered banks and another piece of legislation to deal with credit unions, merchant banks, discount houses and those kinds of financial institutions. I am not convinced that we should bring credit unions totally under the control of the Bank Act.

If we look into the matter carefully, I think we will find that the bulk of assistance being given to small business today in Canada is given by credit unions. A tremendous amount of assistance is being given to small business by credit unions, I believe more than by chartered banks. I would be upset if we tried to cast a net and draw credit unions totally into the same orbit in which we find chartered banks.

One of the things we need most is confidence in the dollar. We also need confidence that Canada will continue on some rational footing for the next period of time. We need confidence in the integrity of Canadian enterprise. I do not think that confidence will come through programs and incentives from the Department of Industry, Trade and Commerce, where there is much bureaucracy but as a result of a realistic revision of the Bank Act, a close look at the functions being performed by trust companies and credit unions and an examination of the merchant banking system which we find to be very successful in Europe.

In my own career in business I had an opportunity to use merchant banks. Many years ago we had a tight money policy. At least that is what bankers in Canada told us. I had some difficulty acquiring some funds, so I got in touch with a merchant banking firm in London, England. After telex messages passed back and forth between London and my office, in a matter of 24 hours a line of credit was arranged which could not be arranged with one of our chartered Canadian banks. Merchant banks have a place in our banking system.

One gentleman in the business community whose opinion I particularly respect told me at the weekend that sooner or later Katz' Law is going to come into effect in Ottawa. According to Katz' Law, when you have completely screwed up the economy sooner or later you are going to do the things you should have done in the first place. Had the government pursued a revision of the Bank Act in 1974 and 1975, we would have been better served than we were by the imposition of controls. As I have said, the cornerstone of the economic recovery program is a revived and revised Bank Act.

One of the difficulties which was experienced by many businesses in 1975 and 1976 when our interest rates were running high was that they had to make arrangements principally in the United States and Europe to finance inventories. They entered into arrangements with European and American suppliers to finance inventories at rates of interest ranging from 5.5 per cent to 7.5 per cent, which was considerably lower than rates in Canada. As a result of a slowdown of activity in 1977 many of those business firms are now carrying notes from European and American financial institutions on their books. With the present devalued dollar they are into a serious profit position.

The stabilization of the dollar, a reconstituting of the Bank Act and a revision of the Bank Act are vital to everything we do in business, and I am amazed that when we came back here in the fall the government did not announce that it would proceed full speed ahead with a new Bank Act and endeavour to have it in place by the spring of 1978. I want to stress the need to revise the present act. Businesses face tremendous difficulties with various sections of the existing act. I have raised the matter of section 88 before. That is the section of the act which deals with collateral. Under section 88, if you are in a manufacturing operation, banks will accept as collateral raw material and work in progress. However, once that work in progress is completed and is part of inventory it no longer falls under section 88. Where material rolls off the line and is delivered, that is fine; section 88 works well in that situation. But where there is a slowdown and where there is an accumulation of inventory, the business involved rapidly runs out of money, especially if that inventory is stored for a long period of time.

I have heard various members of the New Democratic Party urge that certain industries should be stockpiling or building up inventories to keep employment going during the present economic slowdown. The very real difficulty is the financing of that inventory. Most trading companies and most manufacturing companies have a great deal of difficulty financing finished inventories. Consequently, they tend to keep a minimum of finished inventories on their shelves. We really need some new instruments and some changes in the act in order to accommodate this situation. Banks need a new instrument to deal with small and medium-sized businesses, and I hope the minister will consider what I have said about two levels of financial institutions.

Once again I say that credit unions, trust companies and merchant bank operations could be governed by another type of legislation. Perhaps there could be a financing instrument to deal with the requirements of small and medium sized businesses. Under the existing act the small businessman really has very little leverage through the medium of a debt instrument which he can use to finance his business.

● (2032)

We are concerned, of course, with the forecast in the white paper about the role of the chartered banks in the areas of leasing, computer services and the extension of consumer credit. If the banks enter these areas to any great extent it could be to the detriment of the small and medium sized business sector. I think that would be a tragedy, Mr. Speaker.

We face difficult times. Unemployment stands at 8.3 per cent, inflation at 9 per cent, the Canadian dollar is under 90 cents U.S. and is unstable, while private capital spending is below 3.5 per cent. Everyone is calling for increased activity in the private sector and it seems to me that introduction of the Bank Act would do more to stimulate this than any other action. Programs of the Department of Industry, Trade and Commerce, GATT incentive programs, controls or no controls, labour relations, competition legislation—none of these things will have as much effect on the private sector as a revised Bank Act.

The minister has said that the legislation is presently being drafted by the Department of Justice and that he has not seen the draft. Of course, I take his word for that. He has also said that he wants to bring the bill to the House as soon as possible. That is rather strange when you consider how long it has been around. The Bank Act is due for revision every ten years and we know work was being done on it in 1973, yet after five years we are being asked to extend the present act.

I would urge the minister to bring the bill to the House as soon as possible. We did not have an opportunity to debate the white paper and it was never referred to the Standing Committee on Finance, Trade and Economic Affairs. It is true that the Senate studied it and the chartered banks and some other institutions had an opportunity to consider it, but the House did not. When the revised Bank Act is ready we are anxious that the House have an opportunity to debate it, to hear witnesses and, if necessary, to offer amendments to make it legislation the business community can work with for the next ten years.

That is about all I have to say on Bill C-16 at this time. Some of my colleagues will be speaking and I presume we will proceed with the bill when the other speakers have completed their remarks.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, there are three main points that should be made when considering Bill C-16 and I do not think they can be made too often. First is the irresponsibility of the government; second is the uncertainty in the business community; and third is the uncertainty of future activities of the banks themselves.

Some of my colleagues have spoken of the performance of the government leading up to this bill and some of the things they have said are worth repeating briefly. The Bank Act expired on June 30, 1977. It is not as if the government did not know this was going to happen; one might say the government had ten years' notice that the act would expire. This act is not like any other; it does not just expire and become part of history. If it is allowed to wind down and expire, the banks are forced to wind down all operations on the day of expiration and then have no authority by which to operate.

If the ten years' notice were not enough for the government, they were reminded of their responsibility to introduce new legislation in 1977 when the first extension bill which extended the Bank Act until March 31, 1978 was introduced. After that came the white paper. The government might say it has so many things to do it could not possibly get the legislation passed by March 31, so now we are asked to extend the act until March 31, 1979.

There is a catch in this bill, Mr. Speaker. It is not only a bill to extend the operation of the Bank Act until April 1, 1979; in fact, it could go on for quite a few months more. That is not evident from the bill. The extension could be for several months or ten months. What the bill says is that it will extend the act beyond the end of March, 1979 until the sixtieth sitting day of parliament next thereafter. Parliament rarely sits more than 20 days in any month so that would give three months if parliament were in proper session. But let us suppose the government called an election next March, although, heaven forbid, there need not be an election until the fall of 1979. If an election were called in March, 1979 there would be a two-month election campaign during April and May. The House traditionally does not sit until a couple of months after an election so that would take us through June and July, nor does it usually sit in August, September or October. This would mean a possible extension not to March 31, 1979, but for seven or more months after that.

With that background I think we must ask why there has been a delay and why the government did not have the legislation ready. It has known for ten or eleven years when the review was due. If we look at the remarks of the Parliamentary Secretary to the Minister of Finance (Mr. Lumley) at the time the bill was introduced in the House in January of this year, it might be interesting to note that the Minister did not see fit to present the bill. It was presented by his colleague the Minister of Transport (Mr. Lang) and was introduced by way of opening remarks by the parliamentary secretary. One would have thought that the minister would find it important enough to be here since it was the first day of the resumption of parliament after the Christmas recess. In any event, at page 2118 of *Hansard* the parliamentary secretary said:

● (2042)

First, the extent of consultations encouraged by the white paper. Second, the extent and complexity of the task of converting the principles of white paper into legislation and particularly, where appropriate, making the Bank Act consistent with the principles and provisions of the Canada Business Corporations Act and, third, the extent of the pressure of other priorities on the small group of legislative drafters in the Department of Justice.

If I could comment for a moment on the last reason. We had an example where a mysterious bill materialized from the offices of the legislative drafters in the Department of Justice, which bore the name of the Minister of Finance (Mr. Chrétien). It was strange that the Minister of Finance denied any connection with this particular bill. When I asked the Minister of Justice (Mr. Basford) last week what minion in his department had authorized the drafting of this bill, he was unable to recall the name of the author, what authority had been given for its drafting or for its release across this country.

What about these first and second reasons, which may be more important? The first was the extent of consultations encouraged by the white paper. The government called for submissions in response to the white paper from the business community. They received them and they were considered. They were distributed to all of the members of the finance committee. I have stacks of them in my office. But did the government ever call that committee to consider them in detail? No, Mr. Speaker, there have been no meetings by the standing committee to consider those submissions. The government itself undoubtedly had lots of time to examine those submissions. Goodness knows why they did not pay any attention to them. Maybe they did. Maybe that is why they withdrew the legislation.

The second reason given by the parliamentary secretary is the extent and complexity of the task of converting the principles of the white paper into legislation. I am sure the banking community would like to know where they stand regarding the submissions which they made at the request of the government. The request was made for some input respecting the new rules that will be affecting banks in the near future. The legislation is nearing completion and the bill will soon be ready for introduction. At least, that is what we were told today when the hon. member for Edmonton West (Mr. Lambert) asked what was likely to be happening with the legislation. There have been ample opportunities for the government to have it ready. The words of the minister today merely repeated the statement which the parliamentary secretary made in his speech over a month ago. One would wonder if there is any faith in the system as exhibited by the government.

Again at page 2118 of *Hansard*, referring to the earlier amendment, the parliamentary secretary said:

That wording provides flexibility and acts as a safeguard in the event that parliament is not sitting at the end of March, 1979—

I believe I covered that when I said there was a possibility that this bill might not to passed until late in the fall of next year.

That is enough about the performance of the government. We should now turn to the performance of the banks to see what kind of consideration they deserve. The banks are often painted as ogres or worse by some members of this House. Management of Canadian banks is responsible in the performance of its duties. Everybody is not happy with the performance of the banks, just as everybody is not happy with the performance of politicians. There are split responsibilities. The management of Canada's banks has responsibility to its depositors. They must safeguard the millions of dollars belonging to Canadians on deposit in the banks. They are also responsible to the countless thousands of Canadians who own equity in the banks.

I do not have the number of shareholders at hand and I do not know whether that information has been given in this debate. However, I do remember when the International Nickel Company was the subject of debate in this House that the number of shareholders in Canada in that company was 55,000. If I had to guess, Mr. Speaker, I would say that there were several hundred thousand Canadians who had direct ownership of shares in Canadian banks. If we take the institutional investment in the banks and consider the beneficial ownership in the banks' equity stock by Canadians—and in this respect I am referring to pension funds, estates and trusts—I suggest there are probably millions of Canadians who have some direct or indirect interest in the operation of Canadian banks.

The executives themselves are not a particularly wealthy group. Some people are impressed by the high salaries of these professional managers in Canada. There was an example given just recently of an industrialist managing a large company earning something over $300,000. Salaries of $200,000 are not at all rare in Canada today. I do not know what salaries the banks pay their top men, and this information may not be published. But that is not the point. These men are professional managers whose responsibility it is to serve their customers. At the same time they must protect their depositors and ensure that their shareholders, who are their ultimate bosses, receive a proper return on the capital which they have invested in those banks.

A lot is said about the banks and their huge profits. It is not necessary to go into the dollar figures here, but the percentage increases, which is the kind of information my friends to my left, and particularly the hon. member for Regina-Lake Centre (Mr. Benjamin), seem to indulge in, I have brought with me tonight. Profits of all Canadians banks, not counting the ones which lost money, in 1977 increased between 10 per cent and 13 per cent over 1976 profits.

Everything that is published in the financial world these days is published in numbers of actual dollars, not in so-called real dollars, which is the dollar discounted for inflation. If the government can allow the inflation rate to run at 9 or 10 per cent every year, an interest rate running between 10 and 13 per cent can hardly be said to be unreasonable. After all, the banks deal in dollar units; they do not get the kind of security against inflation which is held by people investing in real estate or in equities which increase in real value so as to offer protection against inflation. The banks have to reflect the result of inflation in the increase in their investments in terms of numbers of dollars. This is not to the discredit of the banks. If there is any blame to be apportioned for that kind of increase, it has to fall upon the government.

• (2052)

What kind of services are the banks performing and what kind of services do we want them to perform? It is true that the banks, because of the type of deposits they were in the habit of taking, were not for a long time involved in the mortgage market. Then, for a time, there was a non-legislative barrier against their being engaged in mortgage transactions—I refer to the interest ceiling placed on banks only. But since then we have seen an increasing involvement of banks in the mortgage field. Indeed, two years ago the banks were the holders of 21 per cent of all institutionally supplied mortgages. So more than one of every five dollars in the mortgage market had been put up by the banks, representing a sizeable proportion of mortgage funding in the housing field at any time. I suppose one might wonder whether this involvement by the banks increased the total amount of money available for mortgages or whether it merely allowed some of the other lenders to run off into other areas. I do not know.

Another important use of the funds of banks is in the small loans field. This is an area which is often overlooked. People sometimes think that the banks are being unfair in charging what they term a high interest rate on loans to individuals; rates of between 12 and 14 per cent are talked about and are realized by the banks. What is often ignored is the risk encountered by the banks and the rates charged by others in the field who are not in the same competitive position. I am

referring to some of those lenders who are subject to attack by supporters of the government when the borrowers and depositors legislation was introduced here and then allowed to die on the order paper.

It was interesting to note that when the legislation was introduced the then minister—I think he was the seventh in a row of nine or ten—spoke of an illegal rate of interest and stated that the highest rate of interest the government would consider would be something like six times the prime. In any event, it worked out to something like 50 per cent per annum before a rate would be illegal. And here we have the banks lending with a very small margin, because they pay interest, of course, on the amounts they lend out. They try to pay a rate of interest as high as possible to their depositors, and lend money to other Canadians who need it for individual purposes at 2 per cent or so over the rate. Indeed, sometimes the margin is no more than one and a half per cent. In any event, a real service to the community is being done in this field.

There is another and lesser known area, that of factoring. Many businessmen know how useful the banks are in factoring accounts receivable, say, in direct payments. What do we expect the banks to do in the future? Here is a real opportunity for the government and for the opposition to change the direction of banking in Canada. If the government would only come forward and let us know what plans it has, we could have something to say about the issue and so could the banking community.

With reference to other fields in which the banks might become involved I can only say I see certain dangers. For example, the banks want to become more involved in leasing. I see danger in this. I know there are many ordinary Canadian businesses which lease equipment and so on. If we consider the matter closely we see that leasing, after all, is only another way of borrowing money and that the one operation can be directly related to the other. If the banks were to step into the leasing field they would be competing with those who already lease equipment. When a lessor wanted to increase his line of credit with a bank the tendency, inescapably, would be for the bank to say: We are sorry, we have come to the end of the line of credit we are authorized to extend to you. The door would then be open for that bank, or any other bank, to jump in without restriction and offer to take the contract as a condition of providing the equipment. That is one possibility. There are undoubtedly others which would arise in connection with the expansion of banking activities. Thus it is important that the government get its legislation into the hands of the committee where it can be studied very carefully.

Finally, it is urgent that the bill before us be passed so that the banks will have this element of uncertainty removed from their operations and they will not be wondering whether they will still be in business after the end of next month. The best thing I can think of now as a member of the opposition is to urge the government to produce its revised act as they have promised to do very soon, but which we have not yet seen—

Mr. Stevens: Shame!

Mr. Clarke: My hon. friend says "Shame" and that is a fitting note on which to end. Let the government cease to follow these shameful delaying tactics which are imposing such uncertainty upon the banking and business community.

Mr. Les Benjamin (Regina-Lake Centre): As a country boy from Saskatchewan, Mr. Speaker, I have been listening to hon. members from both sides speak on this measure. I want to take only a few minutes in which to remind the House that all this bill does is extend the provisions of the present Bank Act for another year while the government, like governments before it, agonizes about what should be done with our banking legislation.

In the history of this country, transportation and transcontinental railways were used as instruments of national policy. It seems to me this should be even more the case when it comes to banks and banking: they should be used as a tool of national policy. They should be used as a tool in terms of social policy, the direction of their investment, the kind of profits they make, how they treat their employees and their ethics or conscience in their dealings with Canadians, with their employees, and where they deal in other parts of the world. If anything has been lacking in financial institutions over many decades, it is some kind of conscience in terms of social policy, the ethics of who they deal with and how they deal with them.

● (2102)

One can go back 2,100 years. I do not want to infringe upon the territory of my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), but the parable of the money changers being driven from the temple is even more applicable today. It may have happened 2,100 years ago, but they have snuck in the back door and are here again!

The banks of our country whose depositors, borrowers and shareholders are Canadians are very large and efficient operators in the world banking industry. They are Canadian owned and operated for and by Canadians. When they deal outside of our boundaries, similar to the way investors did with the Hitlers, Mussolinis and Stalins of this world, one has to ask whether that is the kind of conscionable financial institutions we want in this country.

Mr. Clarke: Yes.

Mr. Benjamin: The hon. member for Vancouver Quadra (Mr. Clarke) says yes.

Mr. Clarke: To protect the depositors.

Mr. Benjamin: To protect those depositors who invest money in military dictatorships in Chile and to protect the dividends of those shareholders. Canadian money is provided to bolster a racist regime in South Africa and the hon. member for Vancouver Quadra thinks that is great. One of the reasons Jesus drove the money changers out of the temple was, I believe, because of the exploiting of people. That is a nineteenth century, or even older, philosophy or creed which says it is okay to do anything to make a buck.

Mr. Lambert (Edmonton West): How about loans to the left?

Mr. Benjamin: When it is a totalitarian dictatorship, right, left, upside or downside, it is not okay. If the hon. member for Vancouver-Quadra or the hon. member for Edmonton West (Mr. Lambert) want to invest their money in shoring up a loan for the state bank in Moscow or the military regime in Chile, that is their business. However, I do not know that any board of directors of a bank has a right to do that on behalf of their hundreds of thousands of depositors, customers and, in particular, shareholders without asking them. They never consult with them.

Mr. Clarke: Every year.

Mr. Benjamin: Every year they throw a party. If a shareholder tries to protest at an annual meeting about the kind of investment that is being made, he gets absolutely nowhere. Every time church groups and shareholders attend annual meetings of banks and protest policies regarding investments or the social conscience of that institution, they get absolutely no place. It is a myth that these private enterprise outfits are very democratic and that shareholders have the final say. I have never yet seen it work with any of these outfits.

Mr. Kaplan: They can always sell their shares.

Mr. Benjamin: The $90,000 candidate from Toronto says they can always sell their shares.

An hon. Member: He can always sell his soul.

Mr. Benjamin: Maybe, if he has one. It is easy for him to make that kind of recommendation. If he were an investment counsellor, he would abhor what the banks are doing. However, he would advise his clients to invest in banks because there are good bucks in it. Anything to make a buck.

The Royal Bank has participated in a $55 million loan to finance a steel project in Chile. The Bank of Montreal has confirmed it is part of an international group that will provide $125 million in economic aid to the Chilean junta. It is not bad enough that they do that, but they gave $25,000 to both the Conservative and Liberal parties a year ago. I suspect they do that every year. I doubt whether they consulted with their shareholders on that. They sure did not consult with their shareholders about backing up a $125 million project in Chile. They can find that kind of money, but when it is suggested that maybe there should be a few cents less in dividends for their shareholders and a few million for their profits so that this money can be used for the development and growth of our nation, they are quick to say it is not good business or good enterprise.

I know some free enterprising individuals who maximize their participation in our society and country. We might argue about politics, but they make a contribution to their community, province and country in a variety of ways. They treat their employees well, participate in good pension plans and do not invest in what can be called the "anything for a buck" type of operation. However, our banks and other financial institutions do. That is something that gets our so-called free enterprise system in trouble. Their social conscience, how they deal with people and treat their shareholders is what gets them into trouble.

Mr. Clarke: We are not in trouble.

Mr. Benjamin: The hon. member for Vancouver-Quadra, like Marie Antoinette, says "We are not in trouble".

Mr. Clarke: Pierre gets in trouble.

Mr. Benjamin: It does not matter whether it is Pierre Elliott Trudeau or R. B. Bennett. Not that there is that much difference between them—

Mr. Knowles (Winnipeg North Centre): One is dead.

Mr. Benjamin: One is dead and the other soon will be politically.

Those who spread propaganda about the great ethics, morality and standards of the free enterprise system have dirty hands. I know some of these people personally. They are fine upstanding citizens. However, how they can look at themselves in the mirror in the morning without throwing up, I will never be able to understand. Not that everybody is totally pure.

Mr. Stevens: You have a lot of cuts on your face.

● (2112)

Mr. Benjamin: The banks advertise on television telling us how great they are for us, but the entire history of the banking fraternity in Canada is bad, and that bad history goes back as far as confederation.

We need only two financial systems in this country, a publicly owned chartered banking system and the credit union or caisse populaire system. Let me tell the hon. member for Vancouver Quadra that about 30 years ago, when I first tried to get a loan from a bank for a $2,700 item, with $2,000 cash on hand, the bank manager, who was a very nice fellow to curl up with and to have a cup of coffee with, asked me if I owned any land, to which I said no. He asked did I own a house, to which I replied no, and whether I had any cash. So I said all I had was the $2,000, a good name and my job. He said he was sorry he could not lend me the $700. That was one of our great chartered banks. I had a wife, three kids and bills all over town like most every other Canadian in those days, but he could not trust me as a customer.

That is when I got wise, smartened up and went to my credit union. When I went to the credit union I paid my $5 for a membership in the union and had my $700 by noon. Let me tell you that I have never gone anywhere else but to the credit union since, Mr. Speaker.

An hon. Member: You still owe them.

Mr. Benjamin: I have owed them several times, and sometimes they carried me longer than my own mother did.

An hon Member: And she carried you too long.

Some hon. Members: Oh, oh!

An hon. Member: You were a long-term baby.

Mr. Benjamin: I have been a member, on the board of directors and a member of the supervisory committees of a credit union for about 30 years. I have seen at first hand how money can work for people instead of people just working for money. I have seen what can be done for individuals in a community who desperately need the help of a financial friend. I have seen what money can do for an entire community when these private enterprise banks would not touch the project with a ten-foot pole, even though it meant a local skating rink or a curling club. As a result the people got together and did it themselves.

At a time when we need hundreds of millions more investments in low-income housing, senior citizens' homes or, even a real risk item, a day care centre which might go belly-up a year or two later—in other words, when it comes to the things in respect of which money can really work for the people—where do we find these banks? They all have great commercials on television, and they do everything to try to drag you in off the street to make you a loan, even for something for which you neither have the money nor the need. But when society really needs the money, or when a community, a small group or an individual needs financing, that is when whatever amount of social conscience they might attempt to display through their television ads totally disappears.

Let me tell my hon. friend from Vancouver that perhaps I should give him an honorary citizenship in Saskatchewan, or make him an honorary wheat farmer so that he can find out what the CCF did in respect of the co-operative movement in Saskatchewan. In fact, even his own party gave at least lip service to that movement in the dirty thirties, and the labour party bailed out the Saskatchewan wheat pool and the farmers' co-operative. There is a great deal of history of government activity in my province, a government which has said to hell with the banks and has done things itself.

At a time when we need so much investment in homes, hospitals, day care centres, senior citizens' housing and other socially desirable projects, these outfits are telling us how great they are about shoring up outfits in South Africa and Chile. It seems to me that condemns these institutions out of their own mouths and from their own actions. I do not see these banks rushing to help other Third World nations whose short-term prospects are not very good. They may be terribly poor nations with an annual per capita income of $50 or $100. They may be located in the middle of the desert, or because of some other geographical or natural circumstance they are in that category; but I do not see our banks volunteering to make investments, particularly if the chance of their making a buck is not very good. I do not see them volunteering to risk some part of their worth and wealth for these people. I have had many people in the banking fraternity tell me they are willing to invest their money, but that it must be in a very good thing. Any damned fool can be a banker with that kind of a deal.

I think that governments must have some direction in this regard. This is a horrible thought to my friends to the right and to many across the way, but other countries to the right, the left and the centre have done this with their financial institutions and banks decades ago. They have moved in and directed them in terms of where some if not all of their investments are to go.

These governments have given the banking institutions two choices in respect of how much of their investment will be made in low-income housing, day care centres and other worth-while social projects which may or may not make a buck. They have directed them as to how much investment must go into those projects. They are given one of two choices; it is "compulsory" or they "must" do it.

Let us consider the whole matter of using our chartered banks as a tool of national policy. It seems to me this is even more important than the manner in which our national transcontinental railways are set up. In that case we are looking at investment in projects of national interest and national worth. When you require funding for some great national project the banking community, which obviously will not do it on its own, must be directed as to how much of their investment portfolios will go into the national project.

Let me say a word or two about the people who work in the banks—the tellers, the clerks and accountants. They are all capable, competent people. If they were not the banks would not be making nearly as much money as they do. For decades and decades they have attempted to obtain better working conditions—better hours, holidays with pay and rates of pay—but they have been looked upon as Scrooge looked upon Bob Cratchett. The needs and the wellbeing of the people who work for the banks come almost last in the banks' consideration. In fact, when one looks at the 30, 40 and 50-storey highrises the banks have been putting up in several cities in Canada, and the competition among our bankers to see which bank can put up the highest building, one can only conclude that their employees should be given the same kind of break employees in other industries are getting. When that is suggested to the bankers the answer is no, Mr. Speaker.

One might also talk about experts at union busting and at preventing employees from voluntarily organizing themselves into associations. Here is where the banks expend great effort. They can put up 50-storey towers, but they cannot do something about the pensions of their own employees. The banks carry on these chambers of commerce contests as to which one will be the most swinging. They carry on contests as to which one will have the best television advertisements. They advertise to buy off people with their own money. They cannot lead the way as they should do. They are the most financially capable of any employer in Canada. They should lead the way in dealing with and treating their employees, but they rate among the lowest. I know of restaurant owners who pay their waiters, waitresses and dish washers better than some banks pay their junior employees.

• (2122)

I hope the government in power a year from now will bring in some real changes in the Bank Act. We will provide these institutions with another year of life under the present law, but surely the next government should bring in amendments to the Bank Act which will provide for genuine public participation and be of meaning to the people of this nation. These amendments should provide some direction in the handling of financial institutions, individual citizens, groups of citizens, regions and small businesses.

Recently I heard a colleague indicate that the New Democratic Party did not object to more competition in the banking field. If there was some real competition, I suppose I could agree. It seems to me that competition is not necessary among churches, because their parishioners believe in the same God. I wonder why competition among banks would be necessary when their god is the same—mammon. We need competition among the banks like we need a hole in the head. Banks do not compete. Their competition is so marginal and dispersed that one bank will provide a one-quarter of 1 per cent better deal on one thing while the bank across the street will give you a like deal on something else. There is no genuine competition. If there was genuine competition in the banking institutions, it would hurt the people who need to use those services. I hope this parliament and the next one will direct their minds toward some fundamental changes with respect to how our banking institutions are required to operate and in fact operate.

The left and the right wing political parties of Norway have laid down some real rules for their banks. These banks operate in the best interests of people and money comes second. Canadian banks should serve people and not money. If and when a profit is made, it should be secondary. Much more can be done in this nation. Hundreds of thousands of people who require monetary assistance could be treated much better. If that was accomplished, Canada could be more proud of its banking system. I hope all hon. members will think about what has been said with respect to the kind of financial institutions Canada requires and how they should serve people.

Mr. Bob Kaplan (York Centre): Mr. Speaker, I had no intention of participating in this debate, but having listened to the hon. member for Regina-Lake Centre (Mr. Benjamin), I cannot refrain from rising in an attempt to counter some of the ridiculous accusations he has made against banking and business. It is obvious the hon. member does not believe in business; he thinks that business is one of these evil necessities we would be better without. I do not rise to defend the banks. I rise to defend something the hon. member was prepared to attack and to take away from Canadian society, that is freedom. Freedom is something which is important in Canadian society.

The hon. member argued that Canadian banks should not be free to lend their shareholders' and depositors' money where they think it is in the best interest of their institutions to do so.

Mr. Benjamin: They lend it whether the shareholders like it or not. Does the hon. member call that freedom?

[Mr. Benjamin.]

Mr. Kaplan: I will come to that. The hon. member's point was that the banks should not have this freedom. He was able to refer to a list of countries which, in his view, are evil countries. I do not argue with that. In fact, I agree with him. Canada is one of the freest countries in the world. In most other countries human rights are not respected, even though they should be. These countries should be condemned. We should take concerted action with other countries, as we do, in an attempt to influence those countries along the lines of greater recognition of freedom and greater rights for the individual.

How does the hon. member want to solve that problem? The hon. member wants to take away the freedom of Canadians and Canadian institutions. He indicates that those institutions should not have the right to trade with the Soviet Union, parts of Africa, Latin America and Pakistan. Perhaps a list of 80 or 90 countries where people are far less free than Canadians could be drawn up. I do not mean to belittle the hon. member's point. Many people are less free than Canadians. Many countries that are run by autocratic dictators are unworthy. The hon. member wants to take away freedom. If the New Democratic Party wants the right to lend money to Chile to be taken away from Canadian institutions—

Mr. Benjamin: I did not say that.

Mr. Kaplan: That is what the hon. members said. If that right is to be taken away, what about the right of travel? Why should the hon. member be prepared to permit Canadians to travel to those same countries? If the logic of the New Democratic Party is to take away the right to lend, invest and trade, should not the right to travel be taken away? That would be logical. Travel supports these countries. If the logic is followed, what about the right of Canadians to make telephone calls to those countries? Should that right be taken away? Why should Canadians be allowed to make telephone calls to those terrible countries? I agree they are terrible countries. If the position of the New Democratic Party is to take away the freedom of Canadians to trade, invest and do business with these countries, should not the freedom to travel and make telephone calls also be taken away? What about the freedom to send letters? Why should Canadians be allowed the freedom of writing letters to those totalitarian countries? In the policies advocated by the hon. member for Regina-Lake Centre (Mr. Benjamin), the NDP wants to take this country down the very dangerous path of reducing freedom of choice.

• (2132)

Now, let us come back to banks.

An hon. Member: Yes, let us do that.

Mr. Kaplan: I do not doubt that shareholders turn up at meetings at these banks to advocate that the banks should stop trading or doing business with certain countries. This is a free country and they are perfectly free to go to these meetings and to take these positions. What I would argue about with the hon. member is that if the majority of them took the view that

he says some do, then they would not be lending to these countries because banks are controlled by the majority of their shareholders, not by the minority. If the majority wanted the bank to stop trading, lending or investing in a certain way, the bank would have to stop doing it. So I disagree with the hon. member in his assertion that the banks are disobeying their shareholders. If a shareholder, depositor or a lender is dissatisfied with a policy of a bank, they have an easy recourse. They can sell their shares, transfer their deposits, and they have lots of places to go in this free country. If they do not like having shares in a bank, they can make a deposit in a credit union, as the hon. member indicated, and a credit union will have the advantage of having to pay far less income taxes and corporate taxes than do banks. In this country they have the perfect right to do that.

I should like to say in conclusion that I agree with the hon. member's condemnation of many countries. I think that the Canadian government and the Canadian people should express their views and do what they can to advance human freedoms in the world. But to recommend that our policy for achieving that should be to take away the freedom of our own people in this country is something that I am astonished to hear the NDP advocate, and something that I certainly hope this House will reject wholeheartedly.

[*Translation*]

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, I am pleased to have the opportunity, when a banking problem is being discussed, to suggest ways of improving the present system. Bill C-16 explains that the passage of this legislation may be delayed and that other drawbacks could occur to delay it further. Therefore, no specific date is given. But since this matter is under discussion, I have here statements made by politicians which inspire me and lead me to discuss the difficulties resulting from our famous banking system.

I listened carefully to some of my colleagues who referred to the various problems that arise from the implementation of the regulations following from the legislation which allow the banks to control just about everything because of the power they have. But I want to point out at the very beginning that I am not referring to the staff of those banking organizations. They are very honest and dedicated people who have been selected after investigation and they are actually performing their duties. What I want to point out in particular is the power held by the banking system which needs to be straightened out.

I realize that we live in a rich country, a tremendously rich country as many of our politicians like to put it, and I realize also that a high percentage of the population lives in poverty, that we accumulate debts which we cannot repay, because I have been here for over 15 years now and I do not hear anymore our friends opposite responsible for the administration of this country say how they are going to manage to repay the debt. The only thing they can do is to try to explain how they are going to manage to pay the interest. Can you imagine a man managing his industry or whatever he has in that fashion? His whole enterprise would collapse.

We live in a system in which the banking organization forces our politicians who think they are smart to manage the country day in and day out grappling with ever increasing debts. Moreover, they do not seem to understand that money should be a man-made service. According to what some of them say, one would believe that money has been created by an outer-space force. Yet, when one takes a close look at the system, one can clearly see that money is created by people. God does not send angels every six months to create money. People create money. So how come the men who are supposed to hold the sovereign power of governing the country are controlled by a small number of people who are the only creators of money? That is the inefficient banking system we have and which is in dire need of a few basic changes. Otherwise we will never be able to pull ourselves out of the economic chaos in which we are struggling now.

I know that most people wish they could find a solution to the problem of unemployment which makes hundreds and even thousands of Canadians suffer. I know that many sincere politicians on both sides of the House would like to find a solution to this problem. But why are they unable to find it? Why is it that their efforts to fight unemployment only make inflation grow worse? They are also fighting hard against inflation. Therefore why not take a moment to consider the source of all these problems, which is our famous monetary system.

Earlier when I arrived in the House my colleague gave me a copy of a speech delivered by a man who is not just anybody. I am talking of Father Georges-Henri Lévesque, the founder of the Social Sciences Faculty of the Université Laval, who spoke not so long ago, as he did in 1936 and 1937. Many of his writings were published in the press, but some people managed to reduce his influence and to send him away as a measure of protection for the present system. But he is back and he understands very well the nature of this system.

I should like to quote a few excerpts from this lecture; on the subject of money, he said:

> That general commodity is not only economic in nature. Money is a servant with a great many capabilities. Its contribution has hardly started when it has made it possible for us to clear the land for cultivation, operate a plant, and eat our daily bread. It must also and especially help develop the higher values in this world.
>
> Money therefore must be put to use for charity. What favour from Heaven it is to be entrusted with some of the wealth which permits us to be generous . . .
>
> . . . to help the poor and the needy . . .
>
> . . . and contribute to our neighbours' happiness! What a privilege it is for one to cause the succurred poor to send prayers of thanks to Heaven through this great servant which money is.

Later on, he stated:

> Is money not the magic instrument capable of mobilizing all beings in creation, of representing all things while expressing their value . . .

At this time, we know the value of money can be played with, the dollar floats and we see it lose value. It fluctuates from one day to the next in Canada and in the United States.

Mr. Lambert (Bellechasse): It will drown if it continues floating like that!

Mr. Dionne (Kamouraska): My colleague tells me that in these days of floating about, the dollar will drown if it continues to float like that. So, to resume my quotation from Father Lévesque's text:

Is money not the magic instrument capable of mobilizing all beings in creation, of representing all things while expressing their value . . . even where men are concerned (is it not said that so-and-so is worth a million?) In fact, money is not a means, it is the perfect means. So, the infinity of its possibilities confers upon it, falsely, the traits and prestige of a god.

Further on, it is very interesting because in that talk we find many explanations of our famous present monetary system.

Speaking of money he says this:

That general commodity, what is it in fact, where does it come from?

Talking about money.

I remember reading an article in the August 16, 1939 edition of the *Action Catholique* which was entitled: A mystery to clear up. Where does money come from? This article was written by Louis-Philippe Roy who, after mentioning that we had been short of money for a long time—let us not forget that we were in 1939, at the time of the declaration of war—all of a sudden there was plenty of everything, there was a flow of money for all the needs, war needs, of course.

He concluded his article by saying:

If, according to Pius XI, economic conditions are such that the salvation work is absolutely jeopardized by the money makers, it is high time we investigated in that direction.

I return to the speech I mentioned earlier:

What is it in fact? Where does it come from? It is not a direct creation of God who does not waste his time coining money. God does not need money. He has in his hands all the magnificence of creation: all the treasures buried in the ground or scattered in the infinity of space, the beauty of spring flowers and the brilliance of fall colours . . . One may even say that with regard to His creation, God does not need anything since He is everything. We must have things because our being is finite. To have is the human condition. To Be is the attribute of God. In his celestial grammar, the Creator only conjugates with the auxiliary verb to be: "I am that I am". Hence, money is a human invention.

That is what I was saying at the beginning.

It is produced by us. And in doing so, we are wonderfully right, even in the eyes of God. For God has put the material world at our disposal, leaving it to us to develop and to increase the natural wealth that He distributed here and there. He also endowed our minds and our bodies with various talents and different aptitudes enabling us to help each other.

But in order to achieve this, we must take the required means. I was saying at the very beginning, when I had other quotations in hand, particularly the one referring to a former prime minister of Canada, the Right Hon. Mackenzie King.

● (2142)

Once a nation loses control over its currency and its credit, it does not matter much who in that nation makes laws. Once in control, money lenders will ruin any country.

[Mr. Dionne (Kamouraska).]

This is somebody that you know well. Several of you have probably sat with him in this House. I also have here statements from American administrators, like Jefferson for instance who said and I quote:

Money, that is the mean through which modern nations will recover their dues. This institution (the Bank of the United States) is one of the deadliest enemies threatening the principles and the form of our Constitution. I believe that no government can feel safe when it is subservient to an independent authority or toward any authority other than that of the nation.

I could give you hundreds of quotations such as these, which demonstrate that the power held by the banking system must absolutely be changed. Otherwise we are directing ourselves toward . . . Well, the population is asking itself toward what. How many times has this question been asked to us during our travels in our ridings. People ask us: Where is that system leading us to? I confess that it is difficult to give an answer because we cannot foresee, at least seriously the presence of active politicians exercizing decisive powers of control and who seem likely to bring back order to that financial chaos. It must be undertood that this is a serious matter. One must first grasp the difference between what is real and what is financial. These are two different things. Yet one has to admit it.

When one speaks about wheat, butter, cheese, eggs, shoes or anything likely to help us in our daily life, we are talking about real things. But when one talks about dollars, pounds, francs, you are talking about symbols. You do not eat symbols. In our present system, symbols are nevertheless necessary to obtain food. These symbols cannot by themselves feed, clothe, house or cure individuals. They are only symbols made to evaluate things and also in our organized world to give to those who offer to trade them certain rights to things they want.

The most important of the two and this is at this stage that one must come to think about it, is obviously the real one for these are the things which are the most important. Without the real thing, the symbol would not mean anything. If there were not goods, if there were no men at work, no women at work, if it were not for the fact that the whole population of a country who wishes to produce something, what would then be the use of money? What is essential is the material good. The symbol is of secondary importance. It is therefore necessary that we adopt a policy to adjust the value of that symbol. This must be corrected to enable the goods to meet the needs that are to be fulfilled. There lies the answer. Why not look for it in that area. It is useless to discuss or replace the Minister of Finance. Even when we do have good ones, they do not change the system. They try to struggle in a defective system. Reality rather than the financial aspect is what counts. A starving man in the desert with a wad of bills in his hand will die. A loaf of bread would be more appreciated. And in a city, a man with a wad of bills does not starve because he exchanges his dollars for food. Reality depends on the productive capacity of the country: natural resources, land, climate, manpower, machinery, production procedures, division of labour, social order, etc. This productive capacity of the country, real or anticipat-

ed, is the basis of the confidence held by its residents or its new citizens. Before it was even realized, that potential capacity of our country inspired enough confidence in people from France for them to leave their country for the shores of the St. Lawrence. Today Canada's production system while it has not yet reached it's full capacity is not of concern to anyone at all—there is not a Canadian who fears that in 10 or 50 years from now his country will no longer be able to produce wheat, meat, wood and manufactured goods.

The confidence in Canada's production system is total. If the financial system were the true image of the production system it would inspire exactly as much confidence as the production system. That is not the case; if no one fears for Canada's production many Canadians fear for the financial means of obtaining the product. That is what you see; nobody can deny it. We do see constant progress made in the production system but also continuous disorders in the financial system. The signs are not at all in precise and constant relation with things. There are so many advanced machines today to make calculations of all kinds and computers costing millions of dollars that can apparently at even excessive speed put out results from a problem they are fed based on the operator's programming, and we, as politicians, as administrators, could not find means of making adequate calculations and fairly distribute the wealth of this country based on the sign values. We would not have this difficulty of always being faced with the uncertainty of the variation of our dollar as the wealth, the real wealth, is in things and not in the bucks. No matter how many bucks you have, if the things are not there, people can starve to death. The main thing is food, clothing, conditions, everthing one can find to have these decent living conditions. And there is no lack of that in Canada! What we lack is an adjustment in figures. Did you ever see such nonsense? It is really beyond understanding. And as I was saying earlier, if it came from a divine power, we would comply with it but that is not the case. All that is controlled by men, a handful of men who control the exchange, products, at will; they supply the money needed to organize their system so as to continue to make money, to build up profits. It is written all over the place. Banking organizations, we know what they are from charter bank annual reports. That does not mean I am critical of reasonable profits, however there is no reason why the system that controls everything should also be controlling our very lives, deciding whether we are going to eat two or three meals a day through the amount of money they put into circulation, with their power to create and delete money at will. Dollars there is no dearth of in wartime, when the producing system is geared to making things that in no way correspond to the people's needs. But when the producing system is no longer capable of supplying everything required from it, dollars to cover orders disappear. This we have experienced on many occasions.

That game is anti-social and barbaric. It hurts consumers in the context of unused production. We remember periods where there was talk of overproduction, while families without actually dying of hunger pretty near did, lacking the essentials in of everything across the land. We now have the same thing again. We should not be talking of Canadian prosperity but of the percentage of the people who enjoy that prosperity when thousands of people have incomes below the poverty level. The reason they do not enjoy prosperity is the lack of symbols which dollars are. That game is anti-social and barbaric, it hurts consumers and creates fictitious problems not only for the individual but for groups and even governments. The government is wrestling with its debt and is unable to repay. If we think seriously about that, there is no way this will not lead us into trouble. The government is trying to juggle with figures, it is not trying to go to the root of the problem. They would identify its cause if they tried, as it is rather easy. Today there are courses on monetary reform. I already quoted in this House the book written by a famous economist about the issuing of money. It proved that those who still believe that banks do not create money supply are wrong.

As there have been so many inquiries that proved it, we can say without exaggeration that 90 per cent of the problems are financial problems. And if we look at what happens everywhere in our families, our households, how many quarrels are caused by a lack of money? When federal and provincial ministers meet to conclude an agreement, it is always on a financial matter. Federal-provincial conferences are endless and what is the subject of discussion? Who has the right to tax? It is always on a money matter.

I remember very well that during a federal-provincial conference in 1941, a Social Credit premier of Alberta made some suggestions. They listened to him. They listened to him very quietly and the conference chairman who was the Right Hon. William Lyon Mackenzie King even thanked him. He was the last one to have the floor but it did not bother the Alberta premier who explained his views about the situation. He made practical suggestions and said: We meet here to find the means to improve the situation and conditions in Upper Canada. If we really wanted, we should try to change something in the present system. Unfortunately, they did not follow his suggestions and since then they debate the same matter from one conference to another and it is sometimes a cause of differences. Now we are talking about national unity. We try to reunite—

Mr. Lambert (Bellechasse): Some of them slam the doors!

Mr. Dionne (Kamouraska): Indeed. All sorts of things happen but if you consider the problem, they always meet about taxation rights. Who will best be served by knowing how much money Canadian taxpayers have? If reality consists in products and if the financier simply has to make symbols, the symbol acquires importance because of the rule under which you have to present the symbol to have the product that you do not manufacture yourself. Bread feeds you, but when you do not make your own bread, you can only get some by giving

money. Money is important since it is a prerequisite to having bread. This is extremely important in today's world because to survive everyone needs products made by others. Therefore the dollar sign is truly a permit to live. If you have this permit, you can get what you want from the production system. If you do not have this permit, the dollar, you will get nothing and the production system will slow down instead of serving you.

Control of money and credit therefore is the same as the control of peoples' life. It is not a coincidence that one of the highest doctrinal authorities in the world said in the encyclic that manipulators of money and credit hold economic life in their hands, so much so that no one can breathe without their consent. The encyclic has been praised many times. The words of the Pope of the time have been lauded, but his advice has never been followed. We have never tried. We have never made sufficient investigations on the issuing of money and there still are problems that cannot be solved. This is unfortunate. Even though the majority of members of parliament are sincere when they say they would like to find answers, I can tell them that I am convinced that I am right and that those who will live in the years after me will find that out. If the present financial system is not modified, we will continue to be constantly in debt and we will always have the same problems. A change, a radical change is needed in that area, as well as earnest people. Yet there are people who can understand that the money system must be adjusted to the needs of man since money must be a servant not a master.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member, but it being ten o'clock, in accordance with Standing Order 40, a motion to adjourn the House is deemed to have been moved and seconded at this time. Therefore the question is that the House do now adjourn.

● (2152)

PROCEEDINGS ON ADJOURNMENT MOTION

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

[*English*]

TRADE—TEXTILES—PURCHASE AND SALE OF IMPORT QUOTAS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, on February 9 in this House, as recorded in *Hansard* at page 2696, I asked the Minister of Industry, Trade and Commerce (Mr. Horner) certain questions respecting the difficulties faced by Canadian importers of footwear, especially those who are importing products that cannot be obtained in Canada. This is because either the fashion or the price cannot be obtained here and there is not much possibility that Canadian manufacturers can realistically make any attempt to supply

[Mr. Dionne (Kamouraska).]

that market. I cited an article from the Vancouver paper the *Province* dated January 30, 1978 under the heading "B.C. shoe industry gets the boot". I quoted at that time some parts of the article but there are other parts I was unable to quote during the question period and which deserve to be put on the record. I quote:

● (2202)

Another segment of the industry hard hit will be the stores specializing in imports. As it looks now, they'll lose one-third of their business with no respite.

"They'll have to ask Ottawa whether the government thinks they should be allowed to exist," said veteran Vancouver shoe retailer Ernie Freedman. Meanwhile, he, like all retailers, must juggle with the confusion created by the fact orders for spring merchandise, placed last fall before quotas were imposed, may have eaten up the quota of the entire year.

Now, faced with buying for fall, the stores find their imports limited and availability of domestic supplies uncertain.

The fact of the matter is that the majority of people in the retail shoe business are not objecting to some import quotas if the result of those quotas is to protect Canadian industry. The growing suspicion is that the quotas are affecting those products which the Canadian manufacturers cannot supply. The result of this is higher prices. The allegation is that the Canadian manufacturers are increasing their prices on general footwear.

On February 23 I asked the Minister of Industry, Trade and Commerce a question on a related subject, that of textiles. I asked the minister if he could tell this House whether there was a market building up for the sale and purchase of quotas in textiles. Today I asked the Prime Minister (Mr. Trudeau) the same question, and I also extended it to the problem of shoe quotas. I ask the question over and over again because I am receiving representations that this is exactly what is going on. Since the small operator cannot obtain the quotas he or she need, it is seems to me a travesty that other quotas which obviously are in excess of what is needed are being sold for profit within the domestic Canadian market. I refer specifically to an advertisement which appeared in the Vancouver *Sun* on February 4, 1978 for jeans. It says:

Jean or Pant Quota
Willing to purchase available quotas for spring and fall 1978.
Any quantity up to 100,000 pairs. Apply in confidence to—

Then it gives a box number. It is time that the government came clean with the House of Commons and with importers as to its motives, especially with respect to textiles or footwear which cannot be obtained in Canada and which the Canadian manufacturer cannot produce.

I have received innumerable complaints. I have received pleas from importers who, without some redress, are going to go broke. I have consistently received complaints that the machinery set up by the government is not competent to deal with the applications and is being handled in such a way that it is not attuned to market problems, especially in British Columbia.

I see my time is up and I will conclude on that note.

• (2207)

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, the hon. member for Vancouver South (Mr. Fraser) has been very busy. He has two questions tonight, one dealing with imported shoes and the other with import quotas.

Let me deal with imported shoes first. In response to this allegation I wish to state that the figure of 11 million pairs is inaccurate. The correct figure is 7.5 million pairs. In 1976 imports amounted to 40 million pairs of leather and vinyl footwear, an increase of 46 per cent over 1975. Government action has limited such imports to 32.5 million pairs, a cutback of 7.5 million pairs or a reduction of less than 19 per cent. While 1977 data are not available, it appears that imports will reach the 1976 level. This cutback of 7.5 million pairs represents 16 per cent of the 1976 Canadian production of 45.8 million pairs. Therefore, the replacement of 7.5 million pairs of imports would require not the alleged 50 per cent increase in domestic output but 16 per cent, which I am confident the Canadian industry is capable of producing.

To turn now to the textile question, under the Export and Import Permits Act, transfer of an import permit is prohibited as well as the transfer of quota allocated as a condition to the issuance of such a permit. In several instances the Department of Industry, Trade and Commerce has been asked to authorize the transfer of quota from one company to another as a result of the business changing hands or of a change in the structure of a particular business. All such requests for transfer of quota have been refused by officials in the department.

The department has also been apprised of several instances where possibilities of buying or selling import quotas were offered in newspapers. All cases brought to the attention of the departmental officials have been investigated. To date the results of two of these investigations have been received. It has been established that certain people were using the words "Quota for sale" or "Quota wanted" when they were in fact referring to goods already imported under the authority of an import permit issued under the Export and Import Permits Act after a valid quota had been obtained. The reason for using the word "quota" is simply that those goods had been imported as a result of allocation of quota. So far, none of the investigations have established that quota were in fact being bought and sold in Canada.

Perhaps I could make one last point with respect to imported shoes. Imports of 32.5 million pairs of leather and vinyl footwear permitted by the cabinet decision are considerably higher than imports in any year except 1976 and 1977. If to this we add approximately 15 million pairs of rubber, canvas and other types of footwear exempted from the quota, plus the capabilities of the Canadian footwear manufacturing industry, I am confident that retailers and consumers will have a very wide selection in terms of price, fashion, quality and function.

Adjournment Debate

TOURISM—PROBLEMS IDENTIFIED AT INDUSTRY CONFERENCE—GOVERNMENT ACTION TO SOLVE

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, Canada registered a record fourth quarter tourism deficit of $340 million compared with a shortfall a year earlier of $293 million, Statistics Canada has reported. The tourism deficit for 1977 was also a record, totalling $1.66 billion compared with a 1976 gap of $1.19 billion.

Canadian visits to the United States are on the increase. Statistics Canada has reported that Canadians made 37.9 million visits to the U.S. during 1977, an increase of 5.5 per cent over the total for 1976. The number of trips to Canada by U.S. residents fell by 1.4 per cent from the 1976 total to 31.8 million in 1977. Similarly, the number of trips to Canada by foreign visitors from all other countries, at 1.4 million, was down 9.7 per cent from 1976. From these figures hon. members can see the dangerous trend which is developing in Canada with regard to tourism.

The statement made by the Minister of Industry, Trade an Commerce (Mr. Horner) with respect to alleviating the current $2 billion tourism deficit amounts only to window dressing. Tonight I am calling for the implementation of the following measures immediately.

I propose a reduction in sales taxes on promotional literature to the United States, and income tax reduction for Canadians who travel within Canada, reduced federal sales taxes, and, most important, that federal and provincial governments agree on a promotional package instead of each presenting a different picture of Canada as is the current concept. This does not mean that the provinces should abandon the practice of advertising individually but rather should adopt a more national promotional picture.

• (2212)

The federal government is spending $1.5 million to promote Canadian vacation packages at rock bottom prices. This great promotion is to start next month. However, many are not new, and many do not offer particularly low prices. An Ottawa travel agent says it is a lot of window dressing for a project which is basically unchanged. Also, much of what they are offering travel agents sold independently last summer. The packaging makes it easier to sell the product, an agent said, but that is all that is different. The price is not really different. The massive promotional approach to Canadian tourism is. One can see this is a lot of window dressing and not concrete proposals.

The Canadian tourism industry and the Canadian government office of tourism held a conference recently. The highlight was 13 problem areas facing the tourism industry in Canada. Referring to marketing, they stated, I quote:

> Canada's visibility in the U.S. market was about 75 per cent this year because of frozen marketing budgets. Canada's visibility will be reduced to 60 per cent next year if CGOT marketing budgets do not increase . . . It was suggested that more work should be done in the "V.F.R." (visiting friends and relatives) category. It is not known what motivates these people to come nor has it been fully determined exactly how many dollars were spent in areas other than accommodation.

There was a new report entitled "International Tourism Development Forecasts to 1985" produced by the Economist Intelligence Unit Limited in London, England. It shed some new light in this area. They stated:

> The image of Canada in the U.S. is that Canadians are anti-American. Another problem in Canada is poor attitude of people who service the general public.

The document further states:

> Lengthy discussions centered around the unfavourable image of Canada as a friendly tourist destination. This image problem is seen on two levels: first, some Americans view Canada (the government not the people) as being anti-American due to certain of its policies; second, some tourists feel friendly toward Canada as a country and even toward individual Canadians; however, having experienced unpleasant situations in previous travels, they have spread the word that Canada is not a friendly vacation spot.

Not only is this government driving out investment but it is scaring off tourists. No wonder we are heading for a $2 billion deficit. A recent editorial pointed out that the tourist program is mainly fanfare. I quote from that article:

> With considerable fanfare, federal Industry Minister Jack Horner and his provincial counterparts have unveiled a national plan to promote tourism in Canada. Some specific deals are included for the benefit of consumers, but the main emphasis seems to be upon another massive publicity campaign by the government on behalf of domestic tourism.

Massive publicity campaigns alone are not the answer. The document prepared by the tourism industry and the government department also points out that transportation constraints are one of the main problems in Canada. It points out, and I quote:

> There was great concern regarding travel costs caused by restrictive regulations governing various forms of transportation. The airline representatives strongly opposed the M.O.T. policy of "user pays"; the high cost of renting counter space at airport terminals is a contributor to higher costs, ultimately passed on to the air traveller. Fuel costs and labour costs were also cited as significant contributors to the high fares that must be set.

They claim that most of the tourists arriving in Canada from the United States on packaged tours come by motor coach. Regulations covering the use of coaches in Canada are deterring tour operators from sending their clientele to Canada. What is the government going to do about these transportation policies?

● (2217)

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I suppose if there were an award or trophy for someone who is the champion at spreading negative trends of gloom and doom, the hon. member for Winnipeg South Centre (Mr. McKenzie) would probably be right up there as a contender for that award.

Let me state the government's position. The Minister of Industry, Trade and Commerce (Mr. Horner) and the government have been concerned for some time with certain negative trends in Canada's tourism industry. Tourism is very important to Canada, as attested by the $9.2 billion in tourism related receipts in 1976, about 5 per cent of our gross national product, by the $7.3 billion expenditure of Canadians travelling in Canada and the $1.93 billion expenditure by visitors from the United States and other countries abroad. Over 800,000 jobs are involved, directly and indirectly, widely dispersed across Canada.

The problem is reflected by recent changes in the international balance of payments on travel account. Over the last three years alone, 1973 through 1976, the negative balance on travel account has quadrupled, reaching $1.2 billion, and is now responsible for 20.5 per cent of the shortfall of $5.8 billion for all service transactions. In 1977 so far the negative trend continues.

The factors largely contributing to the increasing negative tourism balance are, first, a decline in the numbers of United States visitors, about 6 per cent in 1976 and somewhat less in 1977; and, second, big increases in Canadians travelling outside of Canada, up from 8 per cent to 10 per cent in 1976.

Because tourism is such big business for Canada and so important to the thousands of businesses across Canada servicing it, the minister, and before him the Minister of Finance (Mr. Chrétien), have been looking into the causes of these trends and seeking ways of reversing them.

Some of the actions taken are these. Over a year ago, in co-operation with the Travel Industry Association of Canada, the Canadian government office of tourism convened a workshop on "price competitiveness" problems. The CGOT has been working even more intensively in co-operative travel promotion with provinces and the industry. The minister discussed these problems with provincial ministers responsible for tourism in November, 1976, and September just past, in Yellowknife. In March this past year the Minister of Finance called together some 13 leaders of the industry to discuss the situation, and since has been gratified to receive from them very detailed recommendations which provide very helpful information which is being considered. Also, the minister has taken account of resolutions passed by TIAC at their annual conference in Edmonton last May.

The minister has directed that the most intense co-operative effort be carried on with the provinces and industry to find answers to these problems. One result expected is that, overall, 1978 Canadian tourism promotion programs will have much increased impact. As well, several special study projects are in process, the results of which the minister expects to be considering over the next two months and should lead to further actions to support this important industry.

Mr. McKenzie: Too little, too late.

HOUSING—RRAP—CHANGES IN REGULATIONS UNDER PROGRAM

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, on January 27 I asked the Minister of State for Urban Affairs (Mr. Ouellet) some questions on the changing regulations for the residential rehabilitation assistance program for 1978. I was especially concerned about rumours that repairs to basements of old houses of low-income people were not going to be included in the residential rehabilitation assistance program of the federal government in 1978. The minister

in answering me said that the issue is under study, but that "this point should remain included". I took it for granted that he was talking about the question of basements and house siding in the federal rehabilitation program.

Through correspondence with the minister and his predecessor I had suggested that a ten-year program of rehabilitation of miners' homes be carried out in the whole of the mining areas of Cape Breton which are now occupied by pensioned senior citizens, widows and others on low income. I pointed out that a great deal of this housing, formerly built by the private companies who controlled the coal fields in Cape Breton, was 70 or 80 years old. The miners in the past and the present occupants have done their best to keep these homes as neat and tidy as possible inside, but because of the age of these homes the sills, poor roofs and lack of foundations are beginning to take a toll.

With the introduction of the residential rehabilitation assistance program a few years ago some desperately needed help was given. The trouble is that the national legislation provided that the municipalities in urban areas had to set up neighbourhood improvement projects before RRAP money would be expended by the federal government. I suggest that in the case of mining towns such as those in Cape Breton this was putting the cart before the horse, that really what was needed was a more substantial ongoing housing repair program to be followed later on by neighbourhood improvements such as recreational fields and other amenities. In most of the mining areas sewer and water were already normal services for years.

● (2222)

Glace Bay is a town with a population of approximately 23,000 people. Last year it received RRAP funding of $453,000. The number of applicants looking for housing repairs was 755 without any advertising of this program. It must be kept in mind that this is just in the NIP areas which were designated by the town council and co-ordinator. The number of applicants approved was 99. The average loan was $4,564 with $3,500 forgiveable. The average income of successful applicants was $4,000.

New Waterford is a town in my constituency of approximately 10,000 people. It received an allocation of $437,000, again without advertising. There were 631 applicants. Of these applicants, 70 were approved. Their average income was $5,320.

Aside from the criticism noted above, my major criticism of this program was that at this rate of repairing the homes we were going to run into a situation where many of them could never be rehabilitated because the structures would be so far gone with respect to deterioration. The result would be a clamour for more public housing. The government of Nova Scotia had already placed a moratorium on family public housing in the province.

I attempted to get the Cape Breton Development Corporation and the Central Mortgage and Housing Corporation involved in setting up a special rehabilitation agency so as to get more homes in these areas repaired more quickly, efficiently and effectively. I estimated that it would cost from approximately $7,500 to $8,000 to do the job on one side of the duplexes, which are the typical type of housing we are talking about. In his answer to me, the minister indicated that another federal government program called the emergency repair program might be more applicable to our part of the country. He noted that the federal government had just given a special grant of $100,000 to the citizens service league of Glace Bay for emergency repairs. Also he indicated that more would follow.

I was happy about this, but I was not satisfied that the minister had grasped the difference between emergency repair programs, which had been used by the province of Nova Scotia within the last year, and full rehabilitation of these old homes, which would be a long term investment by governments to make these homes livable well into the future. I was attempting to press the point that we really needed a small or medium sized rehabilitation industry or agency to go beyond the work of the emergency repair programs, as well as to offset the slowness and other disadvantages in the NIP-RRAP programs as applied in present and former mining areas of Cape Breton.

Lask week I was notified by CMHC to attend a meeting at the Holiday Inn in Sydney. It began at ten o'clock on February 21 and lasted until 5.30 p.m. It continued the next day from nine to twelve o'clock. The main speaker at that meeting was a Mrs. Pat Gish, the director of the Eastern Kentucky Housing Development Corporation of Kentucky, U.S.A. During that day and a half, delegates went into the mining areas and saw the situation at first hand for themselves. Present at the meeting were five representatives of CMHC, two representatives of the Nova Scotia Housing Commission, one representative of the Cape Breton Development Corporation, myself, and a few other invited people from the area who were working in the housing field.

The conclusion of the meeting was that there was a general need for a special rehabilitation industry or agency to do the required job. CMHC and the Cape Breton Development Corporation could well have a special role in setting up the agency so as to ensure the cash flow status of small contractors in the area. Also they could play a part in setting up additional administrative training programs, possibly in conjunction with Canada Manpower and industrial training programs. The objective was to set up a housing rehabilitation industry with a view to fixing up most of these homes in a substantial way over a 10 or 12 year period, thus providing a small but important industry in an area of high unemployment.

● (2227)

CMHC delegates said they would be meeting internally on the matter and would be getting together with Devco with a view to trying to bring this new agency into reality. The two representatives of the Nova Scotia Housing Commission said that the commission was prepared to do anything it could to help expedite the setting up of such a program. I expect that such a housing rehabilitation industry will become a reality in Cape Breton this year.

Mr. Maurice Harquail (Parliamentary Secretary to Minister of State for Urban Affairs): Mr. Speaker, I am sure that the hon. member for Cape Breton-East Richmond (Mr. Hogan), because of his interest in the subject and his experience in that area, would want to point out publicly the most positive thrust that has been made evident, especially in the Cape Breton area, in terms of assistance in housing programs. I would enjoin the hon. member to give credit where credit is due in terms of the amount of money and effort expended in that area by the federal government.

I have been advised by officials of CMHC that, under the residential rehabilitation assistance program, repairs to the basic components, basements and house sidings are not excluded. The changed regulations to which the hon. member refers are the standards for the rehabilitation of residential buildings. These standards were modified in 1977 and, following consultation with numerous municipalities across Canada, became effective after January 1, 1978.

These two repair items remain within these standards. Specifically, a section concerning structural repairs entitled "Foundations" reads as follows:

Foundations shall be restored to ensure that they reasonably support the loads imposed.

I emphasize "shall" because not only is this item included, but any repairs to foundations which may be required are mandatory. The following standard, however, has made extensive upgrading ineligible:

A mud sill foundation may be replaced by a pier or perimeter type foundation. No further upgrading of the foundation is eligible, for example—changing a crawl space foundation to a conventional full basement.

The rationale for this restriction, which is one of the most significant changes from the previous standards, is that urban RRAP is a rehabilitation program, not a modernization program. Where a basement did not exist previously, one cannot be provided under this program.

With respect to house siding, I wish to quote as follows from a section in the standards concerning exterior walls and roofs:

All exterior walls and roofs shall have an acceptable cladding or covering to prevent the entry of moisture into the structure and provide reasonable durability. Exterior cladding shall not be replaced except where restoration or repair is not justifiable in terms of cost. All exterior material subject to deterioration in its unprotected state should be painted or otherwise suitably treated.

Again, emphasis is placed on the mandatory nature of repairs which may be required to the house siding. The guideline within the standard, however, warns against the replacement of siding solely for aesthetic reasons or for ease of maintenance.

I wish to repeat what the minister said at that time, namely that we have to ensure that the money involved in this program is used in the best possible way to improve the living conditions of low income people, which is why the two points mentioned by the hon. member concerning basements and house siding are not only applicable but emphasized when rehabilitating housing.

With reference to the emergency repair program, I have been advised by Central Mortgage and Housing Corporation that a grant was provided to the citizens services league of Glace Bay in the amount of $148,213 covering the period July 5, 1977 to December 31, 1978. The grant was increased from $48,213 to $148,213, but it should be noted that the period covered is 18 months rather than the usual six months.

If further funds are required by the CSL, a special submission will have to be prepared and forwarded for consideration. It should be pointed out, however, that the emergency repair program RNH budget for 1978 is currently fully allocated to other applicants.

With the introduction of residential rehabilitation in rural areas in 1974, the emergency repair program is gradually being phased out. The total budget was $3 million in 1975, $2 million in each of 1977 and 1978, and it is anticipated that it will be $1 million in 1979.

● (2232)

Mr. Deputy Speaker: Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10:30 p.m.

HOUSE OF COMMONS

Tuesday, February 28, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

FISHERIES

REQUEST FOR ADEQUATE PROTECTION OF SALMON FISHERY—MOTION UNDER S.O. 43

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. Declining salmon stocks have necessitated government intervention of special restrictions on both commercial and recreational salmon fisheries this year. Since government management program restrictions dictate drastic effects on salmon fishing but do not provide for increased surveillance, I move, seconded by the hon. member for St. John's East (Mr. McGrath):

That this House orders that the number of river guardians be increased, commensurate with the number required to give adequate protection, and that the minister make a statement on motions outlining the government's plans to prevent uncontrolled poaching, which is the real reason for the decline in stocks.

Mr. Speaker: Presentation of such a motion for discussion, pursuant to Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

AGRICULTURE

CONDEMNATION OF STABILIZATION PAYMENT TO COW-CALF PRODUCERS—MOTION UNDER S.O. 43

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I rise under the provisions of Standing Order 43 to move a motion of urgent and pressing necessity. The Minister of Agriculture (Mr. Whelan) on Friday last announced a miserly stabilization payment of $10.27 for cow-calf producers. Since calf producers are losing as much as $100 for every calf they raise, and many of them are facing bankruptcy, I move, seconded by the hon. member for Regina-Lake Centre (Mr. Benjamin):

That this House condemns the payment as inadequate and directs the Minister of Agriculture to bring forward revisions to the Agricultural Stabilization Act to provide for payments to cover the full cost of production.

Mr. Speaker: Presentation of such a motion for discussion, pursuant to Standing Order 43, can be done at this time only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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EXTERNAL AFFAIRS

DEATH OF RCMP OFFICER IN MEXICO—MOTION UNDER S.O. 43

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I move, seconded by the hon. member for Marquette (Mr. Stewart), under the provisions of Standing Order 43, a matter of urgent and national importance:

That this House requests the Secretary of State for External Affairs to inquire as to the death of an RCMP officer from Swan River, Manitoba, while on vacation in Mexico, and to report to the House as to the circumstances surrounding this tragic episode.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

REQUEST ACTIVITIES OF FORCE IN FLQ CRISIS BE PUBLICIZED—MOTION UNDER S.O. 43

Mr. René Matte (Champlain): Mr. Speaker, under the provisions of Standing Order 43, I seek the unanimous consent of the House to move a motion dealing with an important matter of pressing necessity.

Since the circumstances surrounding the events during the October 1970 crisis remain mysterious; since in a statement on January 9 last the Solicitor General indicated that in 1971 the RCMP had issued on behalf of the FLQ a release inciting violence; since that police force usually operates by infiltrating criminal groups; and since justice demands that the truth be known concerning that mysterious matter, I move, seconded by the hon. member for Rimouski (Mr. Allard):

That the Solicitor General report to the House on the activities of the RCMP in the FLQ terrorist groups between 1960 and 1970.

S.O. 43

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

EXTERNAL AFFAIRS

BELGRADE REVIEW CONFERENCE—FINAL COMMUNIQUÉ ON QUESTION OF HUMAN RIGHTS—MOTION UNDER S.O. 43

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, in view of the fact that the Belgrade Review Conference is now drawing to a conclusion with little progress having been made on the question of human rights, and that a final communiqué which makes no reference to the increasing violations of human rights would be a mockery of the terms of the Helsinki Final Act, I move, seconded by the hon. member for Egmont (Mr. MacDonald):

That this House urges the government of Canada to maintain a strict refusal to endorse any final communiqué which makes no reference to human rights.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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PUBLIC ACCOUNTS

INCREASE IN GOVERNMENT SPENDING—MOTION UNDER S.O. 43

Mr. Dan McKenzie (Winnipeg South Centre): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. In a document entitled "A Legacy of Spending", compiled by Edward Murphy of CJOR radio, Vancouver, on mismanagement and waste within the federal government over the past ten years, the Prime Minister (Mr. Trudeau) is quoted as saying in 1969: "We would be on the way to financial disaster—"

Some hon. Members: Order.

Mr. Speaker: Order, please. If the hon. member would get to the urgency of the matter immediately, it would be appreciated.

Mr. McKenzie: In 1969, the Prime Minister said: "We would be on the way to financial disaster—"

Some hon. Members: Order.

[Mr. Matte.]

Mr. Speaker: Order, please. The provisions of Standing Order 43 require that the matter be of urgent and pressing necessity and that an hon. member be given only the opportunity to develop its urgent and pressing necessity. If the hon. member would confine himself to that, it would be appreciated.

Mr. McKenzie: Then I will move my motion. I move, seconded by the hon. member for Portage (Mr. Masniuk):

That this House direct the Prime Minister and the hon. member for Vancouver East to appear before the public accounts committee to explain the 230 per cent increase in government spending since the Prime Minister's statement on restraint in 1969.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1412)

NORTHERN AFFAIRS

MERCURY CONTAMINATION OF RIVER SYSTEM—REQUESTED CLOSURE—MOTION UNDER S.O. 43

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity. In view of the statement by the Minister of National Health and Welfare to the Canadian Press that she is ready to close the mercury contaminated English-Wabigoon River system, and in view of the fact that the native people of the area called on the federal governmnent to close the river system years ago in order to protect the health of the people in the area, I move, seconded by the hon. member for Northwest Territories (Mr. Firth):

That this House demand that the minister close the said river system forthwith and provide adequate compensation for those whose livelihood would be affected by such closure.

Mr. Speaker: Such a motion can be presented for debate only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

[*Translation*]

ENVIRONMENTAL AFFAIRS

CALL FOR INTENSIFIED PROGRAM TO COMBAT POLLUTION—MOTION UNDER S.O. 43

Mr. Eudore Allard (Rimouski): Mr. Speaker, pursuant to Standing Order 43, I seek the unanimous consent of the House to move a motion on a matter of urgent and pressing necessity.

In view of the fact that water, air and soil pollution is of great concern to all Canadians and that our very survival may be at stake if it is allowed to increase at the current rate, I move, seconded by the hon. member for Champlain (Mr. Matte):

That the House urge the Minister of Fisheries and the Environment (Mr. LeBlanc) to take all necessary steps to intensify the fight against pollution in all its forms.

Mr. Speaker: Order, please. Pursuant to Standing order 43, this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

AGRICULTURE

PROPOSAL GOVERNMENT DISCONTINUE AWARDING CONTRACTS FOR RESEARCH—MOTION UNDER S.O. 43

Mr. Jack Murta (Lisgar): Mr. Speaker, I rise under the provisions of Standing Order 43 on a matter of urgent and pressing necessity, namely, the contracting out by the Department of Supply and Services of agricultural research. This will have powerful implications for agricultural research and has already had its effect on morale in the research department of the Department of Agriculture. Therefore, I move, seconded by the hon. member for Swift Current-Maple Creek (Mr. Hamilton):

That because very few Canadian organizations are capable of taking on an agricultural research contract in its entirety, the government discontinue what can only become a degrading step for agricultural research in this country.

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

Some hon. Members: Agreed.

Some hon. Members: No.

S.O. 43

SPORTS

CANADIAN WINNER OF COMMONWEALTH BOXING TITLE—MOTION UNDER S.O. 43

Mr. Gus MacFarlane (Hamilton Mountain): Mr. Speaker, I rise under the provisions of Standing Order 43. In view of the fact that a Canadian, Gary Summerhays, won the Commonwealth light-heavyweight title last night with a brilliant eleventh round knock-out of the defending champion, and in view of the fact that this Brantford resident won the fight before 5,000 people in Melbourne, Australia, when he caught the champion with a powerful left, I move, seconded by the hon. member for Bruce-Grey (Mr. Douglas):

That Mr. Speaker write Gary Summerhays and his family to convey our congratulations to the Canadian light-heavyweight champion who has added the Commonwealth title to the list of his accomplishments as a Canadian.

Some hon. Members: Oh, oh!

Mr. Speaker: Order, please.

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TRADE

PROTESTED INCLUSION OF TEXTILES IN GATT TARIFF CUTS—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under Standing Order 43 on a matter of extreme concern to the textile industry in the Ontario areas of Leeds and Grenville and Canada as a whole. This motion also arises from statements made by Thomas Wells, of Dupont of Canada, that the announced decision to include textiles in the proposed Swiss formula tariff cuts during the international GATT negotiations "will result in the end of the Canadian textile industry by 1985". I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That the government take immediate steps to rectify this serious situation, taking note of the fact that Canadian producers have dropped from a 60 per cent to a 40 per cent share of the Canadian market in the last several years; and, finally, the House deplores any further such damage to a Canadian industry which will result in much additional unemployment.

Mr. Speaker: Such a motion can be presented for discussion only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

HOUSE OF COMMONS

MEMBER FOR PALLISER TO SIT AS INDEPENDENT

Mr. Speaker: I have received an indication from the hon. member for Palliser (Mr. Schumacher) that it is his desire to sit in the chamber as an independent member. After discus-

sions with him, I am now able to advise the House that the seat to be occupied by him in future will be number 265.

Some hon. Members: Hear, hear!

● (1417)

ORAL QUESTION PERIOD

[*English*]

EXTERNAL AFFAIRS

ALLEGED CANDU AGENCY SCANDAL—GOVERNMENT INVESTIGATION

Mr. Allan Lawrence (Northumberland-Durham): Mr. Speaker, my question is for the Secretary of State for External Affairs. I wonder if the government of Canada has given any reply to the government of Argentina with respect to the very sharply implied criticism by Argentina that the Canadian government was dragging its feet on any meaningful government investigation of the Candu agency scandal, as evidenced by the note handed to our government on November 17 last by Argentina.

Why were the contents of that note hidden from the public accounts committee of this House while the matter was still being investigated by that committee? Why did it take from November 17, 1977, to February 21, 1978, before the minister even had the good grace and manners to produce that note for the public accounts committee?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, as usual, in starting to ask a perfectly legitimate question the hon. member has to throw in some rather stupid curves which tend to distort the whole issue.

Some hon. Members: Hear, hear!

Mr. Jamieson: There was no hold-up as far as I was concerned. I think the record will show that we have responded to every request for information made by the hon. member. In this particular case, when we received the note I had to get clearance from the Argentinians to make it available. In addition, there was a period during which, as the hon. member knows, I was out of the country. There was no particular delay or anything unusual. I reject totally and completely the quite uncalled for charge which has been made.

Mr. Lawrence: Mr. Speaker, I did not hear the minister's reply with regard to whether a reply had been given to Argentina. Has there been any formal communication between the Canadian government and the government of Italy on this matter? Why, when the key man in the whole Argentinian Candu scandal is an employee of an Italian corporation of which the Italian government is a major shareholder, has there been no pressure put on the Italian government for co-operation and assistance from Canada's so-called partner in this whole matter?

[Mr. Speaker.]

Mr. Jamieson: Mr. Speaker, I am not sure whether the word "pressure" is an appropriate one, but we have made representations to the Italian government on a number of occasions. I believe the hon. member, or the committee, has had copies of those representations. I think the hon. member also knows that the government of Italy—I am recalling this from memory, but I am reasonably certain I am correct—has indicated that it cannot go beyond what it has already done.

The hon. member is shaking his head. I ask him to give me an opportunity to check the record to be sure. Certainly, verbally, I have been told that there is nothing that can be done. On the other hand, I say to the hon. member—or perhaps, more appropriately, I should say this to the chairman of the public accounts committee—that if the committee has any formula it can devise which would make it capable of being put to the Italian government in a way other than we have already done, I am certainly prepared to do it. Indeed, I will transmit any message the committee wishes to prepare.

Mr. Lawrence: Mr. Speaker, because this matter is before the House and is now a parliamentary matter rather than a committee matter, certainly the government owes it to the people of the country and to this House to take the initiative and exercise some leadership instead of dragging its feet all down the line. Swiss legal authorities and even Swiss government officials have informed me that there are a number of ways of proceeding if the Canadian government wants to get at the truth of this matter. The Canadian government could be making other attempts either through Swiss courts, the Canadian courts or the Swiss government, rather than making a single, feeble and half-hearted attempt to break the Swiss numbered bank account secrecy.

Canadian taxpayers' moneys were deposited in Swiss numbered bank accounts. What other attempts has the minister, his departmental officials or the Canadian government taken to find out who received that Canadian money through those Swiss accounts, besides the single, feeble and unsuccessful attempt which has been made?

Mr. Jamieson: Mr. Speaker, let me first deal with the preamble to the hon. member's question. When the hon. member gets into his debating and argumentative style, quite frankly it is hard to pick the substance out of the tremendous amount of verbiage with which he surrounds the issue.

Some hon. Members: Hear, hear!

● (1422)

Mr. Jamieson: In so far as his first comment is concerned about the government not having dealt with this matter other than through the committee, surely it has been said repeatedly in this House that it was a matter for the committee. I undertook to do whatever the committee asked. The committee never argued with that proposition. Yesterday the report of the standing committee was issued and the hon. member did not even let 24 hours go by before asking what the government was going to do on another course.

I repeat to him that we have made all the representations that as far as we are concerned we have been asked to make—if the hon. member would let me finish—and in so far as we have been able to determine, we have gone through all the channels and made all the representations that we either have been asked to make or which appeared to be open to us to make. I repeat, if the hon. member has been advised by the Swiss of some method through which this information can be obtained, we are as anxious to have it as he is. I think it would have been sensible for him to specify what those methods are. I gave him an assurance that if they are open to us, we will pursue them immediately.

* * *

ADMINISTRATION OF JUSTICE

SALE OF CANDU REACTORS—RCMP INVESTIGATION INTO POSSIBLE ILLEGALITIES

Mr. Lincoln M. Alexander (Hamilton West): Mr. Speaker, my question is directed to the Solicitor General. Would the minister report to the House and the people of Canada on the investigations undertaken by the RCMP with respect to nuclear sales and the possibility of breaches of Canadian law? I ask this question because the investigation has apparently been going on since the early part of 1977. Has the Solicitor General apprised himself of the situation, and what can he report to us today?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am pleased to advise the hon. gentleman that an investigation has been conducted by the RCMP. It is ongoing and is by no means complete, as we have encountered the difficulties described by the Secretary of State for External Affairs, namely, lack of co-operation from the areas within which the amounts are alleged to have been deposited.

Mr. Alexander: A supplementary question, Mr. Speaker. Is the minister aware that it has been reported that Dr. Marvulli, a federal state prosecutor in Genoa, Italy, has raised questions about the fairness of the investigation being carried on by the RCMP which leaves much to be desired? If he is not aware of this, would he follow this allegation through the usual channels in order to determine what type of investigation has been carried on? Would he find out how the RCMP is conducting the investigation and whether inquiries overseas, particularly in Italy, leave something to be desired?

Mr. Blais: Mr. Speaker, I would be very surprised indeed if there were any unfairness in the investigation being conducted by the RCMP. As the hon. member knows, offshore the RCMP is rather limited in its operations, because we are not engaged in offensive investigations or intelligence-gathering. In this particular instance, we have to rely in large measure on the co-operation of foreign agencies.

Mr. Alexander: A final supplementary question, Mr. Speaker. I mentioned the name of Dr. Marvulli. Would the minister keep that name in mind? Also, would he approach his departmental officials and, in particular, the RCMP to determine whether there is any truth in the allegation about the fairness of the investigation which apparently, according to reports, leaves something to be desired?

Mr. Blais: Yes, Mr. Speaker. I would encourage the hon. gentleman to give particulars of the information he is advancing, which he will recognize is of a very general nature indeed.

* * *

ENERGY

INCREASE IN PRICE OF OIL—EFFECT ON COST OF LIVING

Mr. T. C. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is directed to the right hon. Prime Minister because it concerns over-all government policy rather than that of a single department. I refer to the fact that as a result of the government allowing the price of oil to be raised on January 1, the price of gasoline for cars and trucks, the price of home heating fuel and the price of natural gas will go up tomorrow. It is estimated this will increase the cost of living index by a full percentage point, and it is already more than 50 per cent higher than the 6 per cent increase forecast by the Minister of Finance.

● (1427)

I ask the Prime Minister, therefore, if he is sufficiently interested in keeping down the cost of living and relieving the hardship which its increase will involve, to rescind the increase in the price of oil and leave the price where it was.

Right Hon. P. E. Trudeau (Prime Minister): Of course, Mr. Speaker, we are interested in keeping the cost of living down, particularly in energy areas. The hon. gentleman certainly remembers that right after the OPEC decision in the fall of 1973, this government acted, and has continued to act, to ensure that the price of energy—of gas and oil—in Canada would be below the world market price. We have all said at some point that if we wanted investment to continue, as well as exploration, we would have to trend toward world prices. But for four years we have been below world prices, and we will continue for another short period of time to be below the price in world markets.

Therefore, the effect on the cost of living of the OPEC nations' decision has not yet been fully borne by the Canadian consumer. This seems to be an element that the hon. gentleman always forgets when he talks about the actions of the federal government. The action taken by the federal government has not been to increase the price of petroleum; it has been to keep it below world prices.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my supplementary question is this: In view of the fact that a very large part of the petroleum products we consume is produced in this country and not bought from OPEC countries, we have the opportunity to keep prices at a much lower level than they have been kept. I ask the Prime Minister if he

is aware of the fact that the research which has been done by federal and provincial officers has indicated that this increase alone will place between 30,000 and 35,000 jobs in jeopardy. Also, in view of the fact that circumstances have changed since the government embarked upon a policy of allowing the price to rise toward the world level, is this not the time, in order to cope with inflation and unemployment, to confine this increase to the point it had reached prior to January 1?

Mr. Trudeau: Mr. Speaker, of course, some of the petroleum we consume in Canada is produced in Canada. But the hon. gentleman knows that we have to import a sizable and growing quantity of petroleum. This is paid for at world prices. It is because the government has been bringing in external petroleum and has been subsidizing the consumer that Canadians have been able to purchase energy at lower than world prices. This is something the hon. gentleman understands perfectly.

An hon. Member: All oil?

Mr. Trudeau: Well "all oil" is pretty well all, Mr. Speaker. But the policy is well known to the Canadian people. They know they have benefited for four years from lower prices than world prices, in spite of the fact that we have had to import increasing quantities of oil from overseas. They have been subsidized to the tune of a few billion dollars by now, and Canadian consumers and producers have benefited from that action of the federal government.

Mr. Douglas (Nanaimo-Cowichan-The Islands): Mr. Speaker, my final supplementary is directed to the Prime Minister. The fact is that the government has not subsidized the consumer, but the consumer has subsidized it by paying a ten cents a gallon gasoline tax, and the export levy on oil sold outside Canada has enabled us to level out the price in Canada. Also, the fact is that the Canadian consumer now is being charged four times as much for oil as he was being charged five years ago, and the main beneficiaries have been the oil companies. The government's own report shows that over 50 per cent—

Mr. Speaker: Order, please. If the hon. member has a supplementary question, would he put it forthwith, please?

Mr. Douglas (Nanaimo-Cowichan-The Islands): Over 50 per cent of the oil companies' cash flow is represented by after-tax profits. I ask the Prime Minister whether, in view of that, he will at least insist that any increase in the price of oil be put into some type of fund to pay for exploration, rather than going into pockets of the oil industry which has resulted in the biggest rip-off in the history of Canada.

Mr. Trudeau: Mr. Speaker, that may be an argument, but it is based on erroneous facts. The first thing is that the export tax is not sufficient to pay the subsidy for the five eastern provinces who rely on imported oil. That is why we have had to charge all consumers the extra ten cents a gallon. It is in order to make up for the deficiency in the export tax. Second, the hon. member is quite wrong when he says the money coming from the windfall benefits resulting from the actions of the OPEC nations has gone just to the oil corporations. It has gone in part, through increased taxes, to the federal government: but it has gone in large part to the Conservative treasury of Alberta and the socialist treasury of Saskatchewan. The hon. member knows that.

[Mr. Douglas (Nanaimo-Cowichan-The Islands).]

* * *

• (1432)

ESTIMATES

DATE OF REFERENCE TO COMMITTEES

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is for the President of Privy Council. Has the minister initiated any conferences with House leaders concerning the allocation of the estimates tabled last Wednesday, so that House committees can start work? The rules provide that the estimates shall stand referred to the various committees, without debate, upon allocation after consultation among the House leaders. Has the minister held those conversations, and can he tell us when the estimates will be referred to the committees, because at the moment they are standing still doing nothing—like this government?

Hon. Allan J. MacEachen (Deputy Prime Minister and President of Privy Council): Mr. Speaker, the motion to refer the estimates will be made tomorrow.

* * *

ENERGY

CONTROL OVER AECL IN INTERNATIONAL NEGOTIATIONS

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. Since the public accounts committee report, tabled yesterday, on the Atomic Energy of Canada Limited matter states that the chairman, Ross Campbell, failed in his renegotiation of the Eisenberg agency agreement in that he failed to obain an accounting of legitimate costs, and that he committed AECL to an exclusive agency agreement with Eisenberg for a second sale to Korea at an undetermined fee, what steps has the government taken to discipline Mr. Campbell or to ensure that he is kept under proper control in dealings where he might make costly or inappropriate arrangements on account of the taxpayers of Canada?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I do not accept the preamble to the hon. member's question. I think Ross Campbell has done a first-rate job for Atomic Energy of Canada Limited. He moved in at a very difficult time to clean up a very difficult situation. In the renegotiation of the contract which the public accounts committee has examined there was some suggestion that a significant fee would be payable in the event that a second reactor was sold to Korea. That was implicit in the hon.

member's question. There is no finder's fee involved at all: Mr. Campbell made that very clear to the committee.

He also made it very clear to the committee in his testimony that fees for the service part of that contract would very likely not be payable. One particular invoice was submitted to him in April, 1976, well before the committee started to examine this question. He rejected that invoice, and no further invoices have been submitted to AECL. I think Mr. Campbell has done a first-rate job.

Some hon. Members: Hear, hear!

Mr. Clarke: Mr. Speaker, I am referring to paragraphs 5 and 71 of the report tabled yesterday. I realize it has only been 24 hours and perhaps the minister has not had a chance to study those words. I believe my paraphrasing to be accurate. I ask the minister to look at those paragraphs. Is it the opinion of the minister and the government that Mr. Campbell was the most able negotiator to be found to renegotiate this contract? What was the purpose of the government in sending only one man?

Mr. Gillespie: Mr. Speaker, if the hon. member is referring to renegotiation of the agency arrangement with regard to Korea, the answer is to be found in the decision of the board of directors of the corporation at that time.

* * *

[*Translation*]

ROYAL CANADIAN MOUNTED POLICE

INQUIRY WHETHER MINISTER HAS STUDIED RECORD OF FLQ CRISIS

Mr. René Matte (Champlain): Mr. Speaker, I should like to put a question to the Solicitor General.

In view of the fact that on January 9 his predecessor stated that in 1971 the RCMP had issued a communiqué in the name of the FLQ, and also that in 1970, during the all too famous October crisis, similar releases had been issued which, as was established in court, did not come from the FLQ, would the minister tell the House whether he has had the opportunity, now that he is settled in his department, to look fully into the record of the 1970 October crisis and whether he is aware of this fact, in order to inform the House to what extent the special anti-terrorist RCMP committee had infiltrated into the FLQ?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I have not yet had time to look fully into the record of the 1970 October crisis, as the hon. member has suggested.

Mr. Matte: Mr. Speaker, the minister answers my question as if he had never read the questions I have been putting in this House for a long, long time now. To my mind, it is time the truth were known in that regard. I therefore ask the Solicitor General, as a supplementary, whether he agrees that it is part of the RCMP's normal functions to infiltrate groups of criminals—

An hon. Member: Terrorists!

Mr. Matte: —of terrorists, yes, to stimulate their activities: does he at least agree with that principle?

Mr. Blais: Mr. Speaker, if I remember correctly, two weeks ago the hon. member expressed his opinion on this matter, and I believe that, in his speech, he recognized that we agree it was our responsibility to infiltrate terrorist, subversive groups, which fall within the definition of section 16(2) of the Official Secrets Act.

* * *

[*English*]

ENERGY

MINISTERS INVOLVED IN FINANCIAL ASPECTS OF SALE OF CANDU REACTORS

Mr. Ron Huntington (Capilano): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. Was the president of the Export Development Corporation telling the truth when he told the public accounts committee on November 29 at least four or five senior cabinet ministers were involved in financing decisions concerning both the Korean and Argentinian Candu reactor sales?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, the hon. member is raising a question which was properly raised before the committee. I am not familiar with the particular testimony to which the hon. member is referring. I will be pleased to read the report to determine whether there are allegations of that kind in it, and provide the hon. member with an answer at a later date.

Mr. Huntington: I would advise the minister that the testimony I am speaking of was given on November 29 after the committee had finished the hearings concerning AECL. We were advised then that four or five ministers were involved in these decisions. Does the minister, as part of the cabinet committee on these matters, accept responsibility for the terms and conditions of these reactor deals with Korea and Argentina, both of which deals were subjected to strong criticism in the report tabled yesterday?

Mr. Gillespie: Mr. Speaker, the hon. member referred to the Export Development Corporation in his first question. I agreed to take that matter under advisement and provide an answer at a later date. As to the question of the Argentinian renegotiation, as the hon. member knows, that was the reason Mr. Campbell was brought back from Japan, where he was serving as ambassador, to renegotiate the fiscal terms of the contract. The successful result of those negotiations was a saving in the order of $80 million. That is the report I have been given. I have to say that Mr. Campbell did a first-rate job in renegotiation of the Argentinian contract as well.

Oral Questions

FINANCE

VALUE OF CANADIAN DOLLAR—TOTAL GOVERNMENT BORROWING TO IMPROVE EXCHANGE RATE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance. As the minister continues to seed uncertainty in the marketplace with his inadequate statements and lack of decisive action on many financial matters, will he, in view of the still falling 89-cent Canadian dollar, clarify for the House and the Canadian public his statement of last evening—made outside this House—that it was the intention of the administration to take down $200 million of their $1.5 billion line of credit, but that it was only one sequence in a group of borrowings planned by the administration? What do they plan to borrow in total, and for how long?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, after careful consideration, I made a statement yesterday. We decided to borrow $200 million yesterday. The stand-by credit is there. The governor of the Bank of Canada will be borrowing more when it is judged necessary.

Mr. Stevens: As business confidence continues to fall day by day, as shown by the Bank of Montreal's recent poll, due largely to the administration's inept handling of so many economic matters, will the minister at least clarify his borrowing intentions with regard to our balance of payments deficit? He indicated one week ago that he plans to borrow foreign funds to help cover the balance of payments deficit. What is the magnitude of that borrowing? To what degree will he cover that deficit, which is now estimated to be almost $6 billion?

Mr. Chrétien: Mr. Speaker, there is another flow of capital coming into Canada outside of the planned borrowing by the federal government. We are in negotiation at this time. When agreement is reached, I will make it public.

● (1442)

Mr. Stevens: Another question to the Minister of Finance. In view of the extreme uncertainty which prevails in the country today, would the minister agree to make a statement on motions concerning the present position of our foreign exchange, or would he make a suitable reference to the appropriate committee so there could be clarification of the government's handling of our foreign exchange at the present time?

Mr. Chrétien: In two days the Bank of Canada will be publishing its monthly report on the figures.

Mr. Stevens: We know that.

[Mr. Gillespie.]

FISHERIES

REQUEST FOR CLOSING OF RIVER SYSTEMS CONTAMINATED BY MERCURY

Mr. B. Keith Penner (Thunder Bay): Mr. Speaker, my question is addressed to the Minister of Fisheries. In view of reports that the Minister of National Health and Welfare intends to recommend the closing of the English-Wabigoon River system unilateral action on the part of the federal government because of mercury contamination, would the hon. gentleman give serious consideration to following an entirely consistent policy which would involve the closing of all river systems in Canada where mercury levels in fish life exceed the tolerable limit?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): I am informed that the Minister of National Health and Welfare was incompletely reported. In fact, it is to the provincial department of fisheries that she will address her request for closure. This is perfectly normal, since the Ontario fishery is a provincial responsibility. To this extent, I am in the hands of the minister responsible for fisheries in Ontario since the federal government does not have the policing capacity to put such a ban into effect.

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ENERGY

JUSTIFICATION OF MONEYS PAID UNDER EISENBERG CONTRACT

Mr. David MacDonald (Egmont): Mr. Speaker, my question is addressed to the Minister of Energy, Mines and Resources. Since renegotiation of the Eisenberg contract was specifically discussed and agreed to by him, would he now assure the House that the expenditure of a considerable amount of public funds with respect to that contract is fully justified, or whether any further investigation has been carried out to determine whether fair and reasonable use is being made of funds supplied to this agent?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The hon. member will appreciate that the report of the public accounts committee dealing with this matter was tabled only yesterday and I have not yet had an opportunity to familiarize myself with all its recommendations. However, my first impression is that action on most of the recommendations, if not all of them, is substantially advanced.

Mr. MacDonald (Egmont): I would have thought that for some months now the minister would have been actively pursuing the question whether or not there had been massive abuse of public funds with respect to this agency. Is he telling us that no action has been taken by his own department?

Mr. Gillespie: The hon. member did not listen to the answer I gave to his last question. I made it clear that as I read through the recommendations in the committee report made yesterday, I was very pleased to note that nearly all those

recommendations, if not all of them, had been met either in whole or in part by the agency during the last 12 months.

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AIRPORTS

MIRABEL—GOVERNMENT ACTION TO ELIMINATE DEFICIT

Hon. George Hees (Prince Edward-Hastings): Mr. Speaker, my question is for the Minister of Transport. As Mirabel airport has cost Canadian taxpayers $115 million in deficits in the past two years, and since the department has no idea how long such enormous deficits will continue, would the hon. gentleman take the first opportunity to tell the House on motions what the government plans to do to eliminate these deficits and put this enormous white elephant on a paying basis?

Hon. Otto E. Lang (Minister of Transport): The first thing I should like to say to the hon. member is this: it should be clear, if this matter is to be put into perspective, that any large figure for the deficit is only usable because we have taken the policy decision to include interest on the investment as part of the ongoing recurrent cost shown in relation to an airport. Hon. members should, at least, not use the initial cost of an airport and then use it again in terms of the ongoing interest costs: it should be one or the other. Mirabel will turn out to be, as it is given a chance to develop, one of the great investments in aviation in this country.

Some hon. Members: Oh, oh!

Some hon. Members: Hear, hear!

Mr. Lang: It is true that no airline likes to operate out of two airports in a particular city, but in Montreal—just as in the case of Toronto—there was very significant resistance to expanding sites in whose neighbourhood a lot of people wanted to live. It was, therefore, necessary to go to a new location and build a large airport which would progressively prove itself. At the present time, there is a vigorous committee at work to show the value of Mirabel, its potential, and to draw commercial development there. This, notwithstanding the existence of the present provincial government of Quebec, will continue to be our intention both in the near term and in the long run.

Mr. Hees: Is the minister not aware that construction of the second terminal building which had been planned for Dorval airport would easily have handled all overseas traffic for many years to come, with far greater convenience to the travelling public who by the tens and hundreds of thousands are not using Mirabel because it is too darned inconvenient?

Mr. Lang: There is no doubt that if one ignores certain costs, the easiest solution in both the Montreal area and the Toronto area would have been the expansion of Dorval and the expansion of Malton. But we do not like to ignore costs and, just as in the case of Malton, we refused to ignore the cost—

Some hon. Members: Oh, oh!

Mr. Lang: —which the hon. member just rides over, of inconvenience and, indeed, real damage to people in the neighbourhood of an airport if we increase unduly the amount of traffic into the airport once people have made their homes in the area. We will not do it in Malton, either.

Some hon. Members: Hear, hear!

Mr. Hees: Since the figures in my possession were given me, as a former minister, by senior officials in the hon. gentleman's own department, I would ask the Minister of Transport to go back to his department and study those figures to see just how wrong he is and what a wrong decision the government made when it decided not to build a second terminal building at Dorval and, instead, built the white elephant at Mirabel—

Some hon. Members: Order.

Mr. Hees: —when a wiser decision could have given the Canadian travelling public the service they deserve, at no cost to the taxpayer.

Mr. Speaker: Order. The question, by its very nature, is argumentative.

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CONSUMER AFFAIRS

LEGISLATION PROVIDING PUBLICATION OF SALARIES OF CORPORATION EXECUTIVES

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I address this question to the Minister of Consumer and Corporate Affairs. It arises from the revelations regarding the extremely high remuneration received by executives of Canadian corporations, particularly the $330,000 a year salary of the president of the CPR. Since all the information we have comes to us as a result of disclosure requirements in United States legislation, would the minister consider bringing in amendments to the Canada Corporations Act which would require Canadian corporations to make public the salaries and other remuneration of their senior officials?

● (1452)

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, I will take that representation under consideration.

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FINANCE

SALARY INCREASES IN EXCESS OF AIB GUIDELINES

Mr. David Orlikow (Winnipeg North): Mr. Speaker, my supplementary question is directed to the Minister of Finance. Will the minister discuss with the Anti-Inflation Board its decision to permit an increase of $3,650 in the salary of the president of the CPR, who is already receiving $330,000 per

year, when the supposed maximum annual increase permitted by the AIB guidelines in $2,400, and at a time when workers with incomes of less than $10,000 a year are being restricted to increases of 4 per cent to 6 per cent a year?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I am taking note of that question and shall inquire into the matter from representatives of the Anti-Inflation Board.

[*English*]

Mr. Speaker: The hon. member for Rosedale.

Some hon. Members: Hear, hear!

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CANADIAN CULTURE

FEDERAL ASSISTANCE FOR PERFORMING ARTS

Hon. Donald S. Macdonald (Rosedale): Mr. Speaker, I thank hon. members: the warm response reminds me of the line from Macbeth about my predecessor, Macdonwald, of whom it was said: "Nothing in his life became him like the leaving it".

I should like to direct my question to the Secretary of State. Is he in a position to meet with the Professional Association of Canadian Theatres for the purpose of discussing further financing for the performing arts?

Hon. John Roberts (Secretary of State): Mr. Speaker, I welcome the hon. member's question, largely because it gives me a chance to salute the completion of the distinguished parliamentary career of the hon. member.

Some hon. Members: Hear, hear!

Mr. Roberts: I have met with the Professional Association of Canadian Theatres to discuss its problems. I hope to meet with them again in the not too distant future. Perhaps I should say to the hon. member's Doppelgänger, the hon. member for Egmont, who cited the other day an apparent drop in the funding for the arts on the part of the Secretary of State, that there is an error in the estimates. In fact, rather than decreasing, as was suggested by the hon. member, they have been increased. I will provide him with the details.

Mr. Paproski: When did you change that?

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ADMINISTRATION OF JUSTICE

WARREN HART—REQUESTED RETURN TO CANADA TO GIVE EVIDENCE

Mr. Elmer M. MacKay (Central Nova): Mr. Speaker, in the absence of the Minister of Employment and Immigration, I should like to direct my question to the Solicitor General. Will the minister advise the House whether Mr. Warren Hart entered and left Canada with the knowledge and consent of the RCMP or the Department of Employment and Immigration, or both, subsequent to the deportation order of December 9, 1971? Such order resulted from an inquiry under the provisions of the Immigration Act held December 9, 1971, before special inquiry officer W. O. Darling. Is the minister prepared to consult with his cabinet colleagues to facilitate the re-entry of Mr. Hart into this country so that he can testify before the appropriate bodies?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, as I understand it, the deportation order was, indeed, effected and Mr. Hart left the country with the concurrence of the RCMP. I would have to check with my colleague to ascertain whether there was involvement on the part of immigration authorities at that time. With reference to facilitating the re-entry of Mr. Hart into Canada, that is a matter which would have to be disposed of by the minister, and undoubtedly a request made by the McDonald commission.

Mr. MacKay: Mr. Speaker, is the minister really saying that the tapings to which he referred outside the House yesterday were accidental? Also, is he able to tell the House whether the commissioner of the RCMP knew, approved and was consulted concerning the recruitment and taking into this country of Mr. Warren Hart?

Mr. Blais: Mr. Speaker, with reference to the entry of Mr. Hart into this country, it was done in accordance with the measures which are followed in such occurrences as between the RCMP and other associations of like nature in other countries.

Some hon. Members: Oh, oh!

Mr. Blais: I will not comment further. In terms of my statement yesterday, I do not recall using the word "accidental". What I meant was "incidental".

INTELLIGENCE ACTIVITIES CONDUCTED IN FOREIGN COUNTRIES

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, my supplementary question is directed to the Solicitor General. It relates to the evidence given by the commissioner and other officials before the Standing Committee on Justice and Legal Affairs last November, relating to our use of agents provocateurs, undercover agents and intelligence activities in foreign countries. Has the Solicitor General considered this very important evidence? Is he prepared to stand by it? If not, will he give an undertaking to the House that he will clarify and/or, if necessary, reject that very important evidence which was given before the standing committee last November?

Hon. J.-J. Blais (Solicitor General): Mr. Speaker, I am not aware of any evidence indicating that we have used agents provocateurs outside—

An hon. Member: The hon. minister is not aware?

Mr. Blais: I am not aware of any such evidence. If the hon. member indicates that evidence has been presented before a committee of the House, I will look at it and comment further at a later time.

Mr. Jarvis: Mr. Speaker, I should like to refer the Solicitor General to page 2:26 and the following pages of the minutes of the standing committee of November 24. My supplementary question is: In view of the fact that we will be studying the estimates, including the Solicitor General's, in a very short time—which does not provide me with time to put the necessary questions on the order paper—will he undertake to provide details of the cost of travel and the air fares of Mr. Warren Hart and the Canadian employees who accompanied him, in order that that may be a subject matter before the standing committee when the estimates of the Solicitor General's department are studied?

Mr. Blais: Mr. Speaker, I will give the hon. member's representations serious consideration.

* * *

FISHERIES

REQUEST BAN ON SWORDFISHING REVOKED

Mr. Lloyd R. Crouse (South Shore): Mr. Speaker, my question is directed to the Minister of Fisheries and the Environment. According to reports, the provincial minister of fisheries for Nova Scotia told the provincial legislature that he has been informed by the Minister of Fisheries and the Environment and by the Minister of National Health and Welfare that the ban on swordfishing on the coast of Atlantic Canada will be lifted soon: I think he indicated that it would be this spring.

In view of the importance and the value of this fishery in the past, and the time required to rebuild the fleet, would the minister indicate when we can anticipate an announcement in the House on the lifting of the swordfishing ban? In light of the large number of swordfish presently sold by the American fleet in the United States, can he indicate if he has made representations to his counterpart to lift the ban on the sale of swordfish in the United States, or any other country, which would be helpful in re-establishing this industry?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, I have not seen the exact words used by the minister for Nova Scotia but I have seen the press clipping. The reality is that we have been trying for some time to find a way to solve the problem of utilization of swordfish because of the mercury content difficulty. As the hon. member knows very well, only 10 per cent of the swordfish taken has traditionally been sold in the Canadian market. It is doubtful that the economics would justify reopening the fishery just for the Canadian market. To this end, we are contacting and working with the Americans involved in the Food and Drug Administration. In fact, a meeting is scheduled for the next week or ten days. It is a decision that has to be taken by them. We are attempting to influence that decision, but they may not come our way.

REQUEST FOR ADEQUATE PROTECTION OF SALMON FISHERY

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, my supplementary question is directed to the Minister of Fisheries and the Environment. It deals with another species and the ban and restriction in the close-down of the salmon season. Can the minister indicate whether reconsideration has been given to the fierce restrictions on the closing of the salmon rivers? What are his intentions with regard to increasing the number of river guardians to try to prevent an increase in poaching which is taking place in all Canadian salmon rivers?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): Mr. Speaker, as the hon. member knows very well, the conservation measures which are taken are determined by biologists because we need escapement for spawning.

● (1502)

As for the poaching problem, the hon. member was on the committee when the penalties were considerably increased by this parliament. He knows that magistrates have been showing much more severity in their judgments when there is a conviction. He also knows that upon conviction we seize and forfeit equipment, vehicles, nets, etc., which were used in the violation.

As for the number of people employed in guarding the streams and rivers, the hon. member knows that we are always limited by the number of man-years allocated to our department and, of course, by the pressures on our department to manage the 200-mile limit properly and, therefore, the use of resources in that area.

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PRIVILEGE

MR. LAWRENCE—NOTICE RESPECTING QUESTION OF PRIVILEGE—ALLEGATION MINISTER MISLED HOUSE DELIBERATELY

Mr. Speaker: Order, please. There remains outstanding from last Thursday the question raised by the hon. member for Northumberland-Durham (Mr. Lawrence) giving notice to the Chair of a desire to raise a question of privilege, related to the action of the Minister of Finance (Mr. Chrétien) which, according to the notice, was deliberately misleading the House.

This gave rise to a discussion as to whether or not that language can be used in parliament, and it led to the explanation by the hon. member at that time that his use of the language on the previous evening was not designed to offend parliamentary practices but rather had been calculated to put the matter on the record in order to test the rulings that have surrounded that particular language, and the rulings which

surround the desire of a member who may wish to call into scrutiny the conduct of another member in the House.

The hon. member for Northumberland-Durham, in answer to my reference to the precedents, clearly and unequivocally withdrew that remark from Thursday night's record, and I left intentionally the word "deliberately" in his notice of a question of privilege in order to bring the matter further into scrutiny to see if I could be of some assistance to members in the apparent dilemma, and I am happy to say the dilemma is more apparent than real.

There has been, quite naturally, confusion in matters of this sort. Since under the precedents it is clearly unparliamentary to accuse a member of deliberately misleading the House, obviously an action of deliberately misleading the House would have to be looked upon as being a most serious action indeed. If a member is suspected of that kind of action, the dilemma becomes: how does a member call that conduct into scrutiny without using the words "deliberately misleading the House", since in fact the use of the language is in itself unparliamentary and therefore prohibited. It appears on the surface of it to give rise to a rather frustrating situation.

I have taken the time to examine some of the precedents, which I would like to give hon. members now. I think these precedents may be of assistance to hon. members in their further examination of this matter which, I hope, will leave open a possible course, if it is the desire of the hon. member for Northumberland-Durham or of any other member, now or at any other time, to pursue it.

My first reference is to the nineteenth edition of Erskine May at pages 367 and 428. At page 367, under the heading "Rules Governing Subject-Matter of Motions", it is stated that certain matters cannot be debated save upon a substantive motion which admits of a distinct vote of the House. Among these is the conduct of members of either House of Parliament. I am summarizing that slightly, but the reference is there.

At page 428 of May's nineteenth edition, under the heading "Reflections on the Sovereign, etc.", it is stated that unless the discussion is based upon a substantive motion, drawn in proper terms, reflections must not be cast in debate upon the conduct of the sovereign, etc, and among those enumerated are members of either House of Parliament.

There are two other rather important precedents to which I would like to refer for the benefit of hon. members. I have them here and would be glad to have them copied and distributed to any members who might be interested in the discussion. One of them refers to a case in our own *Journals* which is reported on March 11, 1890, when Sir Richard J. Cartwright moved a motion of criticism of another member of the House which contained in it, first of all, an allegation of directly misleading the House and, finally, concluded by saying that the conduct of a certain member in the premises was and had been discreditable, corrupt and scandalous. That matter was debated by the House as a substantive motion, and after debate the decision was taken that the matter would be referred to a committee for further examination.

[Mr. Speaker.]

In addition, there is a very useful precedent from the British House which occurred on June 15, 1965. At page 242 of the Official Report and the following page there are some very informative comments by the Chair relative to a comment that was made in the debate about a member being involved in racist propaganda. On being called to order by the Chair and, after discussion in which it was indicated that the withdrawal of those remarks was necessary in those circumstances, the clear indication was given by the Chair that if it was the intention to proceed to criticize the conduct of the member, it would have to be done by a substantive motion drawn in proper terms.

This does raise a very slight question as to whether or not in a substantive motion, since it is the very intention of the motion, language can be used which appears otherwise to be prohibited. My preliminary decision is that since the motion directs itself to that kind of criticism, obviously that language would have to be embodied in a motion and certainly would have to be permitted during the course of the debate, because I cannot see how the House could address itself to a substantive motion making that kind of allegation and complaint unless it was prepared to deal with it in specific terms. That question seems to remain partly open, but in any case that is my preliminary opinion.

The last area of guidance which the hon. member for Northumberland-Durham sought related to my own ruling of April 19, 1977, in which I indicated that, in order to found a question of privilege, the allegation would have to be not simply that the House had been misled, but had been deliberately misled. Whether or not in fact that necessarily constitutes a question of privilege, what I was endeavouring to say on that occasion was that certainly an allegation that the House had been misled without deliberateness does not constitute privilege on the face of it. If the action was deliberate and was then the subject of a substantive motion as required by the precedents, it might be argued by the mover of that substantive motion that rather than having the substantive motion dealt with in its regular place under private members' notices of motions, for example, it ought to enjoy the precedence accorded to privileged motions. Under certain circumstances that argument might prevail. In other words, once the matter is properly embodied in a substantive motion, it can be argued that it touches the privileges of members of the House. Whether that argument would prevail would depend on the original circumstances. What I was attempting to put forth in that ruling of April 19 was precisely that.

Certainly an allegation that the House has been misled unintentionally does not raise a question of privilege. Whether it would do so when the allegation in a proper substantive motion is that it was done deliberately, would be subject to argument, and I think possibly would accord to such a substantive motion. Certainly that has been the practice in the past where such a substantive motion has been put forward; obviously the House has been readily motivated to deal with it as a matter of privilege and give it the priority that privileged motions do enjoy. Therefore I think it was quite proper on

April 19 to indicate that it may possibly be privilege if the allegation is of deliberately misleading and contained in a proper substantive motion. That was what I was endeavouring to put forward at that time.

I would think, therefore, that the action would be to strike out the hon. member's notice of privilege because it contained the word "deliberately", on the basis of clear precedents. It is entirely without prejudice to the hon. member to raise the matter again in a substantive motion after he has had the opportunity to consult these precedents. Whether or not that course is open, in the light of the interventions that have already taken place by the Minister of Finance in the proceedings to this date, in which the Minister of Finance indicated that he did not mislead the House on those occasions, would have to depend on other precedents in which, when matters of this sort or similar to this have been raised a minister or a member has risen in his place in the House and said that the House was not misled, or, if it was misled, it was certainly not done intentionally. Under the practices of this House his word has always been accepted, and the matter has always been finalized. Since the minister has already said that, whether the matter ought to go further is something only further reflection can determine. However, I did want to give to the House and the hon. members involved the benefit of my examination of these precedents.

● (1512)

The matter remains open for further action which might be recommended, but it would have to be done in accordance with those precedents rather than in the manner which has been attempted up to the present time.

* * *

POINTS OF ORDER

MRS. HOLT—SALARIES OF LEGAL SECRETARIES

Mrs. Simma Holt (Vancouver-Kingsway): Mr. Speaker, I rise on a point of order. Yesterday I spoke on a motion relating to housewives' allowances, and I feel compelled now to correct an error in *Hansard* at page 3265. I referred yesterday to legal secretarial salaries and compared them with the income per case of their lawyer bosses. I used an old salary rate of $8,000 a year. It should have been $11,000 to $14,000 for what lawyers describe as a "good secretary". The hon. member for Toronto-Lakeshore (Mr. Robinson) challenged me in the debate. I would like the record to show that I know he is very generous in recognizing his secretary's remarkable management talent.

MR. BAKER (GRENVILLE-CARLETON)—CHANGES IN ESTIMATES

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. Just as a preliminary to my point of order, I gather from what Your Honour said with respect to the previous matter raised by the hon. member for Northumberland-Durham (Mr. Lawrence) that the matter is open to argument and that Your Honour put precedents before the House so that we can examine them and perhaps speak later. I gather that is the case.

My point of order relates to something which arose during the question period with regard to the fact that, according to the announcement of the Deputy Prime Minister (Mr. MacEachen), estimates will be referred to the appropriate committees tomorrow. During the course of the question period the hon. member for Rosedale (Mr. Macdonald), in, I suppose, his last question in this House, raised with the Secretary of State (Mr. Roberts) who, I suppose gave his penultimate answer in this House, the fact that there is some mistake in the estimates and that the estimates of the Secretary of State would be increased. I think the words used were "raised substantially".

That raises a point of order with respect to the reference tomorrow, and that has to do with whether any other ministers have approached the President of Treasury Board to advise him whether there will be revisions, either upward or downward, in their respective departmental estimates. Prior to any reference being made—preferably today, and certainly tomorrow—there should be a statement made or, on the reference, something substantive should go to the committees so that the committees and this House can be aware of what the situation might be. I raise this as a point of order because I think it deals with propositions with respect to the reference of the estimates tomorrow. Perhaps the President of the Treasury Board can deal with this.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, I will certainly undertake to examine that situation. This is the first indication I have had that perhaps there was a printing error. However, I will check into this and try to give the hon. member a reassurance at the appropriate time.

ROUTINE PROCEEDINGS

[*English*]

ANTI-INFLATION ACT

TABLING OF BOARD'S REPORTS

Mr. Ed Lumley (Parliamentary Secretary to Minister of Finance): Mr. Speaker, pursuant to Section 17(2) of the Anti-Inflation Act I wish to table, in both official languages, copies of two reports sent to the Administrator by the Anti-Inflation Board.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

AIB Reports

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 956, 1,127, 1,136, 1,218, 1,256 and 1,257.

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

[*Text*]

CONSUMABLE FOOD PRODUCTS

Question No. 956—**Mr. Howie:**

Since January 1, 1977, how many consumable food products were banned or recommended against use by the Department of National Health and Welfare?

Hon. Monique Bégin (Minister of National Health and Welfare): In 1977, only food products containing saccharin were banned. (These were banned as of December 31, 1977). This ban includes approximately 15 classes of food and beverage products, totalling about 200 individual products.

EXTERNAL AFFAIRS EXPENDITURES IN THE CONSTITUENCY OF NICKEL BELT

Question No. 1,127—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of External Affairs and those agencies that report to it?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Statistics are not available as departmental expenditure records are not maintained by region, municipality or constituency. However, it is estimated that departmental expenditures in Nickel Belt are negligible.

In so far as the Canadian International Development Agency is concerned, the reply is as follows: Records are not maintained on this basis.

TREASURY BOARD EXPENDITURES IN THE CONSTITUENCY OF NICKEL BELT

Question No. 1,136—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by Treasury Board and those agencies that report to it?

Hon. Robert K. Andras (President of the Treasury Board): In so far as the Treasury Board Secretariat is concerned: Nil.

NEW AND REINSTATED RECIPIENTS OF WVA/CWA AND DISABILITY PENSIONS

Question No. 1,218—**Mr. Marshall:**

1. How many veterans were added to the rolls of WVA/CWA recipients as (a) new recipients (b) reinstatements?

2. How many WVA/CWA recipients have been removed from DVA rolls classified as (a) discontinued (b) deaths (c) in suspension?

3. What are the figures for disability pensioners?

Hon. Daniel J. MacDonald (Minister of Veterans Affairs): For the fiscal year 1976-77.

1. (a) 13,717; (b) 4,097.

[Mr. Lumley.]

2. (a) 4,946; (b) 5,109; (c) 4,658.

3. New awards, 1,900; Reinstatements, 179; Discontinued, 109; Deaths, 4,795; Suspension, 268.

COMMONWEALTH

Question No. 1,256—**Mr. Lambert (Bellechasse):**

As a member country of the British Commonwealth, is Canada required to pay an annual contribution and, if so (a) in what amount (b) to which country or agency?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): Yes, as a member of the Commonwealth, Canada is required to pay an annual assessment which is determined on the basis of the assessment scale of the United Nations: (a) £421,228; (b) Commonwealth Secretariat, Marlborough House, Pall Mall, London, SW1Y 5HX.

CANADIAN CONTRIBUTION TO UPKEEP OF BRITISH CROWN

Question No. 1,257—**Mr. Lambert (Bellechasse):**

Is Canada called upon to contribute each year to the upkeep of the British Crown and, if so (a) in what amount (b) to which agency is the amount paid and by what date is it required?

Mr. Maurice Dupras (Parliamentary Secretary to Secretary of State for External Affairs): No. (*a*) Not applicable. (*b*) Not applicable.

* * *

[*English*]

PRIVILEGE

MR. DIEFENBAKER—PROCEDURE ON S.O. 43 MOTIONS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I wish to raise a question of privilege. Today as never before the House of Commons is under close scrutiny in all parts of Canada. Over and over again in the last few months Canadians have shown a deeper interest in the democratic system and in the preservation of parliamentary government.

Not having the knowledge which comes from years of experience in the House of Commons that on occasion we do say things we ought not to, some Canadians have pointed out that they find it difficult to understand some of the raucous behaviour that takes place. We understand it; they do not. Indeed, in two schools to which I have spoken, students in grades 11 and 12 have asked, "Is it actually parliamentary? After all, if we acted that way, we would not be in school very long." I mention that as a preliminary to the matter I wish to raise.

Like all hon. members, I am one who has a deep and abiding affection for this institution. I think it was some 12 years ago that I suggested that something should be done to preserve the right of private members to bring before the House matters which they regard as being important, nationally or provincially. Following that, over a period of time the procedure under

Standing Order 43 was developed. In itself it is good. It enables hon. members, particularly private members, to bring before the House matters of importance to them and the country. Without Standing Order 43 they would be denied that opportunity.

However, my hope that Standing Order 43 would prove to be something worthy of the institution has been degraded to the point where, when a motion under Standing Order 43 is raised, one solitary member can say "no"; "nyet", as if this were the Duma. When that happens, nothing further can be done. I am not going to identify anyone because I do not want to give him notoriety. However, today I had my eyes on him. I just happened to be looking in the direction of the Prime Minister (Mr. Trudeau) and some distance behind.

Some hon. Members: Oh, oh!

Mr. Diefenbaker: There is no identification in that, unless the hon. member wishes to be identified. In almost every case one person says no. We might as well have a gramophone record here. That would be more in keeping with the technological development of this House.

The point I make is this: Standing Order 43 has been fractured in consequence of the fact that one member can simply deny the opportunity for the discussion of important matters. Are we going to have the House of Commons denatured in this way? Is it not about time we made a rule that a group of members may say no by simply rising? Perhaps the number should be increased to ten. In that way Standing Order 43 could provide a better opportunity for private members. After all, that is one of the purposes of the House of Commons.

I know that during your term of office Your Honour has done everything to uphold the rights of private members. If Standing Order 43 is not changed, it will simply be a caricature of what it should be, and I suggest that before this session is over, and before Your Honour completes his present term of office, an opportunity ought to be made available to discuss this question so that parliament will become effective and so that the voice of one, even with all the attributes of a gramophone, will not be effective in stultifying this institution.

● (1522)

Mr. Speaker: Order, please. Before giving the floor to the hon. member for Kamouraska (Mr. Dionne) I want to comment briefly on the two points raised by the right hon. member for Prince Albert (Mr. Diefenbaker) that I am sure are very much on the minds of members of the House. The first relates to decorum. I think all members have had inquiries from the public who have now had an opportunity to examine the proceedings of the House to determine which of our parliamentary traditions are essential to the expedition of the nation's business in this chamber, and which are not. I think this is an important matter of introspection for all hon. members.

The second point relates to the question of some of our procedures, those specifically singled out for attention being applications pursuant to Standing Order 43 for the unanimous consent of the House to deal with matters of urgent and pressing necessity. There are, of course, arguments on both sides about whether regular business should be set aside for motions advanced in that way. It is not for the Chair to go into them at this time.

I think we must all observe, however, that often the rules under which we operate are there for a specific purpose and sometimes are being stretched in order to accomplish a purpose not envisaged in our procedures but which is nevertheless an important part of the life of the individual member of parliament. I think particularly of the opportunity to address the House in a brief and specific way on grievances which may not be of national importance but which may be of great importance to the individual member. It is only with the utmost difficulty that time can be found in the schedule of parliament, which is already overcrowded, to provide for that. As a result, questions are often used in that way, and applications pursuant to Standing Order 43 are often used in that way. These are not satisfactory replacements for a grievance procedure of some sort which would not only give the opportunity to put the matter before the House but to get some sort of response in the circumstances on whether anything could or should be done. In my opinion we lack that procedure and often find ourselves in circumstances where we use other rules to accomplish the same purpose, but not in a very satisfactory way.

If the question of the satisfactory nature of applications pursuant to Standing Order 43 is to be examined, the more general question to be considered by the Standing Committee on Procedure and Organization is whether it is going to be altered substantially to deal only with matters in which some other form of the withholding of consent might be done. I would hope that the committee would try to find some other method by which legitimate attempts to raise matters of serious concern might be provided for the individual member of the House.

GOVERNMENT ORDERS

[*Translation*]

BANK ACT

AMENDMENT TO EXTEND OPERATION TO APRIL 1, 1979

The House resumed, from February 27, consideration of the motion of Mr. MacEachen (for the Minister of Finance) that Bill C-16, to amend the Bank Act and the Quebec Savings Banks Act, be read the third time and do pass.

Mr. Charles-Eugène Dionne (Kamouraska): Mr. Speaker, last evening, before the House adjourned, I explained during the debate on Bill C-16 the damage caused on our planet by this financial system which dominates virtually the whole world, and I made suggestions on possible changes. I also cited

in this context the view of some authorities on the subject who also deplored the disastrous effects of a system which does not meet the present needs. So I would like to continue by suggesting first that whe should necessarily put some order into this disorder which is so harmful to mankind as a whole.

An end must be put to that dictatorship by making financial credit truly represent the real credit in our country. In other words, by making money account exactly for the production capacity of the country, money would be produced with the same dynamism as production itself; as real credit belongs to the community, financial credit would also belong to it. Society itself would attend to dividing the credit of the money that entitles to goods. Money would then be no more of a problem than production itself. It is made by men, who are also citizens, as I said last night, and not by angels: money is produced by men. Money would go to everyone since production is meant to meet needs and everyone has needs. Society would see to it that the flow of production is maintained by giving adequate reward for work, as is done today through the intermediary of employers who pay their workers a salary, and by the reasonable profit margin the masters of production would continue to take through their prices. Society would distribute among its members whatever would be left of the financial credit representing production.

The technique, to that end, has been described repeatedly in the House of Commons by the Social Credit members, and outside in the works of authorities in the matter, such as Major Douglas and several others, in newspaper articles by people who have really studied the matter, by citizens concerned about finding a solution instead of power-hungry politicians. In any event, ignorance of the solution to money problems cannot be accepted as an excuse. Our legislators know or should know that the money supply can be increased or decreased at will, at very little cost; still, too many people still believe it would be unhealthy to get the system to work.

Last night, I had occasion to quote a few excerpts from a speech given by Father Georges-Henri Lévesque, a Dominican. He is well versed in the field of making money and especially in that of the ravages it that famous system has caused on our planet, if you will. Let me quote another excerpts from that speech. I quote:

> Finally, money must serve freedom. Money, which can be a bad master, the tyrant of the greedy man, the inhuman despot of a soulless society, can also become a marvellous instrument of liberation. But, one must have the means to be free. The hungry are not free before the hand that proffers bread. At least a minimum of property is required to guarantee personal freedom. The freedom and dignity of those who fear neither necessity, nor unemployment, nor disease nor old age. The freedom and dignity of all social classes become more prosperous. The hoped for freedom and dignity of all peoples, finally!... thinking more specifically of developing countries.

● (1532)

> Their liberation will not come only through their own efforts, no matter how valiant they are. It will come as much if not more from a new distribution and apportionment of the common wealth more in harmony with its prime purpose which is to serve mankind.

[Mr. Dionne (Kamouraska).]

> More than any other in world history, our western society has created great amounts of riches which take the form of money or of things provided by money. In spite of the tremendous waste which now changes the outcome of its work into death and pollution, never before did it have such capacity for producing and accumulating. The power of money is ever expanding as man increases his control over the universe. It is up to us, to each of us, to see to it that this tremendous power makes money a better or, unfortunately, a worse instrument for mankind. Conversely, if we make money our master, it can only be a bad one.
>
> The reason for this is first and foremost that men should not be commanded or dominated by money. When it gets such power it turns into a tyrant because, as I said before, it should only be considered as a tool, a medium we have produced. But sometimes we rush to submit to it, to estrange ourselves, to become its servants. Initially, with great joy and excitement, but progressively with a frenzy we do not want to end. We make it, against its purpose, a usurpator, a tyrant, a despot, an idol, a god. Yet, it is from us, and from nowhere else, that money takes its power. Little by little we let it take over us, like an interesting vice. Of course we complain of this weighty yoke, but with a secret perversity not devoid of pleasure.
>
> Basically a bad master, money can become an even worse master because it is naturally hard. Even though some forms of it may have the flexibility of paper, they do not make it more human. Little by little overcoming our spirit and our heart, it dries them up, and conveys to them its own hardness. One need only think of Scrooge.

As I was saying in the earlier, this only gives us an idea of the ravages caused on this planet and in this country by a defective system that must be changed. We have reasons, many reasons. That is why I sometimes wonder how come some men, scientists, competent people, people who have taken all sorts of courses, who have had a university education and have acquired all kinds of knowledge in many fields, or so they think, do not search for the cause of most of our problems. At a time of upheaval in many fields: education, management-labour relations, debt, proliferation of taxes, permissions, restrictions, it is imperative we find a flexible way to allow the abundant goods that exist to satisfy the needs that are there.

Obviously, this adaptation of goods to needs would require a fundamental change in the goods distribution system. That is normal. That is why we should not stay with the old methods that have given us the well known results of inflation, deflation, increasing pollution, heavier taxes, a rising unpaid and unpayable national debt under our present system.

All those facts are so obvious nobody can dispute them. Why should we keep looking for invisible solutions in a confused system? Thousands of cases of affliction of all sorts lead us to the logical conclusion that the main cause of current economic and social disorders lies in a bad distrubition of wealth. Each thing must be put back in its right place and be given its true value. First, it must be recognized that men, women and children are human beings. In order to lead a decent life, they need wholesome food, warm clothing, proper care and adequate shelter.

In His wisdom, the Creator provided on earth everything necessary for mankind to ensure the survival of each and every one of its members. And it is undeniably proven that man's creative genius, inspired by a host of components in nature, did succeed in perfecting the productive mechanism to unsurpassed levels. At times, even our knowledgeable theoreticians, or those who pretend to be, have tried to explain to us that we were struggling with an overproduction crisis. Let us remember the years 1929 to 1939 in particular. The facts have clearly demonstrated that it was rather a crisis of under-consumption.

One will recall that the politicians of the day did not find any other solution than to destroy the production at a time when the population went hungry. Instead of instituting a price adjustment mechanism through a compensated discount to the producers and allowing the consumers to use the many goods which existed then, the choice was made to destroy real riches and goods to maintain the prices represented by figures. Why did they give such importance to figures and left aside what is important. After all, it is with goods and things that people live. It is not with figures. Figures are supposed to play a prevailing role provided they be adjusted. One can then enjoy the ownership of existing goods but to do so, their prices must be adjusted first.

The same system still applies in 1978. The population does not feed itself on par with the amount of food that, good God helping, our farmers manage to produce. Canadians do not get their housing depending on the quantity of lumber, stones or cement available or any other building materials that Canada produces in quantity. The population does not satisfy its clothing needs according to the variety of clothing produced in our manufactures or imported which is displayed in the stores or stacked on the shelves of our shops. The same thing applies for medical care, transportation, comfort under its most various aspects. Under the present system, our fellow citizens get food, housing, clothing or medical care according to the amount of money which each one of them has in his wallet. This is what Socreds call a stupid system.

The idea is not to change everything or set up a national printing office as some simplistic minds would have us say. The institutions are already here, it is just a question of adjusting the values, a matter of accounting through which a financial device will be established to reflect the real riches by taking into account the dignity of the human person, the value of the goods which can be produced in sufficient quantity to provide food, housing and clothing to the population. It is quite surprising as I mentioned previously, to see that such a great number of researchers in many fields, particularly in the economic field, have not yet succeeded in developing a device for the distribution of a large production that only awaits to be ordered to satisfy latent needs. Surely it is not on the scarcity of adequate means of transportation that this situation must be blamed.

We have now reached the point where it is possible to spend millions of dollars to travel to the moon for the mere purpose of finding out what is going on on earth's satellite, while on earth itself thousands of human beings are suffering through lack of proper food, lodging, clothing and care. It is high time for the politicians who are now at the helm to find alternative solutions to the plans which have been followed up to now and which have only succeeded in favouring the strong at the expense of the weak. We do not claim that the Social Credit philosophy is a panacea, but it should very likely eliminate a great many of the causes of our current ills. In an article dealing with employment and income distribution which was published on January 17, 1976, Mr. Francis Blanchard—

The Acting Speaker (Mr. Ethier): Order, please. I regret to inform the hon. member that his allotted time has expired. He may continue only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Dionne (Kamouraska): I thank my colleagues for their generosity and their willingness to continue to hear my version of the present system.

An hon. Member: To listen to the truth.

Mr. Dionne (Kamouraska): My colleague says, to listen to the truth. So I was referring to an article by Mr. Francis Blanchard, Director General of the International Labour Organization and Chairman of the Institute for Social Sciences. He said, and I quote:

> Employment and income distribution are the most urgent and serious problems now facing developed as well as developing countries.

In that article inspired by a lecture he gave early this year before the New Delhi National Labour Institute the ILO director general examines various aspects of those problems, the efforts that have been made to date and what still remains to be done to solve them, and he talks about a new fight against extreme poverty and unemployment, pointing out that it is obvious today that the massive post-war economic expansion did not significantly improve material living conditions for a vast multitude of individuals. The absolute number of people in situations of extreme poverty continued to increase; the huge disparities in incomes and income opportunities remained and even widened in many countries during that period. Those unexpected results from three decades of development efforts compel us to reconsider the strategies and policies decided upon in the past and to rethink entirely the problem itself. It is unfortunate to see that people in general do not stop long enough to think in terms of heritage and heirs. Yet science and industry are the intellectual heritage of nations, the illustrated Webster of the 20th century.

Science as applied to agriculture, industry, trade, communications, has made enormous progress particularly in the past century and a half, and more particularly in the past forty years. Man had long since learned to use simple machines to heighten the strength of his muscles and that of animals—he also used a few inanimate forces like wind and water. But since he has learned to use fossil solar energy in the form of coal or oil, since he has been distributing through simple metal wires the power of falling masses of water across hundreds of miles, since chemistry went from the laboratory to industry, the progress made cannot be measured, the problem of production has been solved. Realizing what is happening in the area of production and consumption and particularly the means of distribution used, we sometime wonder whether the leaders of our society are blind or stubborn. They do not seem to have yet understood that we should be heirs rather than born losers.

He still believes that a man must be poor and find it very difficult to earn his living. We speak about the legacy gathered by generations, of the land conquered through the toil and ingenuity of mankind; they will reply that we are born under a blanket of debts. Wealth is overflowing, but a false, stupid, deceitful and fanciful system turns heirs into debtors. According to their argument, Champlain and the brave settlers established the faith, farming and civilization in Canadian forests; their successors three centuries afterwards have improved agriculture, have built cities, modernized industry and all that series of workers would have toiled on the Canadian soil to leave to their issue a legacy of debts, misery and hardships. But this is really absurd! This is why I insist we should refrain from studying the terrible cause of all our troubles. Again I say it is the financial system, the money made by man which has been badly distributed and that is the matter which should be investigated.

For several years now our politicians no longer refer to the payment of our national debt, as I pointed out last night, they can hardly manage to pay the interests which reach several billions each year. We should not forget that it is only the interests on the public debt. We are surprised by the rising cost of living. We do not stop to think that higher interest payments are one of the main causes of the cost of goods and the soaring cost of living. And all this is due to that financial system which should be altered. Most provincial and municipal governments have to pay interests on their debts and they hardly manage to meet them. From our woods, our lands, our manufactures, we can hear someone making the following parody: You will pay your debts and your taxes by the sweat of your brow.

● (1542)

[*English*]

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, I wish to make a few comments on Bill C-16 which extends the date on which the Bank Act expires from March 31, 1978, to April 1, 1979. I am very much in favour of this bill passing. I am in no hurry to see a new Bank Act. If what I hear is correct, the new Bank Act will not be very favourable to ordinary Canadian citizens. Therefore we need more time to talk about what should be in the new Bank Act to help the ordinary people of this country. It is on that issue I want to spend the next few minutes.

I believe that under the new Bank Act the government will allow into this country what one might call suitcase banks. The government would like to see a lot more banks come into Canada. They would obviously be foreign-owned banks, most of which would be based in the United States. I contend there are enough banks in this country. We do not need to bring in more. If more banks do come into Canada, I can visualize a lot of problems.

If we have an open door policy with regard to banks, the banks that will locate here will primarily be branches of the huge banks in the United States or large multinationals around the world. There will be a lot more competition with the Canadian chartered banks for the big accounts such as Inco, CP Rail, Imperial Oil and the like. Increased competition will mean lower profits for the Canadian banks than would otherwise be the case from the source.

We now have legislation in this country whereby our banks are Canadian. That is an important part of legislation passed in this House many years ago.

If foreign owned banks come into this country, their prime target will be to get the accounts of the large companies in Canada. They will not be interested in servicing the ordinary person who lives in Selkirk, Manitoba; Yorkton, Saskatchewan; Montreal, or anywhere else in this country. The Canadian banks will have to compete with these new banks for the business of these large companies. In order to be more competitive they will have to make less profit. They will make their profit by charging higher interest rates on consumer loans and charging higher fees and service charges to the ordinary citizen banking his money or making a loan. The service charges being paid by the ordinary person in this country will increase after the new Bank Act comes into force.

● (1552)

If what we hear is true, the government is going to open the door to allow more banks, the suitcase bankers, the foreign bankers, into our country. I think that would be a very big mistake. One of the prime prerequisites of our banking system in Canada should be to have that banking system act as an instrument of national policy. I think it should act as an instrument of national policy in the same way as a transportation system must act as an instrument of national policy. The government must maintain control over that system. It is one of the things which must remain within the authority and under the jurisdiction of the federal government. If we were to decentralize the banking system the difficulty of maintaining good economic planning would be more difficult.

The main point I am making, Mr. Speaker, is that banks must be an instrument of national policy and they must be used as such. If we are to allow huge multinational banks into our country from offshore it will be more difficult to use banks

as vehicles of national policy and economic planning. It would mean that the banking industry would be more fragmented and more difficult to direct by the Government of Canada on behalf of all the people.

We need to retain our control for all kinds of reasons. First, we are a country which is undergoing many economic difficulties; one need not talk at great length about our economic problems today in Canada. We know there are many difficulties, and if we are to solve them we need strong intervention by the government and strong intervention on the side of public planning. I know there are many hon. members, not all of them in the Conservative party, who are starting to look the other way. I know that during the Liberal convention held in Ottawa last weekend many of the delegates were talking about less government involvement and less government intervention in the economy. They felt that was the way to make the economy go well. But I suggest it is not.

If we are going to leave that to the private sector which, in the main, consists of the large multinational corporations, they will not do much for the ordinary citizen in our country. Their main goal is obviously to maximize their profits and to make their shareholders happy regardless of where their shareholders may live. There is absolutely nothing wrong with that if that is the type of system under which you wish to live. But I suggest to the House that in a country like our own that is just not going to work. Most of our economy is foreign owned and foreign controlled, of a resource-based economy in Canada where our resources are dug out of the ground here and are shipped over to the United States or somewhere else to be refined or manufactured—where, of course, the jobs are—and the profits will be drained out to those areas and we shall not have the benefit of any development of secondary industry based in Canada.

Perhaps even worse than that, though, we shall not see development of our country occur in an equal and uniform way. An hon. member from the maritimes asked a little earlier what was wrong with that. I tell him that that is why his region of the country, which is really being hit hardest, does not get some of the development. It is because the multinationals and the big corporations in this country have too much control.

An hon. Member: You are wrong.

Mr. Nystrom: When I have finished I hope the hon. member will get up and speak. It would be interesting to see him take the opportunity to debate that point with us. If we had more government intervention and more planning in our economy, the maritime provinces, the eastern part of Quebec, the prairies and the north would be a lot better off.

I maintain it is not profitable to put plants in places like the maritime provinces if one is guided strictly by the profit motive. This is because they are a long way from the large markets and because we have a government which believes that we must have a user-pay transportation system. That, too, is part of free enterprise—you have to pay for what you use. If you hold that type of philosophical belief you are not going to develop equally those parts of our country which for numerous reasons are disadvantaged, through no fault of the people who live there. If you employ government intervention in the economy, for example in the area of transportation, where freight rates are equalized, so that no discrimination would exist against the maritimes and the north, then you would have a much better chance of making this country a sensible and well planned place in which to live.

Perhaps the best way of describing our country would be to use the analogy which my father used to use when I was quite young, in describing how our country is run. He saw this country as a huge cow pasture and in the pasture was a cow facing west eating the resources of the prairie. Those resources were processed within the cow and the cow was milked over Toronto. That was where all the cream went. The tail end of the cow was over the Atlantic provinces and part of Quebec. You know what was happening at that end of the cow. Anyway, that analogy is not far from the truth. That is the type of system you have if free enterprise takes over this country. You get profits any way you can without any regard to what it will do to people in the outlying areas. I would like to see some of the more capitalistic members, like the hon. member for Moncton (Mr. Jones) and the hon. member for Stormont-Dundas (Mr. Lumley), get up and refute this in as intelligent a way as I put it forward. Let us look at our country. We have never had any socialist government running things in the hundred and some odd years we have been in existence. Still we have these high inequities existing here. Look at the unemployment rate in the maritimes. Consider the average standard of living in places like Newfoundland. That cannot be as a result of the socialist system; it is the result of the systems we have always had in this country. What I am suggesting is that it is time we had an alternative to what has been happening; we need stronger intervention by the public in the economy in order that we would more equitably distribute our resources among the many parts of our country. Transportation is one of the very important tools to be used to this end and, of course, another which comes to mind is the use of the financial institutions and the banks.

We must do more to direct capital, to direct investment in Canada. Other countries in the world do so and the results are very good. In fact Canada is one of the very few countries in the world which does not have investment controls and the direction of capital. Just look at some of the social democratic countries such as Japan, France, and even Italy. Japan and France plan their economy in a much more interventionist sense than we do. They have in power governments equivalent to our own Liberal government, and equivalent to what a Conservative government would be like. Of course on the other side of the question I can think of many democratic socialist countries like Sweden, Norway, West Germany and so on which have for years intervened in the economy in order that all people under their economies are much better off and are much more equally served. One of the advantages we have in this country is that we now control the banks in Canada. Let us not allow that to slip away from us.

[*Translation*]

And before I rose, Mr. Speaker, we heard an hon. member from the Social Credit Party of Canada who referred to many problems we have in our economy and which I too recognize. We in Canada are now facing an inflation crisis and an unemployment crisis. We are also facing a crisis on the matter of national unity, and the right hon. Prime Minister (Mr. Trudeau) of our country has been in power for the last ten years. And before he got to power there was no Parti Québécois, which is the main factor in the national unity crisis. Mr. Speaker, I suggest that one of the reasons there is no national unity in this country lies in the whole economic problem. I have already mentioned unemployment and inflation. What we need in this country is a system of equality, equality between all regions of Canada, equality between all individuals, and the instrument for that equality is the Bank of Canada and the transportation system.

[*English*]

That is why it is so important, when we are debating issues such as that before us today, that we talk about the philosophy of how we wish to see our country developed, the philosophy of how we want our institutions to play their role. It seems to me that our financial institutions are among the main tools one needs in planning a country. I have referred also to transportation, to food, and to agriculture as among just a few very important elements which must be taken into consideration in this direction. Another which comes to mind is energy, and the gas and oil industry.

Another consideration to which we must turn attention when considering this subject is what we should be doing with our banks. I have already mentioned controlling investment, controlling profits, and these things should be within the public hand; they should be controlled more closely by the public of Canada. When the new Bank Act is brought in, one should consider the fact that Canada will have more foreign banks. That will hurt ordinary Canadians.

● (1602)

Hon. members should give some thought to the establishment of a Canadian Crown bank which would be publicly owned. Some of the more traditional free enterprise hon. members, excluding the hon. member for Spadina (Mr. Stollery), will perhaps become nervous when contemplating this. They should be reminded, if Canada is faced with a situation where there are more foreign owned banks receiving the large Canadian company accounts, that the banks already in existence will have to increase their charges. In order to compensate for that, the possibility of a Crown bank should be considered. It could be established very quickly by channelling federal government accounts to that bank. Many of these accounts are gravy accounts. They are fat and juicy. Banks make a lot of money on those accounts.

When dealing with federal government accounts, one is handling public money. I can see no reason why those accounts cannot be taken away from the private banks and channelled into a Crown bank in order for its business to be commenced. In this area I am thinking of various pension plans, the Canada Pension Plan, CMHC, farm programs, the Farm Credit Corporation and so on. The government is involved federally with an immense amount of money. Why not channel that money to a publicly owned bank? A Crown bank could be the vanguard in planning our economic system. It is public money. Why cannot it be used in the best manner to plan on behalf of Canadians?

Mr. Whittaker: What about lower interest rates?

Mr. Nystrom: This would be a great way to lower the interest rates. I am glad the hon. member for Okanagan Boundary (Mr. Whittaker) mentioned this. If all the government accounts are in a Crown bank, probably the interest rates for the ordinary Canadian will be lowered, as well as the service charges. If Canadian banks are to compete with multinationals and foreigners for the accounts of big companies, it will be necessary to lower their interest rates and service charges. A profit will have to be made somewhere. That profit will be made by charging the hopeless, small Canadians who have no way to fight back because they are facing an oligopoly. If a Crown bank were in existence, then those people would have a choice. They could do their banking in a Crown banking system. Hon. members of the Conservative party should not consider that idea as being too radical. It was that party which brought in many of the Crown corporations which are now in existence, such as the Canadian National Railways.

Mr. Lambert (Edmonton West): They are not banks.

Mr. Nystrom: No, they are not banks. In the days when the CNR was brought into existence many Conservative members felt it was an outrageous scandal. Also many members of that party felt the establishment of the Canadian Broadcasting Corporation was an outrageous scandal as well.

Mr. Whiteway: Right!

Mr. Nystrom: I hear an hon. member saying, "right". I hope that is said in front of Conservative party constituents. In the riding of the hon. member for Selkirk (Mr. Whiteway), the CBC is very popular and well liked indeed. For many years in the House, when a transportation policy was being discussed, members of the Conservative party chastised the New Democratic Party for talking about public ownership of parts of the transportation system such as the railways. It was not too many years later that Peter Lougheed of Alberta decided to nationalize one of the airline companies, PWA. That province has a Conservative government. I have not heard too many members of the Conservative party rising to chastise Peter Lougheed for nationalizing that airline.

That is what my party would like to see happen in the Canadian banking system. The establishment of a Crown bank should be considered. If that were done it would be only a matter of a few years before that bank would be one of the largest in the country, and only a matter of a few more years before it would become the largest. I suggest it would provide

a valuable tool to the government with which to plan the economy so that there is a much more balanced economic system for everyone.

I realize this suggestion goes against the grain of the majority of hon. members. That is why I am a member of the New Democractic Party. Most members like to see the operations of corporations go unimpeded. They like to see the elephants having all the liberation they want when they dance among the chickens in the chicken house. That is the philosophy of the other parties. That type of system would not help the ordinary Canadian. Ordinary Canadians require a system where the government would have a tool to plan our economic needs.

Mr. Jones: Some tool!

Mr. Nystrom: The hon. member for Moncton seems to be content with defending the government today. I see the Minister of Finance (Mr. Chrétien) is listening very seriously.

Mr. Knowles (Winnipeg North Centre): The size of the party of the hon. member for Moncton has doubled today.

Mr. Nystrom: Yes. Perhaps he will join the Liberal party. I see the Minister of Finance taking out the Liberal party membership book. Perhaps he would be pleased to welcome the hon. member.

The record of governments in the past has not been effective in terms of reducing inequities in Canada. Some Liberal members are disappointed at how the Department of Regional Economic Expansion has failed to narrow the gaps between the haves and the have-nots over the past eight or ten years. One reason for that is that the old free enterprise system has been relied on because it was considered to be the system which would heal the country. The government, like a giant Santa Claus, has been willing to hand out carrots, bananas, and Christmas gifts to companies to solve problems. But once the gifts run out, there is no reason for the companies to expand or to remain, if the system is not changed. Banks should be used as one means for changing the system under which we operate in Canada.

When we talk about the Bank Act we must consider the credit unions and the co-operatives. I come from a province where the credit union movement is very strong and popular. In the province of Saskatchewan, perhaps nine times out of ten the credit unions have done more for the ordinary citizens and the small communities than the banks.

[*Translation*]

And I think the same is true in the province of Quebec with the caisses populaires.

[*English*]

I think too, when we talk about banks, we must make sure the legislation pertaining to credit unions remains as it is so that they can operate in the way they have been set up and are supposed to operate. Historically credit unions have played a valuable role in the development of Canada by assisting ordinary people and the communities in which they are located.

These are a few things which are important to mention when Bill C-16 is being considered. This bill will extend the old Bank Act for one more year in order to give the government, and the people of Canada, another year to think about what they want in the new Bank Act which is to come before us. I do not want this bill to be held up, but when hon. members rise I hope they talk about the general direction in which they want to see our country go, and the general role banks and financial institutions can play in the development of Canada to make it a better place in which to live.

We must think about how we can make Canada a much better country for each and every one, regardless of economic background, colour of skin, or in what part of the country they live. Canada should not be made a better country only for those who have money, who happen to have inherited wealth or who have been given, by the grace of God, more luck or intelligence than others in order to benefit from the free enterprise system as we know it. It is wrong when people like the president of the CPR, Mr. Sinclair, earn approximately $330,000 a year, plus the other benefits which he receives. I think it is wrong when some people in our country make so much money and when at the same time there are so many Canadians living in absolute poverty.

• (1612)

Mr. Chrétien: What about baseball players?

Mr. Nystrom: I agree completely with the Minister of Finance. Some of the salaries paid to baseball and hockey players are outrageously high. I think the former premier of Manitoba had a much more decent philosophy when he suggested that management should be paid no more than two and a half or three times the salary of the workers who work in the plant. That is the direction we must take in this country. We would create a much more decent society if we had other priorities than simply making a hell of a lot of money. This is what is wrong in this country—the worship of the almighty buck. When you believe in that, you start trampling on people and warping your priorities.

Mr. Jones: Yes, take away people's initiative.

Mr. Nystrom: I am glad the former mayor of Moncton mentioned initiative because one sure way to kill initiative in people is to keep them in poverty, keep them down in the gutter, with no money to buy such essentials as food and shelter. If you want people with initiative, make sure they have the basics in life. Once you have those basics in life, you have a lot more initiative than when you have to live on welfare or on unemployment insurance. That is one way of killing initiative in our country. You certainly have more initiative among people for whom you provide medicare, public auto insurance, decent old age pensions, family allowances, etc. That is how you give people initiative. If they have the basic necessities of life, they have an opportunity to be more creative and to be more happy with life, and therefore are liable to do a lot more in this country than if you keep them in the type of system we have.

Members of the Conservative party are very good at criticizing any government involvement in the economy. They say that any intervention in the economy promotes a massive bureaucracy. This is absolute balderdash. All you have to do is to take a look at the federal-provincial conference which was held here two weeks ago. Which provincial government has the smallest number of public servants on a per capita basis? It is the province of Saskatchewan with its NDP government. In Saskatchewan for the last 27 years of the last 31 or 32 there has been a social democratic government.

Which province has the most public servants on a per capita basis? It is the province of Alberta, and Peter Lougheed, the premier of that province admitted that at the federal-provincial conference. And yet we hear members of the Conservative party here saying that any intervention in the economy will result in a massive bureaucracy. I maintain that precisely the opposite is true. Alberta has many more bureaucrats per capita than any other province.

Mr. Kempling: What about Manitoba?

Mr. Nystrom: Alberta has many more bureaucrats than Manitoba on a per capita basis. You will find that in any province run by Conservatives there are more bureaucrats. You can even compare the salaries of the bureaucrats. In places such as Saskatchewan and Manitoba the salaries of the public servants are much lower than in Alberta, or indeed in the other beautiful province of the Conservative party, namely, Ontario. This is what we should keep in mind when we talk about intervention. When we talk about intervention we talk about a planning tool on behalf of all the people.

It does not require a very big bureaucracy to direct this country. In many cases it takes fewer people working in the public sector than if they were working in the private sector. That is an argument that has been proven time and time again in the little province from which I come, where socialism has been in practice for 27 of the last 31 or 32 years. I think we should use that province as a model. And we can look to many other countries of the world as well. The Conservative party should look at these facts when they argue, instead of using old rhetoric which comes not just from the depression days but from the 18th century, when debating a bill which will be so important to the future of the country, namely the Bank Act, which will help us determine what kind of economy we want for the years that lie ahead.

Mr. Dean Whiteway (Selkirk): Mr. Speaker, I rise in my place to speak on Bill C-16 and primarily to reprimand the Minister of Finance (Mr. Chrétien) but, as has happened so often in recent years, it is difficult to tell where the enemy is, whether the socialists are in front of us or to the left of us.

The hon. member for Yorkton-Melville (Mr. Nystrom) chastised the hon. member for Moncton (Mr. Jones) and wondered whether the hon. member for Moncton was going to join the Liberal party. He also referred to the Minister of Finance taking out his membership. I can remember the hon. member for Yorkton-Melville supporting the Liberal government right down the line for 20 months and climbing into bed with them without the benefit of a marriage licence or a party membership. If the hon. member wants to talk about flirtations with the Liberal government, he has only to look at his own record, which is a record of support and one which I find less and less clear because I think it is becoming crystal clear to most Canadians that the Trudeau government is as socialist as those who live under the name of socialists.

Mr. Nystrom: Be serious.

Mr. Whiteway: That is an odd admonition coming from the hon. member who, I thought, had just spoken tongue in cheek for some 30 minutes. In any event, I would like members of the House to realize what is the situation here today. It is February 28, 1978, eighteen minutes past four o'clock in the afternoon, and today we have nearly double digit inflation in Canada, we have double digit unemployment, and we have estimates, which will be referred to the committees, showing a deficit of $11 billion. On February 28, 1978, we have an 89-cent dollar. Perhaps it is even less than that at 19 minutes past four o'clock, but that is what it was at noon today. We have record government spending, which has doubled in five years.

Our exports dropped last month, despite the assurances of the Minister of Industry, Trade and Commerce (Mr. Horner) and of the Prime Minister (Mr. Trudeau) a couple of months ago that the effect of the devaluation of the dollar would show in increased exports. In fact the reverse occurred in January. Neither the Minister of Finance, who is present now in the House, nor the Prime Minister, has explained that as yet. There is a record outflow of capital from this country to the U.S. I can go on, but let this suffice as a brief background to what is the situation on the twenty-eighth day of February, 1978. With this background, the Minister of Finance has presented to the House, not a new Bank Act, but a bill which asks parliament and Canadians to give another year's extension to the existing Bank Act.

The Liberal party has been talking about revisions of the Bank Act for half as many years as I am old. It has produced white papers on this subject and it has mentioned it in throne speeches. Just five years ago Liberals were on the brink of bringing in a new Bank Act. Yet here we are on February 28, 1978, and there is no new Bank Act. As a matter of fact last night in the House the Minister of Finance, in referring to the Bank Act—which we thought must be a massive document because it took so long to draft it—said the following, as reported at page 3267 of *Hansard:*

> With the permission of the hon. member I would like to tell him that if the bill were ready, I would be tabling it. The bill is being drafted at this time by the Department of Justice.

It is not even drafted. The minister demonstrated he is a concerned Canadian when he said:

> I am as frustrated as the hon. member that the bill is not ready.

• (1622)

The difference between the frustration of the Minister of Finance and that of hon. members on this side of the House is that the minister has the power to act. He is the head of the Department of Finance, and he is a minister in a government which has a duty to act. Granted, hon. members on this side of the House are frustrated, but we are not the government. If the minister cannot direct his department to get the bill drafted, he should move aside because we in the opposition will take the reins of government and get the job done.

The minister should not come before us with the feeble excuse that the government has been the government for only ten years and that we should not expect so much. For five years we almost had a new Bank Act. The minister seemed sincere and was almost believable when he said it was being drafted and that the bill was not quite complete. The minister told us that if it was drafted, he would table it immediately. He said he was just as frustrated as other hon. members.

I do not want to mislead the minister. On previous occasions I have pointed out that under the parliamentary system it is the right and responsibility of the government to govern absolutely. It is the job of the government to set fiscal and monetary policies. Regardless of the mess the government has made, I believe it is its responsibility and duty to set foreign policy, and to bring in legislation which gives direction to the country economically and in every other way. Those are the responsibilities of the government, but it is the responsibility of the opposition to criticize, to point out to the government where it has failed and to try to point it in the right direction. If hon. members on this side have attempted to do anything it has been to point the government in the right direction. My friend and an able parliamentarian, the hon. member for Yorkton-Melville, might want to push the government in the wrong direction, but I admire him for at least trying to offer some alternative to the government, however wrong and misguided it might be.

Hon. members on this side of the House are going to do our jobs. We will not simply accept the word of the Minister of Finance when he comes to this House year after year and says the bill is being drafted and that his department is working night and day. The minister is not saying the act is not drafted; he is saying that the government's act is not together. The minister does not know what he wants to do, or, if he does, he does not have the fortitude to put it in the form of legislation.

I cannot believe for a minute that the reason the legislation is not on the table is that the government is running out of time. The reason is that, characteristically, the government is confused. I see the hon. member for Lincoln (Mr. Andres) shaking his head as if to say no. He says the government is not confused. A government with a clear purpose would come to this House on a matter of critical importance to small businessmen and say that it knows exactly where it wants to take the country, but that is not the case here. If government policy was clear, we would have legislation. Perhaps the hon. member for Lincoln will stand in his place later today and tell us that ten years of Trudeau Liberal administration is not enough time.

Mr. Andres: You have never had it so good.

Mr. Whiteway: The hon. member says we have never had it so good. Let us ask one million unemployed Canadians how good things are. Let us ask those in the secondary manufacturing industry, and small businessmen who are crying for venture capital and for a new Bank Act, how good things are. These people need tools which would allow them to get on with business. Let us ask Canadians faced with an 89 cent dollar how good things are. Let us ask housewives faced with 11 per cent inflation of food prices how good things are. There are 850,000 Canadian families which do not own their own homes.

Mr. Andres: Ask the farmers.

Mr. Whiteway: Perhaps the hon. member will stand in his place and tell us how great things are in Canada. We on this side of the House have a vision for this country. We want to put Canadians back to work. I hear hon. members opposite mumbling and grumbling that ours is the party of gloom and doom.

Mr. Dionne (Northumberland-Miramichi): Right on.

Mr. Whiteway: The hon. member opposite says "right on" when one million Canadians are unemployed, when we have record inflation, when we have a devalued 89-cent dollar, when we have confusion in fiscal and monetary policies and when we have record spending and record deficits. If that is gloom and doom, then I am a prophet of gloom and doom. We talk about it, but the government opposite made it.

On the eve of a federal election we will point out to Canadians what they already know. If the results of the administration of this government are gloom and doom, so be it, but we on this side can do one thing hon. members opposite cannot do. We can offer Canadians a different course of action. We can offer not only different personnel, not only a new Prime Minister and not only a new Minister of Finance and new frontbenchers, but also a new direction, new hope, and new policies which will allow Canadians to see a star and to reach up and grasp it. We will offer Canadians job opportunities in order to get the country going again. What is the Liberal solution on February 28? It is, "We are sorry, but we have not had time in ten years to produce a new Bank Act". The government says the Department of Justice is not finished drafting it, but that just does not wash.

This Minister of Finance is being absolutely irresponsible. I have to chuckle at the hon. member for Lincoln. In spite of the critical conditions we have in Canada there are some members of this Trudeau government who can still joke and make light of the fact that one million are unemployed, that we have record deficits, record spending, waste and all the other things for which this government stands. The hon. member can laugh and joke about that. That is the arrogance that typifies this government, but it does not become it.

Mr. Murta: It is coldhearted.

Mr. Whiteway: Just before sitting down I want to make it clear that I am not an apologist for the banks of this country. I have no vested interest in the banking system. I hold no stocks of any kind, preferred, common or otherwise. I hold no debentures or bonds. I realize that there are deficiencies in our banking system. I can understand the frustration of a small businessman who tries to get the capital that is required to run his business.

There are hundreds of thousands of independent small businessmen. They are the backbone of this country. With their own initiative, backbone and hard work, and with the labour of their own hands and minds they want to get on with building this country. They want to provide employment for themselves and for others. A new Bank Act is critical, yet we do not have one. It is business as usual for this government. The business of this government is record spending, record unemployment, and the other things about which I have spoken.

The Minister of Finance is a man of integrity and honour, in spite of the fact that he displays incompetence in some of the things he does. If he wants to be serious and do something effective he could expedite the legislation and put Bill C-16 aside for a week or two. We on this side are willing to wait, or even come back early after the Easter recess. I would personally be prepared to sit through an all night session if we could get the new Bank Act, which is so important, especially to small businessmen.

● (1632)

There would be three major advantages to having a new Bank Act, Mr. Speaker. First, there would be more competition and efficiency in the financial market place. Second, the regulations and inspection of financial institutions would become more standardized. A problem with banks and near banks is the question of standardization and regulation which for near-banks comes under provincial jurisdiction. The third advantage would be greater efficiency. At the moment near-banks are not required to hold primary and secondary reserves with the Bank of Canada, but the new Bank Act would address itself to that problem.

In opposition to those three major advantages is the argument that the power of the provinces is somehow taken away. At the moment the provinces have constitutional jurisdiction over the near banks and these would now be put under federal jurisdiction. That is a powerful argument.

We cannot discuss the pros and cons of the new Bank Act, however, because we do not have it before us. Bill C-16 which is before us does not deal with the serious questions regarding the whole structure of the banking system of Canada and I would be out of order to go into this at any length. What is before us is a bill that says "business as usual".

In effect the government is saying, "The bill is not even drafted and we do not know when it will be ready but, until it is, we would like another one-year extension." I would ask the Minister of Finance to set aside Bill C-16 for at least three weeks, or until he can get the new legislation in place. This would be a service to all of Canada.

[Mr. Murta.]

Some hon. Members: Hear, hear!

Mr. G. H. Whittaker (Okanagan Boundary): Mr. Speaker, I cannot let Bill C-16 pass without saying a few words, but I do not intend to take too much of the time of the House. This is a very simple bill of two pages. All it asks is to extend the existing Bank Act for another year. This would be the second extension. The minister tells us that the act cannot be presented to the House because it has not been drafted. I wonder what the real reasons are for this foot dragging. The government has been aware for ten years that the act would have to be revised but now it is asking for an extra two years.

The Bank Act is not complex. It is one of the clearest statutes on the books, and it is very important to Canadians.

When the hon. member for Yorkton-Melville (Mr. Nystrom) spoke he proposed that we start a government bank, another Crown corporation. This causes me to wonder if this is why the government is dragging its feet, as I believe it to be far more socialist than his party. After he spoke I saw him go over and sit very comfortably on the government benches, so again I wonder if this is one of the reasons for the foot dragging. Does the government want to get the election over, bring in such a proposal, and then have more control over the people? The hon. member said the government would take off with the plums and put them into this bank, but I doubt that there are really many plums because of the system of banking in this country.

Is the government dragging its feet because it is afraid to show the people before an election what could happen to them? Does it want to get the election over and then bring in a Bank Act which includes such things as a government bank? This would mean more bureaucracy and more controls over the people such as has happened in the last ten years. Or is it that just before an election the government is afraid to deal with the question of near-banks and credit unions? We know that the government's attitude toward economics is not very satisfactory. It has not done anything for Canada, especially in the last ten years. We do not have a money market in Canada.

The hon. member for Yorkton-Melville spoke of what a socialist government could do but he did not mention the socialist government that British Columbia had for four long years. There was a surplus when it took over, but it soon had to borrow money outside Canada. Of course everyone else has to do that as well because there is not a money market in Canada. That government did not do anything for British Columbia except leave a deficit. It used and abused the money. The hon. member glibly spoke of what they could and would do, but we have the experience of British Columbia to warn us.

There is no venture capital in Canada, Mr. Speaker, and that is a pity because this country needs venture capital. There should be venture capital and profit for risk takers. We have high interest rates in Canada. In the speech given by the hon. member for Yorkton-Melville he mentioned that if there were more banks in Canada interest rates would go up. If we take a

look at the countries which have more banks than Canada, their interest rates are lower than here. It is one thing to talk about more banks but another thing to see how they operate.

● (1642)

We have a government which is adopting a casual approach to the Canadian economic system. We have a large outflow of capital funds leaving Canada. Our dollar is dropping drastically. It is now lower than 90 cents even though the Minister of Finance (Mr. Chrétien) is trying his best to borrow funds abroad in order to prop up the dollar. Unfortunately there is no money market here in Canada, and we are not sure that the minister will be able to alleviate the situation by borrowing abroad. Our balance of trade is poor. It is billions of dollars in deficit. For many years the government has had high deficits. We are not sure what the amount is at the moment since the Minister of Finance is not presenting a budget. However, we do know that we have very high government spending. During the last ten years in which the present Bank Act has been in existence, government spending has risen from $10 billion to $50 billion. That demonstrates what has happened to the money market. We should have a new Bank Act brought forward in the face of the government's spending and the sums of money it is generating itself.

We should not be debating a bill to hoist the new Bank Act for another year. This legislation should be brought forward. It is necessary.

If the government is not proposing to bring forward the amendments to the Bank Act because it is afraid to present it before an election, that is shameful. An important item such as this should not be put off just so the government can go to the people, have an election, and then come back and do something which it says that it is not going to do.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, I rise to speak to this bill with reference to another hoist of the Bank Act. First of all I must compliment the hon. member for Selkirk (Mr. Whiteway) on his forceful address. I felt the arguments and points he presented were legitimate.

Voltaire once remarked that if you wanted to talk to him, that is, Voltaire, about God, you should first define your terms. And so with the banks. I do not want to give members the impression that the banks and God are synonymous. If we hope to discuss banks and banking with clarity we should define our terms. It is curious that there is no real definition of a bank in the Bank Act. In the interpretation section, 2(1), "bank" means a bank to which this act applies. Section 4 reads, "This act applies to each bank named in schedule "A" and does not apply to any other bank". We are not much wiser. Except that a bank is a bank. Obviously, however, it is implied that there are banks other than those listed in schedule "A".

The other day I received a letter from the Minister of Public Works and Minister of State for Science and Technology (Mr. Buchanan). He said to me:

Thank you for your letter of 25 January 1978, concerning Sun Systems Limited.

It is true that the Government of Canada, in responding to the energy crisis, did not immediately embrace the ideas of exploiting renewable energy resources, particularly solar, with the same urgency as the United States or some other countries. Our solar program began in 1976, about two years after the United States.

We still lack the large program of government procurement and subsidies or incentives for private solar installations that will be needed to provide a sufficient market to foster the Canadian solar industry at this pioneering stage.

What has that to do with the Bank Act? In reading those two paragraphs in this letter I was immediately struck with the similarity of the circumstance in that particular ministry with the similarity of the position taken by the Minister of Finance (Mr. Chrétien) and his inexcusable delay in bringing forward the Bank Act. I do not think there is a subject of federal and national concern to which we can turn today without finding that the government is about two years out of step with everybody else. Of course if you were to ask the government they would say everybody else is out of step with them.

An hon. Member: Yes.

Mr. Brisco: One of the hon. members from the Liberal side has agreed with me. That is a further demonstration of Liberal government thinking, two years behind everybody else and out of step with the nation.

Recently the Inspector General of Banks wrote to someone with whom I am acquainted in terms of bank involvement. I quote from that letter:

The Office is established by the Bank Act, an Act of the Parliament of Canada, and the powers and responsibilities of the Inspector General are set out in that legislation.

He goes on to quote Section 68(2) of the act, and this is a quote from the act provided by the Inspector General of Banks. That is an onerous title. It imparts to me and to the casual observer or those affected that here is someone who is in a position to make major decisions in terms of bank operations. It reads as follows:

The Inspector or any other person appointed or employed under section 64 or any person to whom any powers are delegated under sub-section 65(4) shall not disclose to any other person, except the Minister, the Deputy Minister of Finance or the Governor of the Bank of Canada, or a representative of the latter if authorized by him in writing, any information regarding the business or affairs of a bank.

If there ever was a need for a revision of the Bank Act that clause in itself clearly indicates the urgency of revision. Just how protectionist can one get? That smacks of the same kind of government secrecy Canadians have experienced since the Liberals came to power. The Inspector General goes on to say:

As you will now understand, this Office is prevented by law from revealing to you any information that might come into our hands regarding the business or affairs of a bank.

● (1652)

Section 65(1) of the Act states in effect that the responsibility of the Inspector General is to inquire into the affairs of a bank annually "for the purposes of satisfying himself that the provisions of this Act having reference to the safety of the creditors and shareholders of the bank are being duly observed and that the bank is in a sound financial condition . . ." This section has always been interpreted as a responsibility in relation to the solvency of a bank. The broad powers of inspection given to this office are for the above purposes.

Obviously there is no provision for the Inspector General of Banks to inquire into any hanky panky by any of the banks.

The Office has virtually no power to direct a bank to behave in a particular way in its relations with a client.

It does not matter how small or how large the client, there is no provision whatsoever for the Inspector General of Banks to intrude into the affairs of that bank. I expect it would probably lead to chaos within the banking system if one of us or the man on the street could put his oar into the banking system without just cause. However, if we are going to appoint someone and provide him with the title of Inspector General of Banks, we should give him some teeth with which to act.

The Inspector General went on to say:

Nonetheless, where a dissatisfied client of a bank writes to this office or his complaint is brought to the attention of this office, the complaint is often referred to a senior officer of the bank involved to ensure that it receives a fair hearing in the bank.

Isn't that just sweet! If a particular bank has done a gross disservice to a client, the matter is reported to the Inspector General of Banks. The Inspector General writes to the manager of that bank, states that there is a problem and tells him to look after it. There is no slap on the wrist, no investigation. The bank is supposed to examine itself and make sure it did right by its client.

We see in the press today evidence and indications that some banks have cheated the public and have acted in an irresponsible fashion. It is grossly unfair to tar the banking system with a broad brush, but Canadians know that there are those within the banking system, indeed within any system, who are unscrupulous in the manner in which they do business with the public.

The Inspector General went on to say:

More difficult problems involving large clients in contractual obligations are normally settled in direct negotiations between the client and the bank or finally in the courts.

That brings me to the next point. I draw the attention of this House to the conduct of one bank. I do this with some discomfort because I am one of their satisfied customers. I refer to the Bank of Montreal and the manner in which that bank in British Columbia treated a constituent of mine, Merlin Thompson, who attempted to establish an industry within my constituency, Arvee Cedar Mills Limited. That matter is before the courts. The manner in which the Bank of Montreal treated that individual is indeed scandalous. After this has dragged through the courts for the next couple of years I hope the record will show that the Bank of Montreal does not act in this fashion in all of its branches.

Clearly my experience has been favourable, but just as clearly we should watch the bank for the next little while because this sad, nasty story of the actions of the Bank of Montreal will clearly be told. That is not the only case. Recently in this House the hon. member for Surrey-White Rock (Mr. Friesen) asked the Minister of Justice (Mr. Basford) a question with regard to the conduct of a bank in Vancouver with reference to the manner in which it treated one of his constituents in violation of the law.

[Mr. Brisco.]

Not too long ago the British Columbia provincial minister of consumer and corporate affairs publicly stated over television that his department is very concerned about the attitude of banks. While there is growing public concern over the manner in which banks are doing business, this government is dragging its feet as usual. It does not matter whether it is a depressed Canadian dollar, massive unemployment or gross inflation, this government fails to respond. It is two years behind in taking action.

We have seen the Prime Minister (Mr. Trudeau) wrestle inflation to the ground. His biceps really do not amount to much. He is not fit for wrestling or for a lot of other things, particularly serving as Prime Minister of this country.

Not too long ago there was another disastrous bill before the committee, the borrowers and depositors protection act. It was brought in on the advice of the officials and with the blessings of the Minister of Consumer and Corporate Affairs (Mr. Ouellet). If ever a bill contained excess verbiage and ill-defined rhetoric, that was a classic. It died at the committee stage. The minister was clearly incompetent to move it any further.

In that bill there was provision for those who have had their cause advanced in this House today, those on low income and those with no income save and except welfare or the popular route of unemployment insurance. Because of the difficulty in borrowing from a bank, these people go to the loan sharks. We had representations from senior members of the Montreal police force about this problem.

May I call it five o'clock, Mr. Speaker?

PROCEEDINGS ON ADJOURNMENT MOTION

[*English*]

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to Standing Order 40, to inform the House that the questions to be raised tonight at the time of adjournment are as follows: the hon. member for Ottawa-Vanier (Mr. Gauthier)—Official Languages—Protection of linguistic rights of minorities—Government position; the hon. member for St. John's West (Mr. Crosbie)—Power—Newfoundland—Federal assistance in power projects; the hon. member for Kootenay West (Mr. Johnston)—Unemployment Insurance—Canadian railroad workers employed by United States railroads—Entitlement to benefits.

PRIVATE MEMBERS' PUBLIC BILLS

[*Translation*]

Mr. Deputy Speaker: It being five o'clock, the House will now proceed to the consideration of private member's bills on the order paper of today, namely public bills, private bills and notices of motion.

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

Mr. Deputy Speaker: The hon. Parliamentary Secretary to the President of the Privy Council (Mr. Pinard) on a point of order.

Mr. Pinard: I request the unanimous consent of the House so we may proceed to consideration of Bill C-222.

Mr. Deputy Speaker: Is there unanimous consent of the House that we proceed to consideration of Bill C-222?

● (1702)

[*English*]

Is there unanimous consent to call Bill C-222 and to suspend consideration of all the items appearing on the order paper before that bill?

Some hon. Members: Agreed.

* * *

RAILWAY ACT

MEASURE RESPECTING OWNERSHIP OF LAND WHERE RAILWAY LINE ABANDONED

Mr. G. H. Whittaker (Okanagan Boundary) moved that Bill C-222, to amend the Railway Act (ownership of land where railway line abandoned), be read the second time and referred to the Standing Committee on Transport and Communications.

He said: Mr. Speaker, the purpose of this bill is self-explanatory. It is to provide that railway rights of way revert to the Crown when they are no longer used by railway companies.

There are five major reasons for the introduction of this bill:

1. The selling of these rights of way would effectively close transportation corridors which might well be needed in future years.

2. The Government of Canada has made monumental concessions to the railways in this country. Land and tax benefits were given freely to the railways in return for cross-Canada transportation service and now, when these lines are abandoned, the property should revert to the government as partial payment for those early concessions.

3. Today, through a CPR subsidiary company, Marathon Realty, large sums of money are being made from roughly one million acres of land originally granted by the Canadian government to the CPR and still held by the company.

4. The original mandate of the CPR was to provide transportation on an ongoing basis to all parts of Canada. That mandate is no longer being followed.

5. Through abandonment, the railway companies are making large financial gains selling property in urban areas at the expense of the Canadian people.

I was very happy when my motion on this topic was discussed in the House and given support in principle. Indeed, the hon. member for Scarborough East (Mr. O'Connell) said he would support the basic principle of the motion; he went even further by undertaking to support the bill when it came before the House. He stated he would support the measure in order to bring it to committee where its ramifications could be closely studied. He also indicated that the government's position was one of support in principle for the bill.

In two instances the Minister of Transport (Mr. Lang) supported the idea. With reference to a specific incident of abandonment authorized by the Canadian Transport Commission, he said:

> The Government of Canada would then, after consultation with the provinces, offer the land to the provincial Crown involved for ultimate disposition to a local municipality, or we would offer it for sale as soon as possible to adjacent farm land owners.

Responding to a brief by the three prairie provinces' transport ministers, he said:

> Where any land is in fact abandoned, the roadbed property should revert automatically to the federal Crown.

The hon. member for Vancouver-Kingsway (Mrs. Holt) also made her views known in strong support of my motion on the reversion of rights. Indeed the hon member suggested that the CPR is no longer a railway but "a front for exploitation of other interests in this country." She said:

> The railway is simply there to further CP's moneymaking, and, I will go so far as to say, greed . . . I know the reputation of the railway, specifically the Canadian Pacific, which has taken so much of what should be the property of Canadians.

Hon. members may agree that that is strong language to direct against a major Canadian company.

I should also like to call the attention of the House to a news clipping from the Vancouver *Province* dated December 2, 1977. The clipping states that Canada's two major railways have made a secret pact with Ottawa to turn over all abandoned prairie railways to the federal government. According to this article, an agreement supposedly released by Alberta transport minister Hugh Horner shows CN and CP rail as having agreed to turn over to Ottawa all railway rights of way abandoned on or after August 5. Under the terms of the agreement the federal government would not pay for land but the railways would be paying mines and mineral rights. Urban rights of way and adjacent rail lands were excluded from the agreement. The only part of the agreement I question is this: why was it kept secret?

There has been speculation that the federal transport ministry has been waiving it under provincial noses to support the contention that railbeds belong to the federal government. I should also like to point out that Mr. Justice Hall, in the Hall Commission Report on grain handling and railways in western

Canada, came to a similar conclusion as far as rail abandonment is concerned, except that he suggested rights of way should revert to the provincial governments. I refer to pages 104 and 105 of that report which read as follows:

Upon abandonment, the roadbed, that part of the property abandoned, represented by land vested in the provincial Crown for disposition as may be mutually agreed to between the relevant province and municipal authority, the CNR or CPR, whatever the case may be, have entitlement to recover and remove with one exception such of the improvements to the property, rail, ties, other track materials, ballast etc. as may in their judgment be warranted. Culverts, the removal of which might alter established drainage patterns or have adverse effects, would constitute the sole item of improvements to be left in place by the prairie grain authority. We anticipate some objection that the property disposition formula we have outlined involves an element of expropriation of railway property without compensation to the railway company. This cannot be a valid objection. Under sections 106 and 259 of the Railway Act, the railways have a legal obligation to maintain service on all lines until approval for abandonment is given. In the case of grain-related branch lines the railways ask to be relieved of this obligation taking the position, with which we do not agree, that they are operating these uneconomic lines at a great loss even when given the branch line subsidies to which we have referred.

In our view, the railways cannot have it both ways. They cannot secure relief from their financial burdens, as we propose, and yet retain an undiluted title to the property in toto. This is particularly the case when, as we also propose, many elements in the property ultimately to be abandoned are likely in the interim to be enhanced by some degree of rehabilitation involving new investment of funds.

We therefore deem it eminently just and equitable that in return for permanent relief from legal obligation to continue a losing operation and having to restore the abandoned right of way to its former condition, the privilege of being allowed to abandon should be made conditional upon giving up ownership of the land in the right of way. A substantial portion of this land is quite valueless in any event. There should be no crying over the return of rights of way to the Crown.

I first became interested in the subject of railway abondonment some two years ago when the CPR made an application to the Transport Commission to abandon a large portion of what is known as the Kettle Valley Railway in my riding. This railway had long served as a second rail corridor across British Columbia—its use has been abandoned for some years, now. Rail traffic in British Columbia from east to west has been concentrated on what is known as the main line and both the CPR and the CNR use a similar route for much of the traffic.

If one looks at a map of British Columbia and studies the very limited corridor which is being used today for rail traffic, he will quickly see how vulnerable it is in many respects. This may be tolerable as long as the road links which exist today continue to exist. However, road use in years to come will be dependent on the same type of energy source as is used today, namely oil. On the other hand, railways can revert to the use of coal or electric energy generated from sources other than fossil fuel.

I became increasingly interested in rail line abandonment when I realized that at some time in the future, maybe not in my lifetime but certainly in the lifetime of my children and grandchildren, we might very well be obliged to return to rail transportation. I believe the corridors which have been used for railways will be necessary for future transportation in Canada. I have come to believe this even more strongly having looked at what could happen in such a city as Penticton, B.C., if the railways were allowed to abandon their responsibilities and sell off the real estate in these corridors.

[Mr. Whittaker.]

● (1712)

It is for these reasons I asked questions of the Chairman of the Canadian Transport Commission, Mr. Edgar Benson. The CTC, under Mr. Benson, decides whether rail lines should be abandoned. I asked what would happen to the rights of way when abandonment was allowed, during a meeting of the Standing Committee on Transport and Communications. His answer was as follows:

As I understand the situation, once we rule that a branch line or spur line can be abandoned, we have no control over the land per se. But the railway may deal with it as it may see fit. Sometimes when the railway makes application for abandonment, someone will have indicated to them that they would like to use the land for a specific use and the railway will undertake to make land available for that specific use.

In addition I asked why the Canadian Transport Commission could not make it a condition that the land revert to the Crown on abandonment. Mr. Benson's answer was as follows:

You would have to put that into the Railway Act so we would have the authority to do it.

Also I questioned the Minister of Transport on this and received similar answers.

The railways of today are no longer only interested in transportation. For instance, the CPR is not merely a railway company but a huge conglomerate controlling a number of enterprises ranging from mining to air travel and from logging to oil. Also, the company has investments in almost all major industries. One has only to look at their television ads to see this.

In 1897 the CPR and the new Liberal government signed the most important deal since its original contract, giving CPR access to one of Canada's richest mineral areas, southeastern British Columbia in exchange for a reduction of freight rates. By 1970 it was estimated that CPR owned or controlled at least $1 billion in assets in B.C., making it by far the largest corporation in the province. The second largest, MacMillan-Bloedel, is being slowly bought up by CPR. The brokerage house report on CP will often tout its controlling interest in Cominco as one of the main reasons for the attractiveness of the company as an investment. It is much more important in this regard than the railway.

The government's transportation policy, as it can be exercised by this commission, should stress the transportation aspect and the historical commitment itinerant with the early grants and concessions that helped place CPR in a position from which it could expand and consolidate its position in a number of areas. It had an economic stability; others did not. This enabled it to buy up other railways and to acquire land charters that went with them. To capitalize now on the situation by selling rights of way in urban centres such as Penticton at premium prices is irresponsible. It closes the corridors which might be needed for coal shipping in approximately 15 years, or for transportating products from mining interests in the area to the coast. The line should be retained and maintained, even in disuse. The right of way could be used as a transportation corridor in the future. Under this condition, without the real estate revenues accrued from dividing

and selling rights of way of the abandoned lines, the prospects of abandonment would appear much less attractive to Canadian Pacific Railway.

Railways, especially the CPR, have a commitment to maintain rail lines even if they are losing money. This argument is based on the fact that the CPR was heavily subsidized, received generous concessions and inducements for constructing the transcontinental line. Because of the almost limitless aid from the government, the CPR was a moderate success from the start. The total value of the government aid is almost impossible to estimate. There was $25 million in cash. Large portions of the railway were actually built by the government and then turned over to the company at a cost of $37.8 million. Also there were close to 25 million acres of arable land. The CPR received other concessions, especially in the area of railroad equipment and competition. Equipment was allowed into the country duty-free. The government assured the company a virtual monopoly until 1888.

Another serious consideration is the re-acquisition of rights of way once property is sold in transportation corridors. The cost of alternative transportation may be prohibitive. In the long run the cost of re-acquiring rail rights of way will make this more economic mode of transportation unjustifiably and needlessly expensive. The natural and obvious alternative is not to court these developments. Furthermore, the cost of re-acquiring rights of way in British Columbia, especially central and southern B.C., are higher than other regions in Canada.

The current routes used by rail lines are often the only viable passage. To circumvent urban areas in search of cheaper land in the future may be impossible. The only alternative would be to expropriate these lands currently being sold and developed as prime real estate property by Marathon Realty. Then they can be restored to transportation corridors at exorbitant cost to the taxpayer.

The hon. member for Scarborough East raised some concerns about the ramifications of the motion. He said:

> Here are some of the considerations that I think cannot be met in this House in the broad scope he has given the motion. Supposing all of those properties revert to the Crown, what would be the burdens on the federal government in maintaining the properties in the meantime? Would it, in fact, wish to sell it off? Would any sales be consistent with long term planning in a municipality, or even a requirement that there be a federal-provincial agreement on long term transportation corridor needs? We do not know and cannot know unless we have much more information.

What the hon. member for Scarborough East said is true. Is there a better way to answer these questions than by taking them to committee? Also, the hon. member asked what city properties are worth in downtown Toronto if put into non-rail uses, and whether some of the properties now developed with multimillion dollar complexes would also revert to the Crown. He said that we should know the details of the amounts of money involved, and whether the railways would still have the opportunity to reinvest in railway networks. The only way to come to grips with these questions and the implications of the bill is to take it to committee. I agree with the hon. member when he suggested that the implications of the bill are serious, that detailed discussion and planning are needed to make this a cohesive piece of legislation. The only way to solve these questions is to take the bill to committee stage. In order to do that, I require the support of the House.

Once in committee, witnesses can be called to answer questions thoughtfully brought forward by the hon. member for Scarborough East. Witnesses can be called from the provincial and federal governments, as well as from the CPR and CNR. This will considerably speed up the process of gaining information. Also amendments could be proposed and dealt with in committee.

The Hall Report, which was compiled at the request of the Minister of Transport, is in agreement with my proposal. The Minister of Transport has shown his support of the proposal in principle, yet stories are circulating about secret agreements between the provinces and the federal government. These problems should be brought into the open. These secret meetings and agreements, which will affect transportation, should be disposed of. Transportation is the very lifeblood of this country. It is our responsibility to keep transportation corridors open. It is the responsibility of the government to prepare the future for our children and grandchildren. Perhaps I will never see the end of fossil fuels in my lifetime, but probably my children will. The importance of these transportation corridors will be evident then. We must get ready for the future. I appeal to the House to pass this bill. It will correct the unfair situation caused by attitudes taken by the railways on the abandonment of branch lines.

Some hon. Members: Hear, hear!

Mr. Ralph E. Goodale (Assiniboia): Mr. Speaker, given my prairie background I am understandably pleased to have an opportunity to participate in this particular debate regarding rail roadbeds this afternoon. On the prairies we perennially have no end of rail issues to discuss, debate and argue about. The sad thing is that until recently the issues we have argued about have been founded primarily upon bad news about the prairie rail system: the news of rising costs and declining service, the news of antiquated rolling stock and deteriorating rail lines, the news of possible abandonments, and nagging, lingering uncertainty concerning our rail system.

● (1722)

Fortunately, in the past couple of years, the news has begun to turn around, particularly with the work of the Snavely and Hall Commissions which have touched upon the issue we are discussing today of roadbed ownership, among a great many other things.

It seems to me that to understand fully the rail situation on the prairies today and to be able to assess the motion now before us it is essential to put the Snavely and Hall Commissions into perspective, that is, it is important to see how that bad news scenario I just mentioned has turned around to a more positive situation.

To begin with, during the past decade or so, quite apart from the Snavely and Hall work, there have been several

significant modifications in our prairie grain handling and transportation systems which have been positive and helpful and which deserve to be recognized in a discussion of this kind. I think, for example, of the construction of more modern elevator facilities and the efforts at consolidation of some elevator facilities on the prairies. There have been agreements between the railways to eliminate what used to be wasteful grain back-hauls in the movement of grain from prairie regions to export positions.

We have seen the development of a new quota system and the block shipping system; the appointment of port co-ordinators for grain operations at Thunder Bay and Vancouver; a special grain boxcar repair program which saved railway rolling stock for the movement of grain; probably most dramatically, the purchase of 8,000 grain hopper cars at a cost to the federal treasury of something in the order of $255 million; the useful Mants report on grain car allocation procedures; and a special Canadian Wheat Board trucking program to help move tough and damp grain and to ease pressure during times of peak volumes in the rail system.

Also, we have seen recently the Wheat Board's incentive program to encourage construction of new terminal capacity on the west coast; continuing efforts to utilize the port of Prince Rupert better for grain movement; an ongoing federal upgrading program to the tune of $12.5 million for the port of Churchill, including the installation this year of hopper car unloading facilities; and compulsory railway cost disclosure legislation to open the books of the railway companies for the first time.

That and other developments have brought us most recently to the work of the Snavely Commission, a commission initiated at the same time and in conjunction with the Hall Commission, to do the job of analyzing and assessing the real costs of trnasporting grain by rail.

The work of the Snavely Commission is generally regarded as being very thorough, practical and reliable. It has been well received and widely respected across the prairies, and indeed there has been no serious challenge to the basic analysis offered by the Snavely Commission. All of those developments, including the Snavely report and others, have formed the context within which the Hall Commission did its fundamental work to help shape the prairie rail network which we will require for the future.

Mr. Brisco: Mr. Speaker, I rise on a point of order. I have listened with patience to the hon. member and, quite frankly, I fail to see what the Hall or Snavely Commission reports have to do with the private member's bill before us. He is talking about the movement of grain, not rail abandonment.

Mr. Goodale: If the hon. member had been in the room and had listened to the hon. member who moved the motion, he would have heard extensive references to the Hall report in the very speech in which the motion was introduced. Indeed, the whole question of the status of roadbeds on the prairies is derived from the work of the Hall report which was fundamental to the grain handling and transportation systems in western Canada. It is most unfortunate that the representative of the Conservative party fails to recognize that.

Some hon. Members: Hear, hear!

Mr. Goodale: As I have said many times, there is probably no document of more significance to our future in western Canada in relation to our transportation system than the report of the Hall Commission. It represents the collective judgment and wisdom of five prominent, well respected westerners, who were appointed by the government of Canada in 1975 to undertake a serious investigation of the prairie rail network. The commission took two full years to do its job, and in the process established a solid reputation across the prairies for fairness and thorough, conscientious work.

The report provides us with a good foundation upon which to build as we tackle what has become the very urgent job of revitalizing our grain handling and transportation systems. Reaction to it from most quarters—from farmers, farm organizations, western commodity groups, municipalities, grain companies and co-ops, provincial governments, opposition spokesmen in the House of Commons, and so on—has been generally positive.

As soon as the Hall report was published on May 16, 1977, westerners generally began to demand swift and positive responses to it. The government of Canada agreed, and we have moved quickly to implement the thrust of the Hall proposals. Probably no other report of a federal commission of inquiry has received such prompt, decisive attention as the Hall report.

Some hon. Members: Hear, hear!

Mr. Hnatyshyn: That is stretching our credibility too far.

Mr. Goodale: The hon. gentleman across the way wants to see a demonstration of that decisive action and I am quite prepared to give it to him at this moment. As I said, the report was first tabled in the House of Commons on May 16, 1977, and published across western Canada on that same date. Ten days later, on May 26, its central recommendation was passed into law by the federal cabinet when an order in council was adopted transferring more than 1,800 miles of prairie branch lines to the permanent basic rail network, bringing that network to well over 14,000 miles altogether. It is important to note that that is a full three quarters of all the trackage existing on the prairies in 1975 when the Commission began its work.

Furthermore, on that same day, on May 26, another federal order in council extended the existing freeze protection against abandonment for another 2,300 miles of rail line which Hall suggested should be assigned to the jurisdiction of the new body to be created called the Prairie Rail Authority, or PRA as it has come to be known. Significantly, toward the end of last year, the Minister of Transport (Mr. Lang) announced his intention to present legislation to the House on the PRA concept during 1978.

On May 27, just 11 days after the Hall report was first tabled, the federal government announced its intention to establish an interim Prairie Rail Action Committee to go to work immediately upon three urgent tasks: first, to recommend additional, immediate transfers of lines from the suggested PRA category to the permanent network in order to facilitate the building plans of grain companies and so forth; second, the PRAC was to offer advice on rail line upgrading priorities; and third, the committee was asked to thrash out the full details of how the PRA concept would operate.

In June, a prominent Saskatchewan transportation expert, Professor Fred Anderson of the University of Regina, was named chairman of the Prairie Rail Action Committee. In July, three prairie farmers were appointed to serve on that committee, namely, Bill Cooper from West Bend, Saskatchewan, Jack Gorr from Three Hills, Alberta, and Lorne Parker from Ste. Agathe, Manitoba. The committee has been hard at work since they took their positions last summer, and in fact their first recommendations are at hand.

In June and July of last year, as a result of the work of the Hall Commission on the configuration of the rail network on the prairies, a special engineering team was assigned to conduct the necessary on-the-ground examination of the new rail links between lines which Hall had recommended as logical in terms of rationalizing the rail system across the prairies. The report from that engineering team was essentially positive. It is now in hand and being studied by the prairie rail action committee.

Also last summer the federal government called for the submission of specific proposals from consulting firms in connection with the new grain collection and cleaning facilities in east central Saskatchewan which Hall had suggested as one way to bolster the future use of the port of Churchill. That analysis was completed early in the fall and has been under review not only by the government but also by various elements of the grains industry of western Canada to make an assessment of its value as an instructive piece of work so far as possible use of that kind of facility in east-central Saskatchewan is concerned in relation to the port of Churchill.

● (1732)

Also dealing with the question of Churchill, last May the Minister of Transport (Mr. Lang) instructed the CNR to review its decision to stop its upgrading work on the rail line to Churchill. The minister indicated to the railway that its reasons for stopping that work were inadequate and that it ought to reconsider that particular decision. Further, and most recently, the federal government announced a multi-million dollar western rail rehabilitation program. This as well flows from the work of the Hall commission and from the kind of discussion we are having today in relation to rail roadbeds. The government announced a rail rehabilitation program with an initial federal commitment of funds of $100 million. The work on that program has already begun. It is a massive amount of work, but it is urgently required from a prairie point of view. The $100 million represents the maximum amount of work that can be physically accomplished by the spring of 1979. It is moving forward at a great pace and is part of the scenario which has turned around the bad news with respect to rail lines which used to exist on the prairies. When we see those rail lines being rebuilt and restored, we see evidence that the news is now on the positive side.

Finally, I would like to refer to some demands which were made by the government of Canada upon the railways immediately after the Hall commission report was published. The federal government demanded three undertakings from the CNR and the CPR: first, that they provide complete concrete and ironclad rebuilding and upgrading commitments in western Canada in return for any future cash payments from the federal treasury; second, that they agree to exchange between themselves the specific rail lines which the Hall Commission recommended as logical ownership changes; third, that they surrender to the federal Crown any rail roadbeds which may be abandoned so that the government of Canada could dispose of them to municipalities or to adjacent farmland owners. Those last words bear specifically upon the matter which we have before us this afternoon.

The fundamental difference between the hon. member's bill and the position of the government is essentially that we do not want to be the permanent owners of the roadbed rights of way. On the contrary—and I think this stands in distinct contrast to the apparent positions being taken by provincial governments in western Canada—we at the federal level see our role merely as that of a facilitator to ensure that the ownership of these lands is transferred as quickly and as expeditiously as possible to the appropriate final owners, namely, in most cases the adjacent municipalities and the adjacent farmland owners.

To expedite the transfer of title to the ultimate owners the Minister of Transport signed an agreement early last fall with the CNR and the CPR which will transfer to the federal government all roadbed property identified for abandonment in the prairie provinces. As the minister stated openly before the Standing Committee on Transport and Communications and elsewhere in public as well, this agreement was reached specifically to ensure that the land is in fact transferred to the logical recipients just as quickly as possible. There is no intention on the part of the federal government to retain the land for the Crown. In order to facilitate the process of ownership transfer, and recognizing the need of municipalities for compensation, the minister has proposed that each prairie province have a roadbed steering committee to help determine the disposition of abandoned rights of way in each particular province.

Preparatory meetings have already been held with prairie farm and municipal groups, one of the most important being held in the city of Saskatoon on November 30 where some 30 or 40 western farm and municipal organizations were represented. It was a very positive meeting indeed. Rural and urban municipal organizations and, significantly, the Western Agricultural Conference, which represents most farm groups in western Canada, have given active and enthusiastic support to the initiative outlined by the federal government through

the Minister of Transport. Municipal associations have now been formally invited to participate in this consultative process, and the prairie governments have also been invited to lend their support to the plan. As I said, the reaction from farm and municipal organizations to the plan of attack outlined by the Minister of Transport as to how best to deal with the roadbeds which may eventually be abandoned across the prairies has been extremely positive. They see it as a method of legitimately recognizing their interests and concerns with respect to the future ownership of those roadbed rights of way.

The bill proposed by the hon. member for Okanagan-Boundary has merit in principle as far as it goes, and the government of Canada can stand generally in agreement with the intent of the bill, namely that the ownership of abandoned railway rights of way revert, at least initially or temporarily, to the federal Crown, not in terms of final ownership but, as I said earlier, only in terms of facilitating the transfer to the appropriate final owner. However, while this bill has appeared on the order paper, events across the prairies have indeed superseded the proposed item we have before us because the government has acted expeditiously and in a more effective and complete fashion than that envisaged in the general legislative approach we now have before us. The reversion of roadbeds to the federal Crown must not be an end in itself but merely a means to an end. Its objective must be to smooth the transfer of title to the logical ultimate owners in as equitable a manner as possible, and as I have said before, in most cases the most logical ultimate owners should be adjacent municipalities or adjacent farmland owners.

Mr. Jake Epp (Provencher): Mr. Speaker, it is an honour this afternoon to rise in support of Bill C-222 and the work the hon. member for Okanagan Boundary (Mr. Whittaker) has done in this vital issue. As a member representing the prairie region, I want to commend the hon. member for Okanagan Boundary for the clear vision he has not only of the problems of the region he represents but also of the prairies. What he has presented to the House is much in keeping with what we see as needed in the prairie region.

I find it interesting that the hon. member for Assiniboia (Mr. Goodale) spent his time primarily on the Hall report. He finally got to the recommendations Mr. Justice Hall made with regard to rail line abandonment. I felt he took the position of the federal government, which I suppose is fine, but he spent actually very little time on rail line abandonment. He finally did get to it. I want to touch on the matter of jurisdiction a little later on.

The hon. member for Assiniboia spoke about the alacrity with which the government has moved forward on the Hall commission recommendations. It is true that the government moved ahead on rail line abandonment, at least at the discussion stage, but we must keep in mind the fact that Mr. Justice Hall made some 96 recommendations and that the government has accepted only four or five of them. With regard to action on the others which farm groups and related organizations on the prairies have been asking for, the federal government has been doing more studies. The federal government is creating organizations within the provinces, which is fine, but they are not moving with anything near the speed the hon. member for Assiniboia tried to impress upon us.

Just yesterday, February 27, about 15 members of the Conservative caucus who are primarily from the prairie region had a meeting with Mr. Justice Hall. The meeting was co-chaired by the hon. member for Saskatoon-Biggar (Mr. Hnatyshyn) and the hon. member for Vegreville (Mr. Mazankowski). That was the first time members of parliament have gone directly to the gentleman to discuss his report on behalf of their constituents. Liberals still have not done that, but I suppose they would have to find someone from the prairie region to go to such a meeting. I know they have a problem in that regard.

Mr. Dupras: We will fix that after the next election.

Mr. Brisco: There won't be any Liberals from the prairie provinces after the next election.

Mr. Epp: After what I heard from the lone Liberal MLA from Manitoba at the recent Liberal convention, I do not think we have to worry any further about Liberals from the prairies. In fact, Mr. Speaker, I think we will have to put them on the list of endangered species.

● (1742)

Two years ago the hon. member for Okanagan-Boundary set this bill down on the order paper, well before the Hall commission report was tabled. When the hon. member for Assiniboia says that events have preceded this bill, we should remember that the government could have accepted it two years ago and could have had at that time the very recommendations that Mr. Justice Hall made later.

I want to go into some of the practical realities now to show how this question is vital to rural municipalities and how the federal government is again not fulfilling its obligations but is in fact encroaching further on provincial rights. When a rail line is abandoned, the land still belongs to the railroads. The secretary of the railway transport committee of the Canadian Transport Commission wrote to me saying that the Canadian Transport Commission does not consider it has jurisdiction to order a railway company to take any specific steps when disposing of abandoned right-of-way property. That letter was received in my office on February 21.

In the five and a half years that I have been in this House, Mr. Speaker, I have appeared at hearings of the Canadian Transport Commission in my riding on two occasions in reference to a specific rail line which the CNR had applied to abandon. On the first application they wanted to abandon the line from Emerson to South Junction. They modified that application to abandon the line only from South Junction to Ridgeville. That left approximately nine miles on the line. Despite the objections of rural municipalities, local government district officials and the recommendation that, if the CTC gave approval of abandonment, the land should revert to

local government districts and rural municipalities, the CTC finally gave permission to abandon that rail line.

No sooner had that happened than the CNR made application to abandon another three and a half miles of line. That would remove another elevator from the line and there would be only one left. You can mark my words, Mr. Speaker; as soon as they get permission to abandon the three and a half miles they will apply to abandon the remaining six. That is the way they operate. Since 1969 there has been no train on the line through South Junction, Sundown, Vita, Gardenton and Ridgeville.

We knew the rail line abandonment would come but we wanted certain conditions. We made strong representations that we should know exactly what would happen to the land. This is what happened. Permission has been given to lift the rail. Tenders are now out for lifting the rail, the ties and the clamps. Rural officials have told me, the Canadian Transport Commission and the CNR that they feel the right-of-way should revert to local government districts or rural municipalities—that is, the local government district of Stuartburn or the rural municipality of Franklin. I see the hon. member for Assiniboia nodding his head, I take it in assent. I am glad we agree so far.

These rights-of-way that divided the small communities create problems and increase expenses for such things as roads. Some of these communities are now service centres for the highway system. The division in these towns has increased the cost of water and sewers. Planning is difficult for them because they do not know whether they will get the land. These problems are all valid, and I think everyone raised on the prairies understands them. Here is where the difficulty comes in, however: The federal government wants to take these rights-of-way and transfer them to the ultimate owner, namely local government districts, rural municipalities and private farmers; but the point is that the federal government, under the constitution, has no jurisdiction over the municipalities. The municipalities, the local government districts, the towns and villages fall within section 93, provincial rights. The three prairie provinces want the land and say they will give it to the local government districts, the rural municipalities and local farmers, but in some areas the rights-of-way parallel the roads. If the rail lines are abandoned some of those road systems will have to be upgraded, so surely the rights-of-way could be used for that purpose.

Mr. Goodale: That is possible under our plan.

Mr. Epp: Of course it is possible, but the federal government wants to bypass the prairie provinces and go directly to the municipalities over which they have no authority. I would ask the federal government to approach the three prairie provinces. Basically they are in agreement, but they want jurisdiction because they have a responsibility to local government districts, rural municipalities and regarding land titles.

If the federal government is honest in its approach, and I believe it is, then it should make an agreement with the provinces that the ultimate owners can get the land. The hon. member for Okanagan Boundary had this clear insight two years ago, well before the government all of a sudden decided it might be able to exploit the issue politically. I commend the hon. member and I support this bill wholeheartedly.

Mr. Cliff McIsaac (Battleford-Kindersley): Mr. Speaker, the hon. member for Okanagan Boundary (Mr. Whittaker) has moved an interesting bill. I am reminded of an argument he made previously on a resolution which I had an opportunity to read before this debate began. Last November he made essentially the same argument. There is nothing wrong with that because it is a good argument, and it is a good argument today although I think he might have updated it in light of what has happened since.

Bill C-222 will certainly have my support. My only point is that the bill is superfluous and unnecessary as the government has made an agreement with both major railroads that would implement the thrust of the bill. To a large extent, therefore, we are going over previously plowed ground.

Mr. Whittaker: I rise on a point of order, Mr. Speaker. A member who spoke previously said that the minister had done certain things, and now the hon. member for Battleford-Kindersley is saying the same thing. I should like to know when and where the minister made this announcement. The last I heard of it was when I asked a question in committee and the minister said the government could not do anything without changing the act.

Mr. McIsaac: Mr. Speaker, the hon. member may or may not have been at the committee in November when this question of ownership of rural rail beds was discussed very thoroughly by the hon. member for Vegreville (Mr. Mazankowski), the transport critic of the hon. member's party. There was nothing secret as my hon. friend would have us believe. He quoted earlier some press release he had found about a secret deal between the railroads and the minister. It was a well understood and well known move, although it may have taken my Tory friends some time to learn what happened and to realize the speed with which the minister was moving on a number of the recommendations in the Hall report.

• (1752)

I am pleased to know that my hon. friend from Saskatoon-Biggar (Mr. Hnatyshyn) has had a meeting with Chief Justice Hall and perhaps other members of that commission. Members on this side have met with various members of the Hall commission and held private discussions during the time the hearings were being held and following their conclusion. It is pleasing to note that the Tories are joining other groups of people and agencies across the prairies in finding out what was recommended in the Hall report as well as learning some of the background to the recommendations.

Mr. Hnatyshyn: We are supporting the Hall commission recommendations.

Mr. McIsaac: I was interested to hear the remarks of the hon. member for Provencher (Mr. Epp) who just took his seat.

He made some good points. He mentioned the Hall report was not being implemented soon enough. The Conservative criticism of the Hall report is careful not to spell out either their concerns or their endorsements. They are also careful not to mention the positive steps, actions and announcements which have taken place and which were outlined so capably by my hon. friend from Assiniboia (Mr. Goodale) earlier this afternoon. They did not enjoy the comments of the hon. member for Assiniboia. My friend took 20 minutes in this debate; he could have taken a good deal longer to elaborate if time had permitted. It did require more time to outline all of the moves which have taken place and which have been enacted by this government in response to the Hall commission report.

The bill proposes that the rights-of-way of railroad beds of abandoned lines should revert to the federal Crown. With respect to Saskatchewan, the branch lines in that province are probably in a different situation from some of the lines my friend from the Okanagan valley might have in his province. It might make a good deal of sense to retain some lines in that part of British Columbia in the name of the federal Crown for perhaps years. But I doubt, Mr. Speaker, if that is the case in many situations in the provinces of Saskatchewan, Alberta or Manitoba. Most of these lines have been dealt with through the full abandonment process of the Canadian Transport Commission. Mostly these are branch lines and lines which have not been used to any great degree, and they are not likely to be used again in future, at least in terms of rail corridors. British Columbia in that respect could be different and on that point I am certainly not able to argue with my hon. friend.

In the majority of instances it will be the farmer or the cattleman who has had those tracks crossing his land over the years. He will be the logical person to own or have control over that particular land. It seems to me that it is appropriate to give that land to the federal Crown so they can move expeditiously to put that land into the hands of the farmer or the ranch owner through the municipality.

I do not think there is any group of people or body of elected officials in the prairie provinces, and I am sure it is true across the country, who are more capable and qualified to make the decision, Mr. Speaker, as to who should receive that right-of-way land. The Saskatchewan Association of Rural Municipalities, which is made up of almost 2,000 members of every political stripe and party, has endorsed this government wholeheartedly and opposes strenuously the recommendation of Mr. Justice Hall that rights-of-way first of all go to the provincial Crown.

Part of that opposition might be explained by the difficulties they have encountered with the present minister of transportation in the present government of Saskatchewan. The minister has been imposing various weight restrictions and other limitations on roads in the province. Perhaps it is their mistrust of that minister that brings about this particular approach. Surprisingly enough, the municipal people in Alberta and Manitoba have also endorsed the action of the federal Minister of Transport (Mr. Lang) in seeking that agreement which is now signed and public. There is nothing secret about it. The rights-of-way when these lines are finally abandoned will revert to the federal Crown, for disposition as the municipalities see fit. The municipalities are losing considerable tax revenue from the loss of this land. It is worth pointing out that the return from the sale of this land will go to the municipalities, not the railroads or the federal Crown.

All hon. members opposite I am sure would endorse that particular aspect of this policy, which is meeting with the approval not only of municipal officials across the prairies but all farm groups in every province. Recently at a meeting in the province of Quebec the Canadian Federation of Agriculture endorsed the federal minister's proposals with respect to ownership of the rights-of-way of such land.

We have yet to see any tracks abandoned since the Hall report has been presented. I am aware of the fear, concern and apprehension that for many years has been shown particularly by members of the New Democratic party in some provinces. This issue that they have been worrying about for so long covering something like 14,000 miles of rail line in western Canada has now largely been cleared up and clarified right through the year 2000. There will be a period of indecision as to whether another 2,000 miles of line will be retained, rebuilt or abandoned after some four or five years.

I am pleased to endorse this bill. I point out that it is purely superfluous because of the action of the government and the Minister of Transport. This bill is not required in my riding—

Mr. Deputy Speaker: Order, please. I regret to interrupt the hon. member. The time allotted to the consideration of private members' business has expired. I do now leave the Chair until eight o'clock.

At six o'clock the House took recess.

● (2002)

AFTER RECESS

The House resumed at 8 p.m.

GOVERNMENT ORDERS

[*English*]

BANK ACT

AMENDMENT TO EXTEND OPERATION TO APRIL 1, 1979

The House resumed consideration of the motion of Mr. MacEachen (for the Minister of Finance) that Bill C-16, to amend the Bank Act and the Quebec Savings Banks Act, be read the third time and do pass.

Mr. Bob Brisco (Kootenay West): Mr. Speaker, earlier today when discussing the proposal to give the revision of the Bank Act a one year hoist, I indicated that I had very serious

reservations about the wisdom of that proposal. The hon. member for Selkirk (Mr. Whiteway) and others have spoken most effectively. They presented very persuasive arguments why this should not be, not the least of which is the footdragging of the government which has in effect had ten years of notice of the revision of the Bank Act. It may well be, as I indicated earlier, that events will catch up with the Bank Act revision.

I indicated earlier there is presently before the courts in Vancouver a situation involving a chartered bank and Arvee Cedar Mills Ltd. I suppose it is quite common in this day and age, indeed in any day, to have banks involved in cases of law with clients. However, when the situation gets to the point that the Inspector General of Banks feels it necessary to have a solicitor from his department sit in to observe the circumstances of this case, the degree of seriousness escalates at once.

As I mentioned earlier, the Inspector General of Banks does not have the capacity to act in a very specific way in terms of any punitive—Mr. Speaker, I am having great difficulty hearing myself, let alone the rest of the members. I wonder if we could have a little order in the House.

The Acting Speaker (Mr. Turner): Order, please. The hon. member for Kootenay West (Mr. Brisco) has the floor and I suggest we all listen.

Some hon. Members: Hear, hear!

Mr. Brisco: It would be helpful if the hon. member for Vancouver-Kingsway (Mrs. Holt) would simmer down.

Mrs. Holt: What was that again?

Mr. Brisco: There is very little teeth in the Bank Act to allow the Inspector General to participate in a real and punitive sense with regard to the activities of a bank, whether they be legal or illegal. However, in the case I mentioned earlier today, it is significant that the Inspector General of Banks has seen fit to send a solicitor to Vancouver to observe this particular case.

● (2012)

It is further significant that the federal Department of Justice should have assigned two of its solicitors to be present and to look into the background to this case. Even greater significance can be attached to the fact that the same Mr. Raugust of the Vancouver *Sun* is shortly going to publish a feature story running, as I understand it, through several editions, dealing with this very case and the abuse of the individual by a chartered bank. It is more than passing strange that this particular case, which involves a cedar mill which went into receivership and was subsequently sold for the paltry sum of about $85,000, should now be back in receivership in the hands of the same receiver, a Mr. Sigurdson of Vancouver, who incidentally handles about 70 per cent of the receivership cases in Vancouver.

An hon. Member: And a Liberal!

Mr. Brisco: And a Liberal. It is passing strange he should have this kind of corner on the market. Certainly he has had that corner on the market in Kootenay West in terms of Arvee Cedar, Quadra Manufacturing, Carefree Enterprises, and what other companies I know not. I find it strange indeed that this gentleman should have his oar in to such a degree that when a pressman from the Vancouver *Sun* approached him and asked "What is your interest in this case?", he should have replied, "I had better talk to my lawyer."

If there was ever a shadow of concern that perhaps he was skirting the bounds of legality, that kind of statement would certainly have made the Vancouver *Sun* reporter suspicious. And, indeed, he was. He said: "You know, that is the strangest statement I have ever heard in response to a simple question". Here is a man who is busy putting all kinds of companies in Vancouver into receivership for the chartered banks. I think it should also be noted that the solicitor who represents the Vancouver *Sun*, a man of no mean repute and ability, is also the solicitor who is representing Arvee Cedar Mills in its case against the Bank of Montreal.

It should also be noted that lawyers in smaller communities, who are often overlooked but who have a great deal to contribute and whose skills are often equal to, if not greater than, those of lawyers in the larger cities, have also taken part in this case in one way or another. I refer to a man who, as I understand it, is a good Liberal. I am not sure there are many good Liberals around, but at any rate, he is a Liberal, a man by the name of Warren Ferguson from Nelson, a very competent solicitor in any event. I say to you, Mr. Speaker, that when this bad smell emanating from Vancouver involving the chartered banks—the Canadian Bank of Commerce and Nelsal, and the Bank of Montreal and Arvee Cedar—comes before the public there will be a great deal of pressure on ministers of this do-little government to get off their collective backsides and bring in the Bank Act for revision.

I wonder whether Sir Josiah Stamp ever visualized that the Bank Act would get this kind of treatment or that some banks would treat the act in the manner they have since he introduced the original legislation in 1931. Sir Josiah Stamp, as hon. members may remember, was chairman of the royal commission in 1931 which recommended that Canada set up a central bank, following which the Bank of Canada was incorporated and has since then advanced all our legal tender.

Mr. Woolliams: R. B. Bennett did that. R. B. Bennett was there.

Mr. Brisco: I could go on at some length about the necessity of reviewing the Bank Act at this time. After all, the Minister of Consumer and Corporate Affairs (Mr. Allmand) has done nothing with his borrowers and depositors protection legislation. That was a total disaster. There is no way in which the underprivileged individual, the low income earner, can approach any chartered bank and expect the kind of treatment which you, sir, or I might expect to receive. Let us draw a credit line at that point, however, and say it is my understanding, as a result of serving on the committee and listening to

witnesses, that at least the Bank of Montreal has made an effort in that context right in the heart of loan-sharking territory. This is commendable. The bank was able to demonstrate that, although a person might have only low or negligible income, he or she could be trusted with a bank loan, which as a rule amounts to $100 or $150. Such an amount might seem an insignificant sum to many people, but to those at the near edge of things it is a princely sum indeed since it means the difference between having food for the family and having no food to put on the table.

I hope the Minister of Finance (Mr. Chrétien) will take the time to read a submission which was forwarded to the former minister of finance in August, 1976 by a Mr. Alton Dahlstrom of British Columbia which dealt with the white paper on Canadian banking legislation. It is an excellent submission and I take this opportunity of recommending it to the present minister and to other members on the government side realizing, however, that in all likelihood they will ignore it since in this instance the author is a Conservative barrister and solicitor rather than a Liberal.

I hope that before parliament adjourns I will have the opportunity to deal with the Bank Act itself instead of addressing myself to this ridiculous proposal for a one year hoist. If, indeed, there is a one-year hoist and the Bank Act revision does not come back for a year, I can assure you, Mr. Speaker, that we in the Conservative party will deal with it properly as a government.

Mr. Leonard C. Jones (Moncton): Mr. Speaker, it has been an interesting day in the House, listening to the debate on Bill C-16. Sitting at this end of the House I am very concerned, too, that the group of independents has increased 100 per cent as a result of a form of excommunication by a certain party in this chamber.

As for the bill before us, it is not my intention to speak about it for very long because there is really nothing to speak about. It is a nonentity. It is not a new act; the government merely asks for an extension of the same old thing for a further year, a continuation of the same act by the same old government, too tired and too worried to get the bureaucracy down to some good hard work for a change. The government has clearly shown by its attitude to this legislation that it is not prepared to tell the bureaucracy what to do. Instead, it prefers to wait for the bureaucracy to tell it what to do, a good example of the essence of socialism. The government has shown that it is not a promoter of free enterprise. In fact, it is not a promoter at all. I think some politician once said you can fool some of the people all of the time and all of the people some of the time. But you cannot fool the silent majority in this country for too long.

• (2022)

Mr. Woolliams: I will help you if you don't know who that was. It was Abraham Lincoln who said that.

[Mr. Brisco.]

Mr. Jones: Yes, and I will quote him later on. He is a good man to quote, and it is too bad hon. members of this House do not use and follow his quotations more often.

I cannot say I really oppose what the government has in mind, if it has anything in mind at all. It has not brought in a bill with a policy; it has just asked for an extension. It seems to me the government has shown a bit of lackadaisicalness either in the Department of Finance or the Department of Justice. Surely to goodness it must have drafted a bill now that it could bring before this House. If the Minister of Finance (Mr. Chrétien) wanted a hoist for a year he should have had the common courtesy to present a white paper, a green paper, even a red paper or maybe a yellow paper, to show us what is the policy of the government in relation to banks and banking. This is what the people of Canada are concerned about; certainly it is the concern of customers of the banks. It should be the concern of this parliament.

Everyone is talking about the eve of a federal election, and some say it will be within a few months. That is no excuse for failing to tell us what government policy is in relation to banks and banking. This is a very important subject, particularly at a time when our economy is in such bad shape. We should know where we are going in so far as banking is concerned.

We really have nothing to debate here. Do we agree that we let this revision go for a year, or do we not agree? Should we let the government have its way and give the act a 12 months' hoist? It does not take 12 months to draft a bill in relation to banks and banking policy. It does not take 12 months for a good lawyer to draft a bill.

Mr. Woolliams: He doesn't know them like I do.

Mr. Jones: I do not know whether I can support the bill until the Minister of Finance brings the policy before us. It is a sad day for democracy here to be witness to such unreasonableness on the part of a minister who introduces a bill which really says nothing except that he wants 12 months to do something he should have done ten years ago. We should have the final bill.

Reference was made by the NDP member for Yorkton-Melville (Mr. Nystrom) to the poor conditions in the maritimes. He sure wanted to run down the free enterprise system. Let me point out that, like a lot of members of this House, I am not a socialist, and, like a lot of people in Canada, I do not believe in socialism. I am in favour of the free enterprise system. I am sure a lot of the problems of this nation could be solved through the free enterprise system. I am proud that a lot of people in my own constituency built their businesses and their lives on the free enterprise system. There is nothing wrong with making a profit so long as you are prepared to work for that profit, free of government interference, particularly dead weight government interference.

The hon. member mentioned the poor conditions in the maritimes, but let me assure him that those conditions are not the result of the free enterprise system. I can assure him that if he reads the history of the maritime provinces he will see that we were not always poor. What has made us poor are things

like socialism. It has wormed its miserable way into our area. In fact, we have lost many things through socialist provincial and federal governments.

An hon. Member: Is that the Conservatives or the Liberals?

Mr. Jones: Both of them, and they call it equal opportunity down there. If the rest of Canada would come to its senses and get off this socialist bandwagon, with proper leadership we in the maritimes could fare pretty darn well.

We hear a lot said about pipelines and the St. Lawrence Seaway, part of which we in the maritimes paid for. It had a great impact on maritime seaports. I am sure we are going to help pay in the longrun for subsidization of the pipeline and other things across this country. These things are called for by socialist or semi-socialist regimes, provincial and federal. This is what hurts poor areas like the maritime provinces more than anything else. The rich get richer and the maritimes get poorer because of the socialist system. We do not want or need handouts. What we need are workouts in the maritime provinces. We need a free enterprise system to give us a little boost. That is all we need in the maritime provinces and with that we would be a "have" province before long. But we cannot do this with socialism.

I suppose to some of you the phrases "handouts" and "workouts" are new, but these represent the issues in this country today. There is a necessity for a return to the free enterprise system, particularly in this time of our failing economy. There is a necessity for a return to the principle of good hard work in business and in government.

My reference to handouts and workouts no doubt puts many of those on the government side of the House in a state of wonderment, not only about the meaning of those phrases but also about the seriousness of them. I do not want them to be deceived by the apparent light humour of those phrases. They are serious and meaningful, especially as I intend to use them tonight.

As hon. members are all well aware, over the last number of years our country in its entirety from coast to coast has been placed in a state of advanced socialism. We must admit that. This has been partly due to a failing economic order on the part of the government. But that is only half the reason. That is right; before our very eyes we have seen this country become a welfare state. Although this plan of welfare may fare well in the short-term, it certainly cannot be the rule for the long-term. If these programs of free government care continue, the federal Department of National Health and Welfare—or should I say "wealth and hellfare", because that is the department responsible for the majority of government grants and donations—will soon put this country so far in the red that we will never be able to see the light of day.

I am trying to tell it as it is. Some members may not know how it is. They should see what some of the books say about it. There is no escaping the fact that man must produce goods in order to enjoy them. Despite the availability of government free lunches and the patchwork quilt of welfare benefits offered by all layers of government, there is no disputing the fact that the law of supply and demand cannot be repealed. You cannot extend that for a year. We will remain in this mess of today unless something is done immediately to doctor the situation. The establishment of a Crown bank, as has been suggested, offers no solution. I am sure such a bank would be in a deficit or bankrupt position overnight, and again the free enterprise system would begin to go down further.

It may seem absurd to some hon. members to turn to the past to find an appropriate remedy, but these basic truths and fundamental principles to which we must return in Canada were spoken of many years ago by a famous American politician, known to all of us. I refer to Abraham Lincoln. I have referred to these truths before and I should like to repeat them tonight. I hope hon. members will listen because they are very apropos this debate. He said:

> You cannot bring about prosperity by discouraging thrift. You cannot strengthen the weak by weakening the strong. You cannot help the wage earner by pulling down the wage payer. You cannot help the poor by destroying the rich. You cannot establish sound security on borrowed money. You cannot keep out of trouble by spending more than you earn. You cannot build character and courage by taking away a man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves.

● (2032)

It has been said on more than one occasion that Canada is the most overgoverned country on earth. In almost the same breath, the sentiment is expressed: thank God we do not get all the government we pay for. I realize these are contradictions, but they indicate our essential dilemma. When municipal, provincial and federal levels are combined—and included therein are the marketing boards and regulatory agencies—there is no doubt that Canada is being overgoverned.

One cannot really blame the government for all their inefficiencies because their programs are conjured up partially to win elections. But it is time for Canadian businessmen to call a halt to some of the welfare situations. Governments cannot create wealth. They can provide only the climate where it can be generated and disbursed. We must find ways of allocating powers between governments. Also we must find ways of lessening their deadweight interference in the economy. Already we have gone too far. It is time for this nation to rebuild the barricades.

My own constituency has received assistance, and it will receive more assistance from DREE and the Federal Business Development Bank. During the last 11 months assistance was received from the Federal Business Development Bank by 39 small businesses. That is what is needed in the maritime provinces. This bank is capable of doing this. It provides incentive to industry, which is what Canada needs. The private businesses in the maritime provinces require a little push. That push can go a long way. With a little hard work, nothing is impossible.

The word I use is "work". Work will be the key to the success of parliament and the nation. We can no longer expect lunches to be free. The government is starting to admit that it cannot continue giving handouts. Even the government pot is running dry. In fact, it has gone dry. We require workouts.

Not only do we require work on the part of individuals and industry, we require work on the part of everyone, including elected representatives at all levels. If all elected officials, regardless of their petty political wrangling, worked in a united front, we could fight the common problem on our doorstep. Work and action will accomplish the things which have to be done, not the words which are spoken day after day. We require action by responsible politicians. Some hon. members may have an opinion different from mine. To them I say, "The steam that blows the whistle will never turn the wheel".

Canadians must return to the principles I mentioned earlier. We must return to the free enterprise system. There is nothing wrong with it. Also we must return to hard work. This is the basis upon which this nation was built. This is the basis upon which this nation will continue. I am referring to simple hard work. Perhaps that is unknown to many bureaucrats. It will be necessary to teach them to work hard. If they had been taught that, we would have been considering the Bank Act today rather than just an extension of it. Handouts are not the solution. We require incentives to industry. If industry receives those incentives, it will do the job.

What we are considering tonight indicates that the government does not have the policies we require, nor are the government bureaucrats prepared to work hard.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I was very surprised to learn tonight that the maritimes have become socialistic. I am sure Mr. Hatfield, Mr. Campbell, Mr. Moores and Mr. Regan will be surprised. If the maritimes have become socialistic, it is the best kept secret in Canada. If that is so, perhaps it would be better if it remained a secret, rather than the hon. member for Moncton (Mr. Jones) informing the people of the maritimes about it. Presumably it has happened without their knowing.

If we were to move a 12 month hoist on this bill, we would accomplish what the government is able to accomplish in any event, which is the postponement of the decision on the decennial review of the Bank Act. That review is already nine years late. As the hon. member for Winnipeg North Centre (Mr. Knowles) indicated, he will be here long enough to see it missed for the entire ten year period.

I do not believe the maritimes has become socialistic. Perhaps there are too many free enterprisers in that part of the country. There seems to be an acceptance of the subsidies given by the government. The Bank Act is being postponed because the government and the banks are not sure what they will do in the next two or three years to solve some of the problems in regard to the Bank Act. One problem is the government's relationship to the banking industry. Another problem is the roles which are played by members in the caisses populaires and credit unions of the country. Changes have been suggested with respect to the relationship which exist among the government, the caisses populaires and credit unions. It is difficult to decide what political advantage will be gained by including credit unions in the Bank Act, or allowing them to operate in the way they have in the past. It will be necessary for the government to consider this suggestion for another two or three years, because it would be unwise if a wrong decision was arrived at prior to the forthcoming election.

I am concerned about what is happening to our Canadian dollar at the present time and its relationship to world currencies. The money markets of the world have been destroyed by asking countries to make deposits to the International Monetary Fund, and then giving them drawing rights against the IMF for the third world countries. The initial idea was that if the countries which were in a fairly sound financial position were to allow money to be lent to the developing countries, those countries would develop and then would become consumers while the countries which had lent the money would be able to do business and get their money back.

● (2042)

There is an interesting article in Myers' Finance and Energy publication. I know some hon. members are not the least bit impressed by some of the advice given by Richardson, Myers' or some of the other agencies on what to buy, what to sell and where to put their money, but the February issue of their commentary indicates that there are $400 billion Eurodollars floating around the world. They indicate, in a long and involved way, that the U.S. Treasury does not owe money for these Eurodollars. Many U.S. dollars, have been processed by the IMF and have reached Europe not as a debt but as a currency for which the U.S. takes no responsibility. The United States has made its sale, they have been paid for it in U.S. dollars and these dollars will not be picked up by the U.S. Treasury. The commentary goes on to say:

> The U.S. Treasury does not owe any of those dollars and has no responsibility to make good. Only when the U.S. dollar was backed by gold was it in the position where it had to be made good. If an Arab potentate buys $10 million of U.S. Treasury notes, the U.S. does owe and must pay those dollars. If, however, the potentate puts $10 billion in Citibank and certificates of deposit, the U.S. has no obligation to pay those dollars. Citibank does, but the country doesn't.

It goes on to say that in their opinion there is probably $1 trillion floating around, only $800 billion of which the U.S. Treasury has the responsibility to repurchase, and that the great danger the world faces today is not inflation but deflation.

This commentary points out:

> The very great danger rests in the contraction which is taking place all around the world. Japan at present is leading with bankruptcy. So far these are mild and they have not caused more than a few large failures, which have been absorbed. But if the illiquid debtors around the world run into a bad climate generally, many of them will have to defer payment, some of them will have to default payment. A certain amount of this can be handled. But if at the same time the depositors get scared of what is happening and begin to withdraw their funds, the banks will be left defenseless because, as previously stated, they simply do not have the money. It is in the hands of the illiquid debtors.

It goes on to say—

Mr. Dionne (Northumberland-Miramichi): Table it.

Mr. Peters: It has been sent it to all members. The hon. member has not read it.

An hon. Member: Shame.

Mr. Peters: It goes on to talk about depletion at home. World farm prices are in bad shape in the United States. The European countries and Japan are politically bound to protect their farmers. This protection has the effect of reducing—

Some hon. Members: Dispense.

An hon. Member: Table it.

Mr. Peters: I would be pleased to table it but the rules of the House do not permit it. I am sorry that so many hon. members do not know the rules of the House. I will continue to read it. Hon. members will be very interested to hear that if they were smart enough to read this and understand it, they could profit from it. Yes, even hon. members from the maritimes might be interested, members from that "social paradise" in Canada, the maritimes. As Myers' states:

Literally hundreds of thousands of pounds have been bought on credit—

This is certainly true of Canada.

—with the expectiation that the world would continue to go ahead in the 70's as it did in the 60's. But if this expectation proves to be wrong, these farmers will not be able to pay. Already they are crying for a debt moratorium, but who is to finance the moratorium?

The banks have lent them the money. But the money belongs to someone else who deposits in the bank. When that someone else demands his money, the banks will have to pay him, and so the farmers will have to pay the banks. If they do not, either the banks or the farmer will go bankrupt. If either of them go bankrupt first, then the original depositor will not be able to get his deposits out of the bank—and he will go bankrupt.

It's really not hard to accept this case for world deflation. To me, it's a much stronger one than the projections of inflation by most newsletters and the prognosticators. It could start at any time. It could start with default by foreign countries. It could start in Europe. It could start by withdrawals of large amounts of Arab money; and Japan—or even at home.

I know hon. members do not pay much attention to this, but let me read them the advice this gentleman gave. He went on to advise people who want to buy something that they buy gold. This commentary was published on February 10.

Mr. Dionne (Northumberland-Miramichi): What does he advise us to buy?

Mr. Peters: Gold, that yellow stuff found in the ground which has been fairly stable in value in unstable times. Myers states:

Gold therefore stands on solid base around $170 to $175 as it moves toward its first important barrier, $185. But this barrier could quickly crumble in face of unpredictable events. Also, Carter's total deficit, disclosed and undisclosed, for 1978 and 1979 will be close to $160 billion. Worldwide awareness of this is reason for dollar's recent weakness and will push gold easily above $200, perhaps $250 this year in its march to unexpected new highs later on.

On February 10 the price of gold in Canada was $172 an ounce, but because of the instability of the government and banking institutions in Canada the price of gold last Friday, before the end of the month, stood at $203 an ounce. This means, for my friend from New Brunswick—

An hon. Member: Which one?

Mr. Knowles (Winnipeg North Centre): There are three of them over there.

Mr. Peters: All my friends from New Brunswick, those four socialists from New Brunswick. If they had bought futures for a May delivery, it would not have cost them any money, if they had just learned to read and understand the system. If they wanted to buy futures—400 ounces is the minimum they could buy—they would have to make a deposit, but on $65,000 worth of gold it would not be a very large deposit. They would then be able to sell that gold at $203, thus making somewhat over $25 an ounce in round figures. That $25 an ounce for 400 ounces would mean slightly over $10,000 in profit. Even a socialist maritimer would not object to that kind of profit. Anyone who is smart enough to tell you how you can make $10,000 in two weeks on a small deposit should be worth listening to.

● (2052)

Our currency is in trouble. I raise this matter because the government is now going to the banks to borrow money. The government will borrow $2 billion. It has asked the United States or other foreign markets to supply us with another $2 billion. That is $4 billion. We probably still have $5 billion in foreign currency. If we start to put that out, thinking we will hold our Canadian dollar when we have a government which cannot even bring forward a new Bank Act, and when there are no plans for a new Bank Act or for the future, and if we think we can spend $100 million a day to raise the value of our dollar one quarter of a cent—and it will probably slip back at the end of the day—we will see how bankrupt this government is.

If the government were to put up the total amount, it might be able to hedge our dollar against the American dollar; but let us not forget that the American dollar is in very serious difficulty. The American dollar is not even worth 60 cents against the yen. Perhaps it is worth 65 cents against the French franc and about 68 cents against the Swiss franc, or vice versa. The American dollar is in a very serious position, and now we are going to put up whatever reserves we have to bolster our dollar when everyone knows that economically speaking this country has no government, no policy and no plan for a long-range solution to our economic problems.

There are advantages associated with our devalued dollar. If its value goes down to 60 cents American, I will be unhappy because my national pride will be hurt. However, we would sell tremendous amounts of lumber from northern Ontario because we would have a 40 per cent advantage over the United States. The Americans would shut down their mills and buy our lumber.

Mr. Lumley: Go back to the Bank Act.

Mr. Peters: My friend says I should go back to the Bank Act. This man speaks for the Minister of Finance (Mr. Chrétien), who cannot bring in a bill which is already nine years overdue.

We are not talking about the 1980s for the revision of the Bank Act. We are talking about the 1970s. This minister who cannot bring in a new Bank Act is going to give us some advice

on currency and on the relationship between the banking industry and our economic problems. If he is, he should get cracking with some of the people at the Bank of Canada and other stupid financial institutions to whom he listens. He should be considering what would be to the best advantage of Canada.

I would not want to see the dollar go down to 60 cents American, but at 80 cents there would be a 20 per cent advantage. That would mean that even members of parliament would be cautious about going out of the country because it would cost too much. People would be making up our $4 billion tourism deficit here. They would be staying at home.

We would not be buying television sets from Japan, we would be making them. Perhaps those socialists from the maritimes should consider that. We have spent a lot of money on maritime socialists. We gave them a nationalized industry, Clairtone. We put DREE money into that.

Mr. Jones: And Bricklin.

Mr. Peters: We can talk about Bricklin too, it makes no difference. As long as the dollar stays at a 20 per cent advantage, investors would invest in Canada and there would be production in Canada. I suppose even rubber boots would be produced in Canada. We went out of that business years ago because we could not compete. With a 20 per cent advantage we could compete, and Clairtone could operate a television business, unless all its assets have been disposed of.

I have always said that a Canadian car should be produced. That could be done if we had a 20 per cent advantage. People would invest in Canada if they could get that kind of premium on their money. They would get high interest on that kind of high-risk money. They would not do too badly. We would see lots of money coming into this country. The banks would have to consider stopping money coming into the country. If they did not, we would be flooded with capital. In my opinion that would be detrimental because many branch plants would operate here and profits would be taken out of this country. There would be high profits because of high risks.

It seems to me that we should not just be revising the Bank Act. We should be looking at where we are going. I am sure the hon. member from Miramichi in the maritimes has gone to meetings in his area at which some dumb bunnies have asked him about the national debt.

Mr. Dionne (Northumberland-Miramichi): Mr. Speaker, while I enjoy the hon. member's explanation of the financial situation in this country, which he obviously does not understand, I want to point out that I come from the riding of Northumberland-Miramichi and that there are no dumb bunnies in my riding.

Mr. Peters: Mr. Speaker, as I was saying, people must ask questions about the national debt in the hon. member's riding because they do in mine and in other parts of the country. When we have discussed the Bank Act in the 20 years I have been here we have never discussed the national debt, yet there are people in this country who believe that the national debt is something they owe, that perhaps we should turn our attention to it, that for this reason we should not have huge deficits to carry the financing of the nation but that perhaps we should be reducing them.

There may be some merit in discussing these matters, and they might be discussed even in the socialist maritimes. I am not above admitting I am no expert on this subject.

Mr. Woolliams: You could have fooled me.

Mr. Peters: I know a considerable amount about gold, but I do not know so much about the way the Liberal party finances the economy of the nation. I do know that we should have a serious discussion about it. I was very shocked a week or so ago, as I am sure the country was, that when the hon. member for York-Simcoe (Mr. Stevens) asked the Minister of Finance what he was going to do about the falling dollar, the minister flippantly said he was not going to do anything about it, that the dollar was fine and that everything was rosy.

Mr. Stevens: We were all shocked.

Mr. Peters: Then later the minister said we would spend an unlimited amount of money to bolster our dollar. I think it is time the minister discussed the intentions of the government. How is the government going to finance our dollar?

Our dollar is obviously not floating now. It is being bolstered by American currency. I suggest that we should know how much of that $5 billion reserve fund is going to be spent. We should know how much of the $2 billion which has been borrowed from Canadian banks and how much of the line of credit which has been arranged with foreign agencies will be spent. We should know that because I am sure that $200 million is not going to help. That is obvious because a number of years ago the government under the right hon. member for Prince Albert (Mr. Diefenbaker) tried it and spent a lot of money trying to maintain the Canadian dollar without pegging it.

● (2102)

Mr. Woolliams: Not as much as this government.

Mr. Peters: I am sure it was not as much as this government is going to spend because the international money market today is very pernickety. It is not sound in any country. The United States is trying to get Germany to peg the German mark and the Japanese the yen, but both countries are resisting because they do not want to price themselves out of world markets. I think we will be throwing a lot of money away, trying to keep reasonable limits on a dirty float of the Canadian dollar against United States currency.

The newspapers are full of declared bankruptcies, Mr. Speaker. They appear every day in the Montreal *Gazette* and in the Toronto newspapers, so Japan and other countries with which we do business are not the only ones with this trouble. If there is devaluation of our dollar I am sure my friends in the Social Credit party, who know quite a bit about international finance, would say it would be greatly to our advantage to

retain the deposits which we now hold in foreign currency. It would be a good thing to have that in a time of need when it will be required if we are to carry on trade.

I am sure the Minister of Finance and the government are getting much advice on how to stabilize our dollar and whether we should continue to back our currency with the International Monetary Fund. They could ask the hon. member for Eglinton (Mr. Sharp) to advise them on the latest developments of the tri-lateral commission of which he is one of the chairmen. The object of this tri-lateral commission, set up by David Rockefeller, is to replace the International Monetary Fund, which they believe is going bankrupt. I think they would be interested in having a former minister of finance discuss Canada's role in that new agency.

Hon. members opposite laugh. They do not believe they should have any control over the banking institutions of this country. In the last four or five years some hon. members in this House have suggested that we should have more banks, and they will remember that I disagreed. Banks in this country do not operate in a free enterprise system. Sometimes they compete with trust companies, but they own the trust companies so it does not matter whether the trust company or the bank makes a loan because the bank will lend the money to the trust company anyway. There is very little competition in banking in this country. That goes for the International Development Bank as well, which I have not found to be a paragon of generosity when dealing with people who want to borrow money.

I am prepared to agree that banks should be nationalized and brought more under government control than at present, although most of them would maintain that they are well controlled now. That is partly true. There is no point, however, in allowing banks to build office towers like that one on Sparks Street. If I were in charge of that banking institution and had money stored there I would have the mirrors on the inside so that everything would be rosy, and then instead of there being one pile of money there would seem to be three piles!

The Bank Act should be changed and the whole banking structure of the country should be changed, Mr. Speaker, because there is no banking competition. If you want to borrow money and are turned down by one bank you will likely be turned down by another; and if you are turned down by two banks the Industrial Development Bank will not let you borrow money.

I do not propose that we should return to backing our currency with gold, but we should back it with something. There seems to be little reference to the gross national product as a means of backing money which is outstanding. We do not seem to be making an effort to reduce the national debt. We are living on a credit card just as individuals are being encouraged to do.

It is all very well for a bank to send me a letter outlining all the ways I can borrow money on my Chargex card and complaining that I have not used the card in the last three months. I suppose it is all right to use the credit card as long as there is money in the bank. But unless there is, I would be operating at a deficit. That may be necessary for me when I make a major purchase but it may not be an advantageous way for a nation to do business.

Someone who spoke earlier mentioned restrictions, and I should not be surprised to see some of them contained in a new budget, Mr. Speaker. We are borrowing money against the U.S. dollar in order to peg our dollar, but we have not done anything about the financial drain that is taking place in many areas. Some of this we can do something about and some we cannot, such as importing fruit and vegetables in winter. It may not be advisable for our tourists to spend $4 billion outside the country each year so controls may have to be put on travelling. I am sure some hon. members are not old enough to remember when that happened before, but it was since World Was II and travelers could only take about $200 out of the country. Such restrictions may have to be imposed again to help our balance of trade. That is the deciding factor in how other nations see us. How other nations see us is by their evaluation of our currency, and our dollar will reach that level of their support.

• (2112)

Again I tell those socialists in the maritimes to read Myers' report. He told us to buy gold. He told us not to buy certificates in South Africa because of the political climate there. His suggestion is to buy gold and nothing else. If the maritime socialists take his advice, they may find in that paradise that the sun may shine on them too.

Mr. Bob Wenman (Fraser Valley West): Mr. Speaker, the shifting of the financial centre of Canada to a most westerly position has occurred in Canada in spite of rather than because of the initiatives of this centralist government. It the government intended to pay more than lip service to the concept of regionalism that is being espoused across this land, they could have demonstrated it in this Bank Act. They could have demonstrated it in minor ways by making changes in the basic structure of the board of directors of the Bank of Canada. Perhaps they could have considered the reintroduction of bill C-7 which was brought forward in 1974.

The Bank of Canada is controlled by a governor, a senior deputy governor, two deputy governors and 12 directors appointed by the federal government for three year terms. The Bank of Canada is the most centralized of all the regulatory agencies in that it has no mechanism for regional accommodation at all. The Bank of Canada's macro-economic models are strictly national in scope and make no estimate of the bank's policy as it relates to the regions. Provincial officials have complained long and loud about the inadequate consultation between provincial governments and Bank of Canada officials.

If our government intends to review the banking legislation, it is not sufficient to receive briefs from and examine the chartered banks and near banks. The Bank of Canada's policies determine significantly the behaviour of all banking institutions. If regional aspirations are to be given the consideration they deserve, some day there should be direct

appointments by provincial governments to the board of directors of the Bank of Canada.

If the Bank of Canada considers it cannot find 12 directors outside of central Canada who have the financial capacity to represent or express regional aspirations, or if they consider the rest of Canada is incompetent financially, or if they fear the provincial governments and do not want direct provincial government input or appointment, perhaps they could in their own representation—

The Acting Speaker (Mr. Turner): Order, please. The Parliamentary Secretary to the Minister of Finance is rising on a point of order.

Mr. Lumley: Mr. Speaker, if I understood the hon. member correctly, he said that there were no members from British Columbia or western Canada serving on the board of the Bank of Canada. I think he should check the list of directors of the Bank of Canada.

Mr. Wenman: I was suggesting to the House that there is no regional representation; that members chosen for directorship have in the past been and continue to be not regional in their recognition. I am suggesting a specific proposal, that the government recognize the provinces by allowing them to make some appointments to the board. If the government is afraid of the provinces and does not wish each province to recommend one appointment, then perhaps the government could choose five representatives. Or perhaps a system could be found which would, within the appointments of the federal government, recognize the regionality of Canada. This is not the situation currently and it should be.

Another matter which the government might have considered in its Bank Act revision legislation is permitting chartered banks to use provincial treasury bills as part of their secondary reserve requirements. There are several advantages to the proposal. It would lift what could be considered a monopolistic federal tax on chartered banks. The federal government's discriminatory action against the provinces in the secondary reserve requirements is typical of its lip service in recognizing regional rights and aspirations rather than do so on a realistic basis.

In 1974 after the infusion of a few more Conservative MP's from western Canada we thought the government had heard western Canada when it acceded to British Columbia's request for more regional autonomy by introducing a bill which would allow a 25 per cent equity position by a provincial government in regional chartered banks. That was three finance ministers ago.

Why did the government not accept this proposal? Was this window dressing tokenism? Or was it because the legislation that is currently being planned by the government was in fact the new socialist controlled system that the Prime Minister (Mr. Trudeau) muses about so loudly so often? Perhaps the hon. member who has just spoken was revealing some inside information and the government is going to restrict Canadian travel by restricting the amount of money we can take out of this country. Is that socialist policy government policy? I hope not. I hope they will make that matter clear before the next election.

Why did the government not bring forward the former bill C-7? Is it a stall to get the government past another election? Is it because the government does not want to accept the proposals presented to it or does not know what to do? Regardless of the excuse, it is inadequate. Instead it should be part of a substantial major economic package which would improve the sagging economy of this nation. The country cannot wait 12, 18 or 24 months for a new Bank Act or a new economic thrust. The country is tired of the election paralysis which has fallen over this parliament and Canada. It is time that the government did something concrete or called an election so we can get on with governing this nation.

This bill is one of the government's excuses for inaction. It is a further stall tactic. It means that on election day Canadians will choose a new government to bring in a new economic package which will include a new Bank Act and the provisions which are wanted and needed by Canada.

• (2122)

[*Translation*]

Mr. Eudore Allard (Rimouski): Mr. Speaker, the white paper on the Canadian banking legislation published at the end of August 1976 would have the banks more competitive with credit unions, and other banking institutions. The members of the Social Credit Party of Canada believe that chartered banks at present are in a better position than other financial institutions in the country since they have the privilege to create money with a mere stroke of the pen.

A while ago I heard the hon. member for Timiskaming (Mr. Peters) say that he thought that the banks were sufficiently powerful, but chartered banks do not have control. They are self-controlled and they even control the members of this House as well as the government. They rule the roost. Mr. Speaker, I am pleased to take part in the debate on Bill C-16 since it gives Canadians the opportunity to get acquainted with the operation of our monetary system. I have before me some statements on banking assets from 1967 to 1975. From October 30, 1967 to October 31, 1970 those assets increased by $6 billion; from 1971 to 1972, by $8 billion; and from 1973 to 1975, a record increase of $16 billion. I said "record", but I think they will beat that record this year. In June, I forecast that the chartered banks would make a net profit of $25 billion, but I foresee now that those will reach $26 billion this year.

Mr. Speaker, before the Bank Act was revised in 1957, the increases in bank assets varied between $2 and $3 billion a year. With regard to interest rates on loans to their clients, there was a 7 per cent ceiling from 1934 to 1944 and 6 per cent from 1944 to 1967. When the ceiling was removed in 1967, rates remained subject to a very complicated increase which depended more on the general trends in financial mar-

kets than on the public will or that of the government. Before 1967, when the Bank Act was revised, bank shares were set at a $10 par value. After 1967, that par value was lowered to $2, but worthy of note is the fact that those same $2 bring in from 50 to 80 per cent in dividends annually. Today, it is easy to see that despite their par value of $2, bank shares fluctuate between $14 and $45. On that par value of $2, banks pay a dividend that varies between 25 cents and 40 cents, about four times a year, that is from $1 to $1.60 a year on a par value of $2 depending on the market, profits and other appreciations of market values.

Needless to say, Mr. Speaker, all that is very complex for the non-initiated to the monetary, economic and political systems in Canada and the United States. But, before going any further, Mr. Speaker, I should like to go back somewhat to better situate us in the banking context. During the worst of the 1930-39 depression many economists, Canadian, American and even from around the world met in Canada to study the phenomenon of the economic depression, the worldwide stagnation and the lethargy of business.

It is as a reaction to the increasing misery in a great many countries of the world that the Bank of Canada came up with all these regulations governing chartered banks, the printing of money, interest rates, etc. For 22 years, specifically from 1934 to 1956, the Bank of Canada maintained a basic interest rate of 2 per cent which made it possible for it to survive through the difficult years of the depression, World War II, the post-war boom, and part of the inflation which accompanied this boom.

As I was saying a moment ago, the chartered banks were limited to a ceiling of 7 per cent on loans from 1934 to 1944. At the time of the decennial review, this rate was reduced to 6 per cent for the period from 1944 to 1967, when it was decided to lift the ceiling on interest rates, without saying that this was a way to fight inflation. We realize today that the result has been quite the opposite As a matter of fact, this may be the most inflationary period ever, together with record unemployment. In 1967, we celebrated the centennial of Confederation. On that occasion, Canadians paused to consider the road already covered. Well, they came to realize that over the past 100 years, our chartered banks had accumulated total assets of some $100 billion. You will note that from 1967 to 1973, those same banks have reached assets of $75 billion. In hardly seven years, they have more than doubled the assets they had reached after their 100 first years.

Thus it can be suggested that a good part of that extraordinary increase was due to the removal of the ceiling on interest rates which grew from 6 and 7 per cent up to 13.5 and 14 per cent those last few days. Today, when we consider the national product, we find that it amounts to $190 billion and yet the federal government managed to show deficits. Indeed, as recently as last week, the Minister of Finance (Mr. Chrétien) announced in the House of Commons that the estimated deficit would be roughly $8 billion. For this year, it is expected that it will go as high as $11 billion. Meanwhile, those who have the privilege to create credit, generally known as banks, were reporting net assets of $26 billion. Is that not cause for one to wonder? I think so.

If I may, I would like to quote from an article entitled "The Issues as I See Them," published in *MacLean's* of September 15, 1935. At that time, the Right Hon. William Lyon Mackenzie King said the following, and I quote from the article which was translated from English into French:

> The Liberal Party thinks that credit is a public matter which does not concern bankers alone but which also affects directly the average citizen. The party is in favour of the immediate creation of a national central bank duly incorporated which would be responsible for rediscount and which would ensure the issuing of money according to public needs. A central bank is necessary on the one hand to determine the monetary reserve according to the national, social and industrial needs of the Canadian people, and on the other hand to deal with matters of international trade and exchange.
>
> As a national central bank has been created by the present government since the disclosure of the Liberal policy on this subject, I think it is necessary to stress here that the Bank of Canada as it now is is a far cry from the institution viewed by the Liberal Party. As have stated several of our prominent economists, the Bank of Canada follows a fascist model. It is in fact a private company which has the power to control the volume of money in the country. I must repeat what I have already told Parliament when protesting over the fact that government was relinquishing to a private institution the control of the country and the nation's money. Once a nation parts with the control of its currency and credit, it matters not who makes the nation's laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talk of the sovereignty of parliament and democracy is idle and futile. One of the Liberal Party's main objective will be to return to the nation what it lost, and to establish a duly constituted national central bank.

Mr. Speaker, 44 years later, we are hanging from the cliff. The unemployment rate is at a record high. Our dollar is not worth what it used to, and is continuing to decline. Inflation is hitting us on all sides, and so on, and so forth.

I would like to quote from a newspaper article by Louis-Philippe Roy that appeared on August 17, 1939:

> Here is an unsolved mystery: Where does money come from? Years go by and the depression continues. It was supposed to last three, five years at the most, but it has been with us for 10 years and real prosperity is nowhere in sight yet. Why does depression last so long? Why so much unrelenting unemployment? Why such famine in the midst of plenty? The present depression has a feature that is unique in history: millions of human beings live in misery while in many countries wealth is destroyed: milk is sent down the drain, coffee is burned, farmers are paid to reduce production. And in this country of ours, there is no lack of wealth, nor transportation to distribute it. We have an industrial work force that is rusting at idle and transport corridors often devoid of traffic.
>
> If Providence has been generous to us, if goods are everywhere, if the soil waits but for man's work to yield its riches, the cause of this depression certainly is not the poverty of our Canadian land.
>
> Is it that production is not well run? No. Manufacturers, just as farmers could produce more if their products were to move.
>
> Ask mothers why there is nothing on their tables. Ask fathers why they are getting hungry. Ask children why they are getting skinny. Ask merchants why their business is not thriving. Ask professionals why they do so much work on credit. Everyone's answer will be: because there is no money!
>
> No money! This is what people in government say to those asking for help, industrialists to those asking for work, consumers to businessmen asking for

orders, businessmen to wholesalers. The same answer everyone gives everyone else!

No money? Billions and billions are spent on means of destruction. To prepare for the great kill there is all the money needed. War industries are working at capacity.

So there is money!

Would it be that its role is to prepare man's destruction? However it would seem that money was invented to provide for trade in produce and manufactured products, and also the sale of services.

If the world is suffering, it is not because for the most part trade is paralyzed? Then money is not fulfilling its normal function?

Who is to blame?

Certainly not the Lord. Neither is Nature, because money can exist independently from seasons and weather; it is immune to draught and grasshoppers. Its manufacture is limited to the availability of gold, they say, a big joke.

● (2132)

During the 1914-18 war there was little gold available and a great deal of money. The United States have piles of gold and yet 13 million unemployed cannot earn money. Never has Canada witnessed such a production of gold these years and look at the results. Must the government be blamed for it? I believe so because government, Mr. Speaker, seems to be powerless or paralyzed in the face of unemployment, inflation and all those who tell it what to do. Yet let us not forget that our governments are as poor as the individual; municipal governments, provincial governments, the federal government have only the money we pay them in taxes. They are the ones who borrow from banks, yes. The public administration which gives banks the power to make money has to ask the bank and pay large interests to obtain credit to administer the country and give the unemployed something to eat. Money, currency, credit, is that the same thing? To what principle are they subject in the manufacture of money, the issuance of currency, the distribution of credit? What do they demand in return and why? So many questions without answers in our school books. Yet the problem seems crucial at this time. Why that mystery about the origin of money? Is it not high time to put an end to that mystery? It is high time to scrutinize this problem of money which seems to be one of the causes of the present economic slump because it is true that current conditions of social economic life are such that a very considerable number of men are finding it most difficult to earn their bread.

So, Mr. Speaker, with your permission, I would like to try and help the population lift the veil of mystery over the origin of money. How does book money start? It starts, of course, when a credit is registered in a bank book without reducing anything elsewhere. Book money does not start when I deposit $10 at myh bank or my caisse populaire. It does not start because that account is opened by a reduction in my pocket money. It is a simple conversion of pocket money into book money. Book money does not start either when the car dealer sees his account increase by $2,000 after he sells a car. That increase of $2,000 in his account is the result of a decrease of $2,000 in mine. But book money is accumulated when a sum is deposited in an account without reducing another's account or emptying another's pockets.

Let me give you an example, Mr. Speaker, using, of course, a fictitious name. Mr. Jones, a manufacturer, wants to extend his factory. He does not have the money to pay for materials, labour and equipment. With $100,000, he could carry out his plans; later, with an increased production and sales, he could easily pay back the money. He then goes to his banker who agress to lend him the money, against the security given by

[Mr. Allard.]

Mr. Jones. How is the loan worked out? The banker gives to Mr. Jones what is called a discount cheque worth $100,000. M. Jones goes to the cashier. As he is not interested in carrying such a sum, he simply deposits th cheque which is credited by the cashier to his account. All Mr. Jones has to do now is to make out cheques whenever he needs to pay for materials, labour or equipment.

When Mr. Toupin leaves the bank, he has a credit account of $100,000. No other account was debited, not one cent or one dollar has left one pocket or one drawer. Everyone has exactly the same amount on their account or on the books as before, but Mr. Toupin has $100,000 more. There are $100,000 more in the country in the account of Mr. Toupin. This is not an account from savings, from money that already existed and that was saved, this is a borrowing account from new money born from the decision of the banker, from a simple pen stroke and an entry in a credit account. This is where and how money comes into being: in a bank through a loan in the form of credit, but also in the form of a debt to be repaid with interest.

About one tenth of the cheques made by Mr. Toupin to pay his bills will be cashed in at the bank against coins or paper money; the other nine tenths will simply be deposited and will simply transfer the amount from the new credit of Mr. Toupin to the credit of other people. This is the result of present trade practices and the banker is well aware of it. He can easily loan against security ten times as much money as he has in reserve; he is the only one who can do this, no private moneylender has this magic wand. And the banker is authorized by his charter to do this. The Canadian legislation even allows him to loan up to 20 times the amount of his reserve. This is the money-making system established by the banks and legalized by our government.

I would add that the government itself when it needs more money than it can immediately levy through taxes also goes to the banks. It borrows in exactly the same manner as Mr. Toupin, but it gives as security the future taxes that it will collect from Canadian citizens. The government also promises to repay with interest and becomes a debtor of the bank to which it has delegated an absolute power, that of creating the currency of the country. The banker makes money, but we should note that he does not do so for himself, he does it for the borrower. Moreover, the banker is not giving this money away, he loans it, and this money is not put into circulation forever. The borrower must repay it within a certain time.

In the case of Mr. Toupin, what will happen of course is this: The banker will first withdraw from the account of Mr. Toupin the amount of the interest; if the loan is for one year at 7 per cent, the interest is $7,000. The banker will subtract $7,000 from the credit of Mr. Toupin and transfer it to the credit of the bank in the interest account. So, Mr. Toupin will have only $93,000 to his credit. When he starts paying his bills or his employees, using a cheque, progressively Mr. Toupin

will circulate those $93,000, but he must consider he has to pay his loan back within a year. Therefore Mr. Toupin is going to sell his products and make enough profit to earn $100,000 within a year to pay back the bank in one shot or every month according to the terms of the contract. Mr. Toupin invested $93,000 and extracted $100,000 from the public; that is the way he will generate that money.

As Mr. Toupin repays the bank, it will credit the discount which was charged when the $100,000 were generated. And when the $100,000 will be entirely paid back, the discount account will balance and that will be the end. Figure money, bookkeeping money will die at the same place where it was born. No new money will be created and put in circulation and in the same way, by creating the same debt, the consumer must pay that debt through the purchases he makes. As far as government is concerned, it is exactly the same thing except the taxpayer rather than the consumer has to foot the bill. However, until now the government does not pay back money but it defers maturity by issuing new bonds sometimes with a lower interest rate. That is why the national debt of all industrialized countries will never be settled but will increase instead as they have to borrow again for new projects. And that is why taxpayers must pay hundreds of millions every year to service national debts. As we can see, money is made by people with a stroke of the pen. Money is not eternal; it is destroyed by the same people who made it according to the terms of the birth certificate.

● (2142)

[*English*]

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, on entering the debate on Bill C-16, which represents the second extension this government has asked this parliament to endorse in respect of the existing Bank Act in Canada, it is wise that we first take some cognizance of how the banking industry now stands in Canada, and how the near-banks, including the credit unions, trust companies, loan companies and finance companies, stand in relation to our chartered banks. Before we go further in considering whether this extension should be granted, I think it would be wise if we got a better perspective of why, on the last day of February, we are considering another extension to the Bank Act, which should have been extended as of June 30 last year.

I would suggest we have in this legislation before us tonight a very vivid example of the ineptness of this government over the past few years. There may be things that sneak up on this government or that surprise the government, and would perhaps surprise any government, but surely the one thing that any government in power in Canada could have anticipated was the revision of our Bank Act in 1977. It was a 10-year Bank Act, and on June 30 everybody knew that, unless it was further extended for another ten years, or extended as the government chose to do on March 31 of this year, the business of banks in this country would literally disintegrate. There would be no banks. Their constitution, which is the Bank Act, would no longer be in existence. Although the government was well aware of that fact, it chose not to take the necessary action to see to it that we did have a 10-year review of our banking situation and then a proper Bank Act introduced and passed in this House by the first deadline.

Having said that, I suggest we in this country missed a tremendous opportunity, an opportunity that may well have relieved some of the anxiety we now feel in respect of our crippled dollar. I suggest this because one of the things we have done well in this country is banking. We have healthy and strong banks which, unlike some of our industries, are able to be competitive with the largest banks in the world. I suggest there is a matter of reciprocity involved. We have been active in our banks. Our banks have been very successful in the United Kingdom, the United States and in other countries. They have brought back huge profits to this country as a result of their activities. As a matter of fact, at the present time our Canadian chartered banks have approximately $100 billion in domestic assets and $50 billion in foreign assets. In short, one-third of our total banking industry today is active around the world, doing what I would suggest we in Canada must try to get more industries doing; that is, making the world their oyster. In truth we are a tremendous international banking country, and that is a credit to us in Canada.

There is a certain feeling of reciprocity involved. If you choose to do business in another country—and I refer to banking activity—it is only natural that that country will expect to do some business in your country in return. There are many banks that are anxious to do business in Canada. They feel they can contribute in the sense of making Montreal, Vancouver or Toronto significant financial centres if given the right to participate in these markets.

Mr. Knowles (Winnipeg North Centre): What about Winnipeg?

Mr. Stevens: This is known to the government and it has been known for years. In fact, the interest shown by these banks is such that it is estimated that in Canada there may be as many as 60 foreign banks carrying out some type of operation already, in the sense that they have agencies or representative offices here or, as some classify it, suitcase type operations. Some 60 foreign banks are active in Canada in the sense that they are waiting to get the nod to become active participants in our banking community if the Bank Act so permits.

Let me be more specific. In Toronto it is estimated there may be over 40 foreign banks presently maintaining offices, certainly as lookouts, listening posts or as training stations, as some describe them, but, in any case, indirectly carrying on active banking business. In the Commerce Court in Toronto there are 26 foreign banks which maintain offices of a banking nature. According to the Bank Act, it is an offence to use the title "bank" unless the bank is one of the scheduled banks to the act. I invite any hon. member to go through Commerce Court and see the number of banks which probably display

their signs in that complex. Presumably there has been absolutely no criticism from Ottawa.

● (2152)

Let there be no doubt: I am saying that this is doubly wrong. If the Bank Act indicates that the title "bank" should not be used with respect to financial activities unless the bank is a chartered bank under that act, that is the law and it should be enforced. The government is wrong to allow this encroachment to take place with virtually no regulation.

On the other hand, it is totally wrong for the government not to realize this interest on the part of foreign banks. They give them lip service and encouragement through the white paper, which has been referred to in this debate, but they then let these banks sit in limbo. I know of at least 40 banks which opened offices over 2½ years ago in anticipation of this Bank Act being passed and putting them in a position of carrying on active banking activities. I am referring to banks such as the Deutsche Bank which has assets of $44 billion. It has an office in Toronto. It is awaiting an opportunity to do business. Perhaps it is indirectly doing some business at the present time. There is also the Dai-Ichi Kangyo Bank of Japan. It has $43 billion in assets. Also it is waiting to do business. There is the Banco do Brasil which has $39 billion in assets and is waiting. Also the Crédit Lyonnais, the Fuji Bank, the Société Générale, the Dresdner Bank, the Mitsubishi Bank, the Sanwa Bank, the Barclays Bank, the Bank of Tokyo and the Industrial Bank of Japan are waiting to do business. In the sense of maintaining offices, they are actively waiting to get into our banking system. They feel Canada can be made into an international banking community, yet they have not received the satisfaction of a proper regulation in the sense of having a Bank Act passed in Canada which will permit them to legalize their activities.

The reason I referred to that list is that it is interesting to note that every one of those banks has larger assets than our largest bank, the Royal Bank of Canada. The 50 largest banks listed in the *Fortune* list of the largest banks outside of the United States have total assets amounting to $1,287 billion. When one considers the potential which exists for Canada if those banks are encouraged to become participants in the Canadian banking community, and adds to that the participants from the United States, it is just great.

Mr. Gillespie: What about the Western Bank?

Mr. Paproski: The hon. minister should stop making noises.

The Acting Speaker (Mr. Turner): Order. The hon. member for York-Simcoe has the floor.

Mr. Stevens: I have not heard the hon. minister speak so loudly in the House for weeks.

Mr. Gillespie: Perhaps you have not been in the House.

Mr. Stevens: I wish the hon. minister would listen to what I am saying.

Mr. Gillespie: Oh, oh!

[Mr. Stevens.]

Some hon. Members: Order.

The Acting Speaker (Mr. Turner): The hon. member for York-Simcoe has the floor for the purpose of making a speech. I suggest hon. members listen.

Mr. Gillespie: How are the deposits in the Western Bank now?

Mr. Stevens: I would have thought the Minister of Energy, Mines and Resources (Mr. Gillespie) would be tracking down a few of the payoffs which have occurred in the Crown corporations that he is responsible for.

Mr. Paproski: That shameful minister!

Mr. Gillespie: Oh, oh!

Mr. Stevens: Perhaps the hon. member should do that, instead of talking about something he does not have one tittle of knowledge about.

There is an opportunity in Canada, if the Bank Act is revised to permit international banking activities in Canada under proper regulation. That opportunity should not be missed. It is most unfortunate the Minister of Finance, the hon. member for Rosedale (Mr. Macdonald) and the Hon. John Turner have systematically postponed the revision to the Bank Act. I will go through the sequence of how they did that tomorrow. It is unfortunate that on the eve of the first extension to the Bank Act there is a request for a further one-year extension from the end of March. That is the first point I should like to make.

Mr. Gillespie: What is your second point?

Mr. Paproski: I think the hon. minister should listen.

The Acting Speaker (Mr. Turner): The hon. member for York-Simcoe has the floor.

Mr. Stevens: I have patience for the minister. Obviously the stress and strain of his office on his weak mind is showing tonight.

International banks are interested in doing business in Canada. If we get on with revising the Bank Act properly, they can be regulated. I could be an asset to Canada. We must not forget that Canadian banks have been active in foreign countries of the world, and that is what this banking reciprocity is all about. One of the objectives in the revision of the Bank Act will be to ensure that the competitive position which has been built up by our banks around the world is maintained. Since Canadian banks are allowed to do business in some foreign countries, those countries should have some right to do business in Canada, thus maintaining our competitive position.

May I call it ten o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

[*Translation*]

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

OFFICIAL LANGUAGES—PROTECTION OF LINGUISTIC RIGHTS OF MINORITIES—GOVERNMENT POSITION

Mr. Jean-Robert Gauthier (Ottawa-Vanier): Mr. Speaker, following the ruling by the Quebec Superior Court as to the constitutionality of some sections of Bill 101 concerning the language used in legislation and the administration of justice, I asked the Prime Minister (Mr. Trudeau) if he intended to make further representations to all provincial premiers urging them to formally support the linguistic rights of minorities. Obviously, Mr. Speaker, I refer to the linguistic rights of the French minorities outside the province of Quebec and the English minority in Quebec.

In fact, all governments should make every effort to guarantee to all Canadians, wherever they live in Canada, the right to be served in the official language of their choice in the fields of justice, legislation, administration and education.

In his reply, the Prime Minister told me that in September, he had asked all premiers not only to protect the rights of minorities in the education system, but also to include this protection in the Constitution by means of a constitutional amendment. Since my question did not refer only to linguistic rights in education, I take this opportunity to clearly state my views on this issue of great current interest, namely the basic human rights in a new Canada based on respect and tolerance and built on equality, justice and understanding. The only way for the federal government and the provinces to ensure that basic justice will be to agree on an amendment formula safeguarding linguistic rights.

Mr. Speaker, I am very disappointed with the compromise that came out of the premiers' conference held in Montreal last week. After having asserted the right of every child of the English or French minority to be educated in his language, they managed to restrict this right under a second principle which leaves it to the discretion of the provinces to grant that right or not.

I would like to quote these two principles from *Le Devoir* of February 24, 1978. The first one says:

> All children belonging to the French-speaking or English-speaking minority in every province have the right to be educated in their language in elementary and secondary schools where the number of students warrants the establishment of such schools.

The second principle is as follows:

> It is agreed, in view of the exclusive jurisdiction of provincial governments over education and of the important cultural and demographic differences, that each province is free to decide how the provisions preceding paragraph shall be applied.

The provinces, Mr. Speaker, have surrendered before the challenge of language equality in the educational field across Canada. I think they have rejected the only valuable guarantee, the constitutional amendment formula ensuring for ever these rights in the field of education.

After the St. Andrews conference which was held last year and where the bargaining between the provinces embarrassed them, the Montreal conference has now put them to sleep for ever. The agreements of reciprocity proposed by Mr. Lévesque were in fact quite embarrassing after 110 years of inequality in the field of educational rights in all the other provinces of Canada.

● (2202)

Last week we heard the provincial premiers say that for some time yet things will remain more or less like they are now. I said for some time, Mr. Speaker, for I feel that very shortly those premiers will have to make up their mind about the Canadian reality. They will have to understand that the English-speaking minority in Quebec and the French-speaking minority outside Quebec must not be treated like pawns in interprovincial bargainings, but that most Canadians are ever more anxious to see that every Canadian citizen be given the consitutional right to receive his education in the official language of his choice.

The federal government has given its support and will certainly continue to support all great efforts in the field of education in all provinces. I am glad to see that the Secretary of State (Mr. Roberts) is here tonight. I know he has undertaken negotiations to reach agreements with regard to the continuation of programs carried on by his ministry to support the education of official language minority groups and the teaching of the second language. I also know the great needs of groups and the need for additional funds for education. On the other hand, I am convinced that the provinces should be publicly answerable for the way they spend those funds.

In view of the two statements that I have read, Mr. Speaker, from the Montreal conference, I think it is urgent for the government to review entirely its financial contribution to the program relating to the minority language in every provincial jurisdiction. The federal government has no other choice. It must fill the abyss of iniquity the premiers have left open. I also feel it is imperative to change the rules of the game so that from now on the federal government can obtain tangible results for every single dollar invested for the teaching of minority school rights.

● (2207)

Hon. John Roberts (Secretary of State): Mr. Speaker, the hon. member has indeed raised an important issue and I think he is right in emphasizing the importance of the issue of

educational rights. Just like him, I was rather disappointed by the statements made by the premiers last week, because, Mr. Speaker, as he himself indicated, the premiers declaration can be interpreted as an acceptance of the principle of education in the two official languages without any commitment to its implementation. This second principle can be interpreted—and I believe that is the Quebec premier's interpretation—as a supporting bill 101 in the province of Quebec, which, I am sure, is not all in keeping with the views of the premiers of the other provinces.

So just like the hon. member, I am somewhat puzzled by the interpretation which should be given to that statement, and I think like him, that it demonstrates the importance of writing the linguistic rights to education in the official languages into the Constitution, which happen to be the aim of this government. Last September, the Prime Minister (Mr. Trudeau) raised that issue with the premiers and I myself did likewise last November, in discussions I had with the ministers of education. I again raised it also in connection with the charter of linguistic rights of minorities. Just before Christmas, we stressed the importance given at the federal level to the idea that the provinces will agree to exceptions to these very important rights.

As the hon. member already pointed out, there are federal agreements with the provinces for the financial support of second language education and also, what is very important, the education of the minority groups. Since I became Secretary of State, I have been concerned with the implementation of these agreements, because the objectives as well as the criteria are not clearly specified, which makes for an inadequate assessment and accountability of these programs.

I believe that the hon. member has often emphasized, and other members as well, the importance of earmarking during the negotiations the funds to be transferred to the provinces under a formula designed to meet the objectives established in the programs. That is why in the course of my negotiations with the provinces, I hope that we will succeed in specifying certain points especially with regard to the minority language. The hon. member has described a formula, a program, a means to ensure that the moneys used to attain these objectives will actually be used for that purpose. It is not only a mere transfer in principle, a theory calling for the funds to be used for the implementation of just about any objective. The fundamental objectives of these programs means that some kind of support of the minority language education must really be achieved.

These are the negotiations under way. I hope to meet again with the Council of Ministers of Education of Canada in the near future. We will have to negotiate in the hope of reaching before March 1979 a new agreement to last for a period of five years.

[*English*]

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

[Mr. Roberts.]

• (2212)

POWER—NEWFOUNDLAND—FEDERAL ASSISTANCE IN POWER PROJECTS

Mr. John C. Crosbie (St. John's West): Mr. Speaker, on February 21 I asked the Minister of Energy, Mines and Resources (Mr. Gillespie) a question about the Gull Island project. On February 13 to 15 the first ministers of Canada had their great conference. The conference of the "Great Poohbahs" was held in Ottawa. The first ministers' caper was performed before the Canadian public on television. At that conference two specific things in the energy field were promised to the people of Canada. One was that the Gull Island project in Labrador would go ahead; the other was a project in Saskatchewan. The communiqué from the conference was a laugh: it listed another 12 projects that were to be considered for action soon.

That announcement aroused expectations that at last the federal government was moving on a project that had been put before them first in March, 1974. When we got a chance to look at the release issued by the Minister of Energy, Mines and Resources and the premier of Newfoundland, we found that the Gull Island project was not going into full gear immediately but that a corporation was to be set up by the province and the federal government. Further studies were to be done to see whether that or any other project of Labrador, hydro might be economically and technically justifiable.

What nonsense, Mr. Speaker! These studies were done three years ago and the proposal has been before the federal government for two years and five months. The great action to come out of this conference was "further studies". One of the main features of the conference was the Minister of Energy, Mines and Resources performing the greatest bubble act since the south sea bubble of the eighteenth century. Rumours swept the country that he was going to create one million jobs in energy projects. He went on television with his list of some 40 projects to create a million jobs which would put the one million unemployed to work immediately.

One of those projects was the Kitimat oil port and pipeline which was kiboshed several days ago. That shows the transparent dishonesty of that exercise. Another was the Gull Island hydro development and transmission line. The gullible are no longer going to gulp Gillespie. They did not believe this, and it was a lucky thing they did not because there was not an ounce of truth in the whole performance. The Gull Island project is not going ahead, nor are the other 40 projects that were listed. Indeed, some were already started. It was a shocking, transparent attempt to convince people that the government were doing something in the areas of employment and energy, when actually they were not.

The Gull Island project was first proposed to the government in March, 1974. It was a $2.3 billion project to develop 1800 megawatts of hydro power resources on the Lower Churchill River, with a transmission line to the Strait of Belle Isle and a tunnel under the straits to Newfoundland. Newfoundland has no further sources of major hydro power on the

island and is now at the mercy of oil-fired, steam-generated electricity which is very expensive. This project would save importing oil to Newfoundland to be converted to power. It is in the national interest as well as in the provincial interest.

There would be a surplus of power from that development which Newfoundland could not use for ten or fifteen years, which potentially could be sold to Quebec or some other purchaser if Quebec would allow it to be transmitted across the province to customers in the maritimes. The federal government's offer of assistance was much too small. They offered to lend one half of the cost of the transmission line to the project and would allow interest to be capitalized during construction and some other things that would total $343 million out of this $2.3 billion project.

In addition to the paucity of assistance offered by the federal government, the government of Quebec would not agree to buy the surplus power from Newfoundland at a reasonable price, nor allow Newfoundland to transmit it across their territory to other customers. They said, "Sell to us at the price we say, or do not sell at all." And this great Canadian government did nothing about it. They did not offer to use their powers under the BNA Act, section 92(10), to declare a transmission line across Quebec to be a work for the general advantage of Canada. If they had, Quebec could no longer blackmail Newfoundland and prevent the Gull Island project. But the government said that they would not interfere.

But now, with an election coming, on February 15, during a television program, they pretended the Gull Island program is now going ahead. When we look beneath the surface we find nothing but weasel words about further studies, that the federal government is taking equity in a company, and so on. This was the most dishonest television program ever seen in the history of television. The Minister of Energy, Mines and Resources should have been given an enema award instead of an Emmy award.

● (2217)

On February 20 the Secretary of State for External Affairs (Mr. Jamieson), in an interview he gave to the *Evening Telegram,* stated it was a question of how much money can be generated out of the power in Labrador in order to develop power on the island in a less expensive way if possible. In other words, what the minister is suggesting is perhaps they will not divert to Newfoundland any hydro energy generated in Labrador. We will not do that if Labrador power can be sold outside Labrador, and then use the profits to subsidize power on the island of Newfoundland. That is the suggestion made by the Secretary of State for External Affairs.

He went on to say that there is now a re-examination under way of whether or not there has to be a tunnel at all to carry the power from Labrador under the Strait of Belle Isle to Newfoundland. He went on to say he does not think financing will be a problem. Once it is determined where the markets are, where the power is going, "then the financing will flow", he said. What is going to flow from now until the election is over is the Secretary of State for External Affairs: he will flow. The financing.

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

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, it is always a treat for us on this side to listen to the empty polemics of the hon. member for St. John's West (Mr. Crosbie). He has developed a well earned reputation as perhaps one of the noisiest, one of the most boisterous and at times one of the more innovative speakers in this House. He is not a man who has developed a reputation for accuracy, but that is not something that disturbs him. He is interested in projecting a sense of aggressiveness. Indeed, whenever it comes to the question of advancing energy projects, we on this side of the House think that he is far more interested in projecting his own advance, not advancing energy projects in his own province. That has been clear from the beginning.

I remember when he was a minister in the government of Newfoundland, a government which he is now criticizing and which he left because he felt he could advance himself more propitiously in the federal House. I remember that he and his government at that time could not make up their minds whether they wanted to go ahead with the Gull Island project. They had not been successful in getting the province of Quebec to agree to terms they had put forward. When we talked to them about the Gull Island project, an important national asset which we wanted to see advanced, they said "We are not quite ready because we cannot make up our minds whether to go ahead with this now or wait until there has been a settlement in the courts with Quebec".

It is interesting that the premier of Newfoundland has now reached agreement with us on the establishment of a corporation. Now that the premier has lost the counsel, advice and temerity, but not the noise, of the hon. member, he has said yes, he would like to form a corporation with us; he would like the federal government as equity partners. The federal government has said it would like to go ahead on that basis and that a corporation would be the logical first step in moving this massive project forward. The federal government has said that the corporation should be the agent for marketing that power, for assessing the financing of that project and working out plans for constructing and managing it. The hon. member is mostly noise, but those of us on this side of the House have become used to it.

● (2222)

UNEMPLOYMENT INSURANCE—CANADIAN RAILROAD WORKERS EMPLOYED BY UNITED STATES RAILROADS—ENTITLEMENT TO BENEFITS

Mr. Bob Brisco (Kootenay West): Mr. Speaker, on February 13 I asked a question of the minister responsible for unemployment insurance regarding the circumstances of Canadian railroad workers employed by United States railroads who work in Canada. The minister at that time was

unable to respond to my question. I certainly accept the fact that every minister cannot have every answer at the tip of his tongue. However, he then provided me with a follow-up letter which gives me cause for further concern.

It should be noted at the outset that this matter was brought to my attention by a railroad worker in my constituency and only affects seven railroad workers within Kootenay West. They work for the Burlington Northern Railway. These are Canadians working in Canada but subject to U.S. benefits only. If you examine the system across Canada as I have, Mr. Speaker you find there are some 12 U.S. railroads operating in Canada employing some 1,000 Canadian workers.

In responding to the concern that I have regarding the fact that these employees receive U.S. unemployment insurance benefits and not Canadian benefits, and that there are some serious questions that have to be asked about their pension benefits, the minister stated, to quote from his letter:

> The United States Railroad Unemployment Insurance Act predates Canadian unemployment insurance legislation. It was designed specifically to take into account the peculiarities of employment by U.S. railroads. For example, benefits may be paid to workers while legally on strike. Also, the R.R. U.I. Act paid benefits in the event of sickness before sickness benefit was allowed under Canadian U.I.

I accept that Mr. Speaker, but that is in the past. In fact, it is some time in the past and fails to deal with the present. It is the present that I and the railroad workers are concerned about. It is all very well to refer back to 1971 and some Canada-U.S. agreement, but this is 1978, some seven years later, with some very substantial changes in our social system, unemployment insurance benefits and pension plan.

The minister went on to say that the benefit rate under railroad unemployment insurance is 60 per cent of wages up to a maximum of $125 per week, and that this is less than the present maximum of $160 per week under Canadian unemployment insurance benefits. I heartily agree.

He then draws in a red herring dealing with the period of time American workers are covered for sickness benefits compared to Canadian workers. Our period of 16 weeks is realistic. The United States seems to believe that 26 weeks is realistic. That is beside the point. The fact remains that the benefits are totally different in the United States. They receive 60 per cent of wages up to a maximum of $125 per week, whereas we receive $160 per week under Canadian unemployment insurance benefits. The minister went on to say:

> To bring the railway workers now covered by U.S. R.R. U.I. into the Canadian U.I. program could adversely affect those workers. Where, for example, they work partly in the U.S.A. and partly in Canada, only their earnings from employment in Canada could be taken into account in determining the benefit rate. This could have a a depressing effect on the benefit rate.

That is another red herring. I am sure the minister has absolutely no knowledge of how many railroad workers work for American companies in Canada. I am sure he has absolutely no knowledge of how many work on both sides of the U.S. border. I can say there are very few. Therefore, that particular argument carries no weight whatsoever. Finally, the minister says:

● (2227)

> Finally, it might be pointed out that for the above mentioned reasons the United States R.R. U.I. Act was specifically excepted from the U.S.-Canada reciprocal agreement on unemployment insurance.

That was in 1971 and bears no relationship to the situation today.

I should like to make a quick comparison of the pay benefits. Under the CN system the termination benefits are as follows. Up to one year, the contribution is refunded. From zero to 15 years the contribution is refunded with interest. The CP system provides that from zero to five years the contribution is refunded, and from five to 15 years, it is refunded with interest.

In the United States, if an employee has put in ten years he can obtain those benefits; but in the case of a Canadian worker employed for less than ten years those benefits go back to the estate of the railroad worker. Mr. Speaker, there are a lot of railway workers in Canada today who have no idea the pension benefits will accrue to their estates. In effect, they are being denied those benefits.

I object to the present system and I intend to do everything I can to bring about a change through a private member's bill so that Canadian workers receive the Canadian benefits due to them, rather than the lesser U.S. benefits.

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): Mr. Speaker, I have the pleasure of making a reply this evening on behalf of the Minister of Employment and Immigration (Mr. Cullen). It appears to me the minister has already conveyed to the hon. member a great deal of the information which is on hand.

First, it is important that I put the issue into its proper perspective. The United States railroad unemployment insurance act covers only those employees who work for U.S. railroads. It was created as a U.S. federal act, as opposed to individual state unemployment insurance legislation, in order to ensure that employees working for railroads in the U.S. had adequate coverage even though they work in several states or Canada throughout the course of a year.

Canada has a reciprocal agreement with 50 of the states and several U.S. territories in order to ensure satisfactory administration of payment of unemployment insurance benefits from respective programs and to guard against duplication of coverage. This reciprocal agreement explicitly excludes those covered under the U.S. railroad unemployment insurance act for that reason. Also, Mr. Speaker, the R.R. U.I. act paid benefits in the event of sickness before sickness benefit was allowed under the Canadian Unemployment Insurance Act. The benefit rate under R.R. U.I. is 60 per cent of wages up to a maximum of $125 per week, but these payments are not taxable under U.S. law. This may be slightly less than the present maximum of the taxable $160 per week under Canadian Unemployment Insurance, depending on the income tax position of the recipient. However, benefit duration both for sickness and shortage of work is 26 weeks, with the possibility of a further 26 weeks of extended benefit under U.S. law. It is

noteworthy that Canadian unemployment insurance benefit for sickness is limited to 15 weeks. I think that is an important point.

To bring railway workers now covered by U.S. R.R. U.I. into the Canadian program could adversely affect those workers. Where, for example, they work partly in the U.S.A. and partly in Canada, only their earnings from employment in Canada could be taken into account in determining the benefit rate and duration. This could have a depressing effect on the benefit rate and might in some cases result in individuals failing to qualify for benefits under either U.S. railroad or Canadian law.

For the foregoing reasons, Mr. Speaker, I do not believe we should undertake to change the existing reciprocal arrangements. The potential good that might result for a few individuals would be far outweighed by the harm that would be caused to the majority who work for U.S. railroads in Canada.

Finally, I can assure the hon. member that I will be glad to see that his additional points are drawn to the attention of the minister. Coming from a border constituency, as I do, I have a large number of railway workers in my riding who work on Canadian engines and trains travelling in the United States as well as a great many who work for United States railroads coming into Canada. I am quite prepared, as I say, to draw his additional comments to the minister's attention.

● (2232)

The Acting Speaker (Mr. Turner): Order, please. The motion to adjourn the House is now deemed to have been adopted. Accordingly, this House stands adjourned until tomorrow at 2 p.m.

Motion agreed to and the House adjourned at 10.31 p.m.

HOUSE OF COMMONS

Wednesday, March 1, 1978

The House met at 2 p.m.

● (1407)

ROUTINE PROCEEDINGS

[*English*]

EXTERNAL AFFAIRS

PROTEST AGAINST SOVIET TREATMENT OF CERTAIN NATIONALS—MOTION UNDER S.O. 43

Mr. Steven E. Paproski (Edmonton Centre): Mr. Speaker, I rise under the provisions of Standing Order 43. My motion concerns the over 30 years that the peoples of Latvia, Estonia and Lithuania have been victims of Soviet imperialism. In view of the fact, despite the rhetoric of detente, that hundreds of thousands of individuals are today the victims of Soviet political concentration camps, I move, seconded by the hon. member for Grenville-Carleton (Mr. Baker):

That this House condemns Soviet aggression and, further, that this House supports the legitimate aspirations of the Latvian, Estonian and Lithuanian peoples for the freedoms which ought to be the birthright of every human being.

Some hon. Members: Hear, hear!

Mr. Speaker: Presentation of such a motion for discussion, pursuant to the provisions of Standing Order 43, can be done only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

NATIONAL UNITY

SUGGESTION PRIME MINISTER REFRAIN FROM MAKING STATEMENTS ON SEPARATISM, ETC.—MOTION UNDER S.O. 43

Mr. Stan Schellenberger (Wetaskiwin): Mr. Speaker, I rise on a matter of urgent and pressing necessity pursuant to the provisions of Standing Order 43. Since the Prime Minister's recent declarations that the opening of mail caused the apprehension of a terrorist, and his further assurances in respect of the bugging of offices of members of parliament during his term of office are, to put it charitably, now open to question, and keeping in mind that on various occasions he has assured the country that separatism is dead, unemployment licked and inflation wrestled to the ground, I move, seconded by the hon. member for Red Deer (Mr. Towers):

That the Prime Minister refrain from any further predictions or assurances and continues the only role at which he seems to have any success—as chief Liberal "snollygoster".

Mr. Speaker: Order, please.

* * *

THE CANADIAN ECONOMY

ALLEGED MISLEADING STATEMENTS BY MINISTER OF FINANCE—MOTION UNDER S.O. 43

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise to move a motion under Standing Order 43 regarding a specific and important matter. The Minister of Finance, in Montreal in a speech to the Canadian Club, stated: "The fundamental news at this time, of course, is that Canada's economic recovery is gaining momentum". He also said: "Economic growth in the fourth quarter of 1977 was at or above the long-term potential rate for the economy". Finally, he said: "The outlook for investment is improving". The Statistics Canada report issued on Friday, and the one yesterday, contradict everything the minister said. Therefore, I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

In view of the fact that the minister's department received this information from Statistics Canada well before he gave his speech in Montreal, that this House of Commons condemns the Minister of Finance for his deliberately misleading and erroneous statements on the Canadian economy.

Mr. Speaker: Presentation of this motion requires the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*Translation*]

TRADE

REQUESTED INCREASE IN TARIFFS ON TEXTILES—MOTION UNDER S.O. 43

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, I rise under the provisions of Standing Order 43 and I ask for the unanimous consent of the House to present a motion dealing with a matter of utmost importance and urgency.

Since the textile industry in Canada is in a very delicate situation due to lack of strict controls over imports, and since this forces companies to cut down considerably on production, which leads to many workers being laid off, especially in the

province of Quebec, I move, seconded by the hon. member for Abitibi (Mr. Laprise):

That the House recommend that the import tariffs be increased in order at least to save what is left of this important industry.

Mr. Speaker: Order. The House has heard the hon. member's motion. Pursuant to the provisions of Standing Order 43, such a motion can be debated only with the unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

[*English*]

GOVERNMENT ADMINISTRATION

CIRCULATION OF ALLEGED LIBELLOUS DOCUMENT DURING LIBERAL CONVENTION—MOTION UNDER S.O. 43

Mr. Erik Nielsen (Yukon): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. My motion concerns a document which was circulated by the Liberal party at its recent convention, misrepresenting the achievements of the Minister of Transport, among others. For example, this document describes the minister as a "road" scholar—that is spelled r-o-a-d—when it is well known that his special field is really government jet transport. Also, the document depicts the minister's brother-in-law as smiling, when he stated in the *Canadian Magazine* that he had not smiled for seven years. Goodness knows, he had no reason to. Therefore, I move, seconded by the hon. member for Provencher (Mr. Epp):

That the minister make a statement on motions as to whether he will follow his past practice of personal and legal action to prevent the publication of this apparently libellous tract in the province of Saskatchewan against Liberal candidates in that province who have either worked for or are related to the minister.

Mr. Speaker: Order, please.

* * *

NATIONAL SECURITY

CONDEMNATION OF GOVERNMENT PRACTICES WHICH BREACH PRIVACY—MOTION UNDER S.O. 43

Mr. Tom Cossitt (Leeds): Mr. Speaker, I rise under the provisions of Standing Order 43—

Some hon. Members: No.

Mr. Cossitt: —with regard to statements made by the attorney general of Ontario indicating that the RCMP obtained illegally confidential psychiatric information on individuals from the Ontario Health Insurance Plan, and that the RCMP were acting under direct orders of the federal government, made by certain federal departments. I move, seconded by the hon. member for Hastings (Mr. Ellis):

[Mr. Lambert (Bellechasse).]

That the House condemns this serious invasion of privacy for which the ultimate blame rests with the government, and not the RCMP who were acting under deplorable government orders; that the Prime Minister order the Solicitor General to immediately release the names of the government departments and any cabinet ministers involved and what steps are being taken to prevent any recurrence of such incidents; and, finally, whether or not any provinces other than Ontario have been involved by the government in this despicable, disgraceful and disreputable political conduct.

Mr. Speaker: Presentation of such a motion requires unanimous consent of the House. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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● (1412)

ENVIRONMENTAL AFFAIRS

CALL FOR WITHDRAWAL OF SPRUCE BUDWORM SPRAYING PROGRAM—MOTION UNDER S.O. 43

Mr. Andy Hogan (Cape Breton-East Richmond): Mr. Speaker, I rise on a matter of urgent and pressing necessity. In view of the fact that a ten year-old child from outside Saint John, New Brunswick, was flown to Halifax on Sunday for treatment of a confirmed case of Reye's syndrome, a disease linked to the spruce budworm spraying program, in view of the fact that this is the thirteenth confirmed case of the disease since 1968, which has resulted in at least five deaths, and in view of the fact that the Minister of State for the Environment (Mr. Marchand) has not used the powers of this department to control provincial agencies which are continuing to spray, I move, seconded by the hon. member for Brant (Mr. Blackburn):

That the minister make an unequivocal withdrawal of his department's indirect support for aerial spraying as started on December 13, 1977, and restated yesterday in an ATV interview.

Mr. Speaker: Such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

FEDERAL-PROVINCIAL RELATIONS

REQUESTED DISMISSAL OF MINISTER FOR TELLING RACIST JOKE—MOTION UNDER S.O. 43

Mr. John C. Crosbie (St. John's West): Mr. Speaker, I rise on a matter of urgent and pressing necessity under the provisions of Standing Order 43. In view of the sensitive nature of the task of the Minister of State for Federal-Provincial Relations (Mr. Lalonde) involving understanding of the regions of Canada and awareness of the feelings of people in all areas of Canada, and in view of the insensitive and racially motivated "Newfie" joke told by the minister for the supposed amuse-

ment of the readers of the *Maclean's* magazine of February 6, properly entitled, "Marc Lalonde: Wrong Man, Wrong Place, Wrong Time", I move, seconded by the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall):

That this House regrets the insensitive and insulting racial joke of the minister, advises the minister that he is next to go, and calls on the Prime Minister for dismissal of the minister and for disavowal of the gauche, ignorant and arrogant remarks of the minister who hopefully will be known as "Marc Lashort" as a result of his brief tenure as federal-provincial relations minister.

Mr. Speaker: Such a motion can be presented for debate only with unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Some hon. Members: No.

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ENVIRONMENTAL AFFAIRS

LAKE ONTARIO—GOVERNMENT ACTION TO PROTECT SHORELINE—MOTION UNDER S.O. 43

Mr. J. R. Ellis (Hastings): Mr. Speaker, I rise, under the provisions of Standing Order 43, on a matter of urgent and pressing necessity. Given the fact that record high levels of water in the Great Lakes have been extremely destructive this year and have already been the cause of much damage to public property and the cause of much hardship to private property owners surrounding Lake Ontario and the Bay of Quinte, the fact that these levels are being maintained at such a high level by artificial means in order that an extra kilowatt or two might be squeezed out, and in order to keep Lake Ontario as deep as possible for shipping, I move, seconded by the hon. member for Prince Edward-Hastings (Mr. Hees):

That the Minister of State for the Environment be directed to act immediately through the St. Lawrence Seaway authority to develop a plan for shoreline protection and beach erosion control along Lake Ontario and report on such plan to this House as soon as possible.

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

Some hon. Members: Agreed.

Some hon. Members: No.

* * *

GRAIN

REQUESTED STUDY OF GRAIN HANDLING PRACTICES—MOTION UNDER S.O. 43

Mr. Gordon Towers (Red Deer): Mr. Speaker, I rise, under the provisions of Standing Order 43, to raise an urgent matter. In view of the fact that the export of grain is so important to counteract Canada's balance of trade deficit, as well as being vital to the economy of western Canada, in view of the fact that 20 vessels are now waiting to be loaded at the port of Vancouver, resulting in mounting demurrage charges, and in

view of the fact that apparently a Canadian Wheat Board delegation had to go to Japan to improve relations with that country because of uncertainty of delivery and loading ability, I move, seconded by the hon. member for Wetaskiwin (Mr. Schellenberger):

That the entire matter of sales and loading of grain be immediately referred to the Standing Committee on Agriculture.

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

Some hon. Members: Agreed.

Some hon. Members: No.

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HOUSE OF COMMONS

PRESENCE IN GALLERY OF EASTER SEAL TIMMIES

Mr. Speaker: Before beginning the oral question period, I know all hon. members would want to join me in recalling the fact that as we roll around each year to Eastertime, we think immediately of the Easter Seal campaign and of the symbol of the Easter Seal, Timmy, who has been representative of that campaign in such a successful way in the past.

• (1417)

This year, we are happy that present in our gallery are the Easter Seal symbols, in the plural. I say that with emphasis, because this year the Easter Seal Timmy is not one, but two—twins from Hamilton, Ontario—Peter and Paul Settle. I am sure they will carry on the very successful tradition of the Easter Seal symbol for a very successful compaign in 1978.

Some hon. Members: Hear, hear!

* * *

VACANCY

Mr. Speaker: I have the honour to inform the House that I have received a communication notifying me that a vacancy has occurred in the representation, namely, the Hon. Donald S. Macdonald, P.C., member for the electoral district of Rosedale, by resignation.

Accordingly, I have addressed my warrant to the Chief Electoral Officer for the issue of a new writ of election for the said electoral district.

Oral Questions

ORAL QUESTION PERIOD

[*English*]

THE CANADIAN ECONOMY

INSTITUTION OF EMPLOYMENT TAX CREDIT PROGRAM

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, my question is to the Minister of Finance. The minister will recall that after he was finally able to introduce into the House of Commons his employment tax credit legislation, he said to me on January 25 that the program "will be in place by March 1". Today is March 1. I would like to ask the minister when Canadians who want to take advantage of that program will be able to do so.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the program is not ready as yet. I understand that the Minister of Employment and Immigration is working on it. We hope it will be introduced in the next few weeks.

Mr. Clark: Mr. Speaker, the Minister of Finance could not get this matter into the House when he should have brought it in: he delayed it two or three months. He gave us a clear undertaking that the program would be in place by March 1. Canadians who are looking for this program to help create jobs in this country have a right to know when it will be in effect. Will the Minister of Finance or the Minister of Employment and Immigration tell us whether the administrative arrangements are in place, and give us a date we can count on for the implementation of that program?

Mr. Chrétien: Mr. Speaker, I said that the program will be in place this month. The administration of it will be under my colleague, the Minister of Employment and Immigration. I will inquire and report to the House as soon as I have spoken to him.

INTRODUCTION OF AMENDMENTS TO BANK ACT

Mr. Joe Clark (Leader of the Opposition): Mr. Speaker, I have a further question relating to delays on the part of the Minister of Finance. Yesterday's figures indicate that domestic growth in Canada is at a rate dramatically lower than the minister predicted. That is, in part, due to uncertainty about the Bank Act. Nearly four years ago my colleague, the hon. member for Edmonton West, first raised the question as to when the government would begin the review of the Bank Act. When will the House of Commons see the new Bank Act?

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, the House will consider the bill dealing with the revision of the Bank Act as soon as the government is through drafting it. The bill is still at the Department of Justice and has not yet been approved by the government.

[Mr. Speaker.]

[*English*]

Mr. Clark: Just as with the employment tax credit, this minister cannot get Bank Act legislation through the bureaucracy. Canadians who want to know what is going to be the shape of economic policy have a right to see the legislation as quickly as possible. I do not want the excuse from the minister that the legislation is tied up in some of the departments. It is his responsibility, not that of the Minister of Justice. Can the minister give us a firm undertaking that the new Bank Act will be presented to the House of Commons before we rise for the Easter recess?

Mr. Chrétien: Mr. Speaker, I hope so, but I cannot guarantee that, because the bill is not yet ready.

FORECASTS OF ECONOMIC RECOVERY—APPARENT DISCREPANCIES

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, my question is for the Minister of Finance, who seems to be entangled with the bureaucracy. The minister assured the nation, in Montreal on Monday, that the long-term potential for the country is still good. To use his words: "We are going into the new year from a strong basis of real growth". On Tuesday, the minister's comments were refuted by Statistics Canada figures which indicated that domestic demand in this country was actually negative in the final quarter. Would the minister indicate how he could be so wrong within a day of the actual figures being published, or are we to believe that he is simply dealing in rhetoric and hoping that people will not compare his rhetoric to the facts?

• (1422)

[*Translation*]

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, as I stated yesterday, I am somewhat disappointed by the economic growth of Canada for the third quarter. However the economic growth for the second half of 1977 in terms of real growth was 4.3 per cent which is a fairly reasonable performance. Perhaps it was not as good as I would have hoped, Mr. Speaker, but I state the facts as they are, and Canada's economic performance for 1977, as compiled by Statistics Canada, ranked third, after Japan and the U.S., which puts us ahead of all other industrialized western countries.

[*English*]

Mr. Stevens: A final supplementary question, Mr. Speaker. The Minister of Finance admits that he is disappointed with the figures released yesterday. In view of the disappointing year of 1977, which augurs poorly for 1978, would the minister at least reconsider his position of not giving the Canadian taxpayer a break through new legislation in the form of tax credits, bearing in mind that on average this month the Canadian taxpayer will start paying $50 per month more than he paid in February or January?

Mr. Chrétien: Mr. Speaker, the taxpayers of Canada received a tax break of $100 in the last two months. That was a very stimulative policy and cost the treasury more than $700 million. I am amazed that the hon. member, who is always complaining that we are running too large a deficit, now suggests we should run an even larger deficit.

INVESTMENT IN CANADA

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, my question is to the Minister of Finance. In a speech made in Montreal two days ago, he said that the outlook for investment was improving and, with reference to the last quarter of 1977, that we were beginning this year "from a strong base of real growth." Figures released by Statistics Canada yesterday and on Friday not only put a different emphasis on this matter but flatly contradict what the minister said in his speech.

Considering that his department have had the correct figures from Statistics Canada for at least a week, as the Prime Minister indicated in the House, why is the minister deliberately misinforming the people of Canada about the real situation?

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I have not misled anybody. I checked the text of that speech carefully with my officials. I think the performance of the Canadian economy in the second half of 1977 was very strong compared with that of most other nations. I do not think a base of 4.3 per cent real growth is a weak base.

Mr. Broadbent: A supplementary question, Mr. Speaker. Figures produced by Statistics Canada show the net decline in investment in the last quarter running at an annual rate of 10.8 per cent. How can the minister possibly say that we are starting from a strong base of real growth when there is this decline in investment? When is the minister going to start speaking frankly, because the people of Canada want to hear the truth? When will he stop misleading the people and bring in programs to clear up the situation?

Mr. Chrétien: Mr. Speaker, I said there is some strength that I have seen in the economy. For example, in the last quarter there was a strong increase in the surplus of exports from the Canadian economy, but the demand at home was too weak. Through the measures we introduced last fall, we have given private citizens more than $2 billion in stimulus for 1978, including the $100 they received in January and February. In December, we passed measures, which came before the House last spring, to stimulate the corporate sector. All those elements led me to say—and I still believe it—that we will have a real growth of 5 per cent in 1978.

Mr. Broadbent: A final supplementary question, Mr. Speaker. Of course, the minister did not answer the question I asked, but in his answer he acknowledged that domestic demand was not as great as he had hoped. In other words, the mini-budget of last fall and the budget of last spring failed. Domestic demand is not there to stimulate the manufacturing sector, which is operating at only 80 per cent capacity. Can the minister assure the House now that he will take corrective action before Easter, and announce tax cuts, instead of saving such matters for an election campaign after Easter?

● (1427)

Mr. Chrétien: Mr. Speaker, the most fundamental problem we face is that people must have confidence in the economy. The doom and gloom approach—

Mr. Stevens: How can we, with you?

Mr. Chrétien: The approach the opposition has is not helpful. On top of that, the tax cut which I proposed came into effect January 1, 1978, and the hon. member refers to statistics that are previous to that date.

* * *

[*Translation*]

TRADE

TEXTILES—INQUIRY WHETHER GOVERNMENT RECEIVED INDUSTRY REPRESENTATIONS RESPECTING TARIFFS

Mr. Adrien Lambert (Bellechasse): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce. In view of the fact that the textile industry in Canada, and especially in the province of Quebec, is going through extremely rough times for lack of control over imports, could the minister tell the House if he has received from the Canadian Textile Institute representations urging Canada to object to lower tariffs in order to adequately protect the Canadian textile industry?

[*English*]

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I want to assure the House that the Quebec caucus is keeping me up to date on events in the textile industry. In answer to the hon. member's question, I would like to inform him and the House that textile imports for 1977 were 1 per cent less than those in 1975. It is encouraging to note that in the recent report of Statistics Canada to the nation, investments were up considerably in the textile industry as at the beginning of this year.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I wish to thank the minister for informing us that the Quebec Liberal caucus is looking into this matter. But if that is the case, the last part of his answer is not quite factual. If the caucus is looking into the matter, it is because something is wrong. I would like to ask the minister seriously if he intends to recommend that Canada agree to lower its tariffs according to the Swiss formula, which would have a disastrous effect on our industry? Can he assure our industries that there will be no tariff reduction?

[*English*]

Mr. Horner: Mr. Speaker, I would like to assure the House that the multilateral trade negotiations respecting the Swiss formula of a 40 per cent cut represents merely a weighted average. In some instances one might grant a higher percentage, and in others a lower percentage. If one looks at the manufacturing sector paper which my department put out, one can see the four or five specific industries in which imports have made the greatest inroad into our domestic production. Textiles is one of those industries. It would be logical to assume that our negotiators would argue strongly for a much lower reduction than the Swiss weighted average formula of 40 per cent.

Mr. Stevens: Where does the logic come in?

Mr. Horner: With regard to the textile industry, investment, which is not large, in Canada is up something like 23.6 per cent this year.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, I should like to put a supplementary question.

Considering the importance of the matter and the fact that there is a Textile and Clothing Board which is specifically there to advise regularly the minister about the conditions, has the board asked the government not to reduce tariffs on imports, especially on textiles?

[*English*]

Mr. Horner: Mr. Speaker, the Textile and Clothing Board has kept me informed of their wishes and of the progress in the industry. I would inform the hon. member that I intend to table a report on motions this afternoon with regard to textiles and handbags.

* * *

● (1432)

ENERGY

AECL ENFORCEMENT OF EISENBERG CONTRACT

Mr. David MacDonald (Egmont): Mr. Speaker, my question is for the Minister of Energy, Mines and Resources: it arises out of the disturbing remarks yesterday of the chairman of Atomic Energy of Canada Limited. I am sure the minister is well aware of them. Since the chairman of AECL states that he does not know whether Mr. Shaul Eisenberg will perform his agent's services—which is a different opinion from the one he expressed before the public accounts committee last November 17, when he said, "I fully expect the services to be rendered over the six or seven-year period"—and since the minister gave his personal authorization to the renegotiation of this contract by Mr. Campbell, what steps has the minister taken to ensure contract compliance? Also, has he asked Mr. Campbell for an explanation as to why AECL, in particular, would not attempt to enforce such a contract?

[Mr. Lambert (Bellechasse).]

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Mr. Speaker, I think the chairman made it quite clear that AECL is going to insist upon enforcement of the contract because it is not satisfied with invoices that were submitted to it nearly two years ago with regard to post-contract services. The corporation rejected, and did not pay, that invoice; nor has it received any other invoice. I can only assume that the agent has received the message that he will have to provide much better accountability for these invoices in future.

Mr. MacDonald (Egmont): In light of the contradiction between the minister's statements today and Mr. Campbell's statement yesterday, is Mr. Campbell going to introduce another statement today contradicting his statement of yesterday but agreeing with the statement of November 17? Will the minister indicate why he approved the kind of open-ended financial commitment that was made in the renegotiated contract—a financial commitment that has cost the taxpayers of this country well over $15 million already? Can he offer any assurance that services are being performed by Mr. Eisenberg, in light of the fact that the one document that has been submitted was rejected by AECL? What can he give by way of assurance that any aspect of service is being performed by Mr. Eisenberg in spite of the further payment of $2 million that has been made?

Mr. Gillespie: Mr. Speaker, the chairman made it clear yesterday that he is seeking an undertaking from the agent on that point.

Mr. MacDonald (Egmont): It is obvious that the minister is in no position to answer. It is incredible that the situation has been allowed to drag on for so long. In addition to the more than $15 million that has already been paid to Mr. Eisenberg—for which, according to the Auditor General, and now the public accounts committee, no satisfactory accounting has been made—is the minister still going to permit a further payment of more than $3 million as agreed to by himself and Mr. Campbell without any adequate means of ensuring contract compliance? Are we going to see further expenditure of public funds simply frittered away on this very bad agreement made by the minister and Mr. Campbell?

Mr. Gillespie: Mr. Speaker, the hon. member is flogging an issue here in which he took no interest before. He was not a member of the committee. He has suddenly surfaced as a person who is interested in a subject which engaged the attention of many other members during this period. I suspect that if he had looked at the issues, I would not have to remind him once again that no payment has been made on the post-services contract. I do not know how many times I will have to repeat that for his benefit. If he likes, I will repeat it once more: the post-services contract could be as much as $5 million. No payment was made; the invoice was rejected.

CANADIAN WHEAT BOARD

REASON FOR DELEGATION'S VISIT TO JAPAN

Mr. Gordon Towers (Red Deer): Mr. Speaker, my question is for the minister in charge of the Wheat Board. What issue or situation made it necessary for a Canadian Wheat Board delegation to travel to Japan to smooth out difficulties?

Hon. Otto E. Lang (Minister of Transport): Mr. Speaker, the trip by the Canadian Wheat Board commissioners was not simply to smooth out difficulties; it was part of the ongoing, very close relationship between the Wheat Board and the buyers of grain in Japan, where we once again have sold a very large quantity of wheat and barley for this year.

Mr. Towers: With modern technical facilities at its disposal, the Canadian Wheat Board can locate every boxcar of grain in western Canada. Why does the board not know the date of arrival of grain vessels and the type of grain to be loaded, so that west coast grain exports are not held up as much as they are at the present time, with 20 boats waiting there?

Mr. Speaker: With all due respect, I cannot see the connection between the previous question and this one as a supplementary.

* * *

NATIONAL REVENUE

IMPORTATION OF MAGAZINES ENCOURAGING USE OF NARCOTICS—JUSTIFICATION OF GOVERNMENT

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I would like to ask a question of the Minister of National Revenue: it arises out of magazines sent to me by the Calgary police force. The three magazines are entitled *High Times*, *Rush* and *Head*. They deal with such matters as paraphernalia and equipment for the smoking of marijuana, growing it, importing it, using it, and they also encourage the use of LSD and hard drugs.

How can the minister justify these and other magazines coming from New York and other places in the United States, in light of the regulations which govern Customs with reference to the importation of these kinds of periodicals which counsel crime and are against the Criminal Code of Canada? Under the Narcotic Control Act, if young persons are caught importing marijuana, they can receive a sentence of seven years imprisonment.

Hon. Joseph-Philippe Guay (Minister of National Revenue): Mr. Speaker, many items come into this country, such as narcotics, which customs officers do not even see. The hon. member knows that. Municipal and provincial governments have the right to license those who sell magazines—municipal governments in particular. They can control this by the simple fact that if these people do not do what the municipalities want them to do, they can take away their licence. They can do away with sex shops and newsstands, if they wish.

I do not understand why the hon. member insists on putting the entire blame on Revenue Canada, or the government of Canada, when this situation can be controlled at the local level. Many magazines are not allowed into Canada, specifically those the hon. member has mentioned. I will be interested in continuing discussion on this matter with the hon. member. I will follow up this question and give an answer with regard to the magazines the hon. member has mentioned.

* * *

ADMINISTRATION OF JUSTICE

INVESTIGATION INTO LEGALITY OF IMPORTATION OF MAGAZINES ENCOURAGING USE OF NARCOTICS

Mr. Eldon M. Woolliams (Calgary North): Mr. Speaker, I wish to follow up this matter by asking the Minister of Justice a question. The Minister of National Revenue talked about the right of municipalities to issue licences to those selling these magazines. I am speaking of breaking the law by counselling crime. I am at a loss to understand his answer. Will the Minister of Justice, as the chief law officer of Canada, recommend to the provincial attorneys general that this matter be investigated? By permitting these magazines to be picked up by young people, the law is being broken. The Minister of Justice could walk into any police court in Canada on any day of the week, and he would find 25 or 30 people charged with offences such as those encouraged in these periodicals. In addition to recommending to the provincial attorneys general that these periodicals be investigated, will the minister recommend that charges be laid against the distributors, if he cannot get hold of the creators of this type of crime?

Hon. Ron Basford (Minister of Justice): Mr. Speaker, I do not know which magazines the hon. member has in his possession. If he will give them to me, I will be happy to consider them. I know that some magazines which seem to promote the use of pot have been the subject of investigation by the attorneys general. Whether these three magazines fall within that category, I do not know. If the hon. member will give them to me, I will be happy to refer them to the attorneys general.

* * *

COMMUNICATIONS

REQUEST GOVERNMENT LIMIT MONOPOLY OF BELL CANADA THROUGH RATE REDUCTION

Mr. Peter Stollery (Spadina): Mr. Speaker, my question is for the Minister of Communications. Its recent application before the CRTC for a 20 per cent increase suggests that the Bell Canada monopoly of the Canadian telecommunications and telephone system is stifling fair competition and driving up prices. Will the government consider limiting these monopolistic prices, and will it act to declare telephone and transmission lines as public utilities and mediums serviced and operated by a private operation?

Hon. Jeanne Sauvé (Minister of Communications): Mr. Speaker, these are considered public utilities. This is the reason they operate under the very severe regulations of the CRTC. The application presently before the CRTC will, I believe, be heard in the course of the next month. As I understand it, there will be five weeks of public hearings on the merits of the application. I have full confidence that the CRTC is fully equipped to deal with such a request.

* * *

● (1442)

TRADE

NEGOTIATION OF INTERNATIONAL WHEAT AGREEMENT TO BENEFIT PRODUCERS

Right Hon. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I have a question for the Minister of Industry, Trade and Commerce. It has nothing to do with freight rates, railroads or those other matters which ordinarily come under the jurisdiction of the Minister of Transport and which, apparently, the Minister of Industry, Trade and Commerce has now taken over as his own—at any rate as far as the prairie provinces are concerned. Of the utmost importance and concern to those provinces is the International Wheat Agreement.

In view of the comparatively low prices for products such as wheat, the tremendous interest rate and the fantastic price which has to be paid for implements, agriculture is in a serious position. Is it a fact, as stated in certain specialized sections of the American press, that practically every impediment—if not every impediment—or roadblock in the way of the International Wheat Agreement has been swept aside by reason of the United States agreeing generally to the need for one, and also to the price? Would the minister say whether he is optimistic that on the basis of the present situation the farm population and, indeed, the nation as a whole, may look forward to an early completion of the discussions in Geneva and to an International Wheat Agreement which will bring some hope to our farmers?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, I should like to thank the right hon. gentleman for that question. As he knows, I am deeply concerned about the price of grain.

Some hon. Members: Hear, hear!

Mr. Horner: My department is watching closely the talks which are going on at this moment in Geneva. An attempt is being made there to set up what might be called a reserve or buffer stock which could be drawn upon when the trigger price is activated. What that price will be, and the amount going into the reserve stock, are matters still under negotiation. The United States appears to be working very hard on this occasion to set up a new agreement. We are certainly co-operating with them, but we intend to watch carefully both the price and the amount going into this buffer stock, as well as the amount of stock withdrawn from it, since these questions are of vital importance to western Canada.

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FISHERIES

REQUEST FOR CLOSING OF RIVER SYSTEMS CONTAMINATED BY MERCURY

Mr. Cyril Symes (Sault Ste. Marie): Mr. Speaker, my question is for the Minister of Fisheries. Yesterday, as reported at page 3290 of *Hansard*, the minister stated that his colleague, the Minister of National Health and Welfare, had been misquoted when she said she would ask him to close the English-Wabigoon River system on account of mercury contamination there. I now have a transcript of the hon. lady's interview, which was recorded on tape. Asked whether the closure of the river system was a dead issue, she stated:

> It is not, and I am ready to write again to my colleague, the Minister of Fisheries, who has the final authority to close the river system to sport fishing—

In view of that statement, will the minister now make a commitment to recognize the request of his cabinet colleague and close this polluted river system?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): I thank the hon. member for raising this question. I was hoping that while I was on my feet for another purpose, I might be able to correct the record. We checked with the minister's office—the minister herself was out of town—and were informed she had intended to say "the provincial minister". However, this was not the case; it was to me she intended to direct the request. I hereby correct the record and apologize to the hon. member and to the House for having made the statement I did.

As to the substance of the issue, it is obvious that the province of Ontario administers the inland water fishery. This was the situation for many years before I became minister. We proclaim, by order in council, the changes in the regulations which are requested. If we were to close the river system, we would have no way of enforcing such closure. We do not carry out conservation work; we only do inspection work. So the only effective way in which that system could be closed would be by the provincial authorities, who would then assign protection officiers to the area. I might add that there is no commercial fishing going on, and the inspection branch of my department has prohibited the sale of fish taken from the rivers concerned.

Mr. Symes: Mr. Speaker, I do not know how the minister can stand with a clear conscience and try once again to pass the buck on an issue which has been with us for eight years, especially since the health and safety of a great many people is involved. The hon. gentleman's officials admitted in committee that the federal government has power to close the river to sports fishing, unilaterally. If that action had been taken, I believe we would have been able to devise a policing mechanism. In my opinion, the minister has done nothing more than set up another straw man. Let him close the river—which he

has power to do—as has been requested by the native people for eight years, and then we shall see if we can get the closure policed effectively by the federal government.

Mr. LeBlanc (Westmorland-Kent): I recognize at once that the Fisheries Act takes precedence over provincial regulations.

Mr. Symes: Then do it.

Mr. LeBlanc (Westmorland-Kent): If the hon. member wants the federal government to aassume jurisdiction over inland waters, that is the way to proceed. But it would be a total fraud to pretend to close a fishery if we cannot enforce the closure. Some of the hon. member's friends sit in the Ontario legislature. I suggest they might be the ones to approach on this matter, because that is where the responsibility lies.

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NATIONAL SECURITY

SEIZURE OF CONFIDENTIAL FILES BY RCMP—DEPARTMENTS INVOLVED

Mr. Bill Jarvis (Perth-Wilmot): Mr. Speaker, I wish to address a question to the Solicitor General, who I am sure is aware that the Ontario legislature has been informed that confidential medical files of a psychiatric nature were obtained in at least two cases, and that these files were secured at the direction of two federal departments. Would the minister tell us which departments these were, and under whose authorization, in each case, the action was taken?

Hon. J.-J. Blais (Solicitor General): I am aware of the statement which was made in the legislature. That statement was based upon information which was received from the RCMP pursuant to a letter issued by the Acting Commanding Officer of the RCMP of the Ontario region. I may tell the hon. member that no directions were given on the part of any department of government to obtain the information in the way in which it was obtained.

Mr. Jarvis: Then am I to assume that the particular officer was lying or misleading the attorney general of Ontario; or, in the alternative, if it was not by reason of a direct command by a federal department, was the securing of those two psychiatric files carried out with the knowledge of two federal departments? If that is the case, I again ask: Which federal departments?

Mr. Blais: The information was obtained as a result of the activities conducted by the RCMP security service in obtaining security clearance of federal civil servants. In obtaining such clearance, information is sought on matters relating to mental stability. That, indeed, was the direction which was given to the RCMP when obtaining clearance: the aspect of mental stability would be taken into consideration.

Mr. Jarvis: Would the Solicitor General tell us whether at least one or, likely, two federal departments knew that confidential psychiatric information was being obtained so that they might benefit in terms of assessing the potential of staff for promotion? Who knew about it, which department, and under whose authorization was this? Surely the Solicitor General cannot avoid answering that question if he has any integrity at all.

● (1452)

Mr. Blais: Mr. Speaker, I am not attempting to avoid the question. The question is quite clear and the reply is quite clear. There was no specific direction from any government department.

Mr. Jarvis: Did they know about it?

Mr. Blais: Mr. Speaker, at this time I have no indication that there was any knowledge in the department that information was obtained from OHIP files. I am simply addressing myself to the question that was initially asked relating to the statement in the legislature, that is, the statement which referred to express directions from two federal departments. I say there was no direction from any federal department.

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PUBLIC WORKS

PRACTICE FOLLOWED IN CALL FOR TENDERS

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I believe this question should be directed to the President of the Treasury Board, who is responsible for government finances. It concerns a practice being followed by the Department of Public Works. When the Department of Public Works puts out a call for tenders for the construction of federal buildings in certain areas of Canada, there is attached to that call a stipulation in respect of the minimum hourly wage that must be paid by persons replying to the call for tender. In cases that I am aware of, the minimum wage stipulated is much above what is being paid in the area. I believe the information is supposed to come from the Department of Labour.

I ask the minister if he would have the department discontinue this practice, or make sure that the information obtained from the Department of Labour is much more accurate, so it does not disrupt wage patterns in certain areas and, more importantly, does not provide the fiscal irresponsibility that a program such as this smells of.

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, if the hon. member can give me specific instances, I will certainly look into them. I am not aware of the situation he describes.

[*Translation*]

OFFICIAL LANGUAGES

SUGGESTED CONSTITUTIONAL AMENDMENT RESPECTING LANGUAGE RIGHTS IN TEACHING

Mr. Roch La Salle (Joliette): Mr. Speaker, my question is for the right hon. Prime Minister. As the premiers gathered in Montreal last week have recognized the principle of free access for everyone to French and English education according to their mother tongue, when the number of children justifies it, which the Minister of State responsible for federal-provincial relations described as significant progress, and as the provinces have reasserted at the same time the exclusive jurisdiction of provincial governments in the field of education, would the Prime Minister tell us if, in the circumstances, he still intends to propose a constitutional amendment concerning linguistic rights in the education field?

Right Hon. P. E. Trudeau (Prime Minister): I agree with the Minister of State responsible for federal-provincial relations that some progress has been made at the premiers' meeting last week. But I would point out that this progress simply corresponds to what the federal government obtained at the 1968 and 1969 conferences where indeed we discussed those problems with the provinces and received from them the acknowledgement of the right of French-and English-speaking minorities to be educated in their own language where it is justified. I am encouraged by the fact that the provinces are still proceeding in the right direction. I only regret that we have not yet succeeded in confirming this progress in a constitutional document. It is good to recognize, as we did in 1968 and 1969, the right of minorities to be educated in their language, but this would be a reality had we proceeded as suggested then and now by the federal government. This progress would be included in the constitution and courts would ensure its becoming a reality. This is why our suggestion is still valid and I hope that the premiers and hon. members will understand that such a constitutional amendment would not remove this matter from provincial jurisdiction.

Mr. La Salle: Mr. Speaker, I would like to ask a supplementary question.

I would say to the Prime Minister that I understand quite well and that is perhaps why I ask the question. The Prime Minister has just said that he still intends to introduce this amendment. Given the circumstances, would he assure the House that such a constitutional amendment on educational linguistic rights will not be presented without securing prior agreement from the provinces?

Mr. Trudeau: Mr. Speaker, I suggest that this House must recognize the protection of minorities as one of its roles. In any case, that is the position of the government under my leadership. Already in 1968—and I have documents to prove it—we had secured agreement in principle. And during the last ten years, we have been asking the provinces to come together on that point so that this agreement in principle, which is very important for Francophone minorities in provinces other than Quebec—and now for the Anglophone minority of the province of Quebec—we have been asking, as I said, that is this agreement in principle go one step further. Of course, we will keep on asking the provinces to come to an agreement on that matter but I do not think the hon. member would prevent us from making such a proposal to those governments.

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THE CANADIAN CONSTITUTION

INQUIRY WHETHER GOVERNMENT PROPOSES AMENDMENTS

Mr. Gilles Marceau (Lapointe): Mr. Speaker, I have a question for the right hon. Prime Minister.

Notwithstanding the attitude of the Quebec government which seems to have lost interest in the evolution of the constitutional debate, could the Prime Minister tell hon. members whether the government is prepared to take concrete action to make it clear that we are not for the *status quo* and that we are ready to consider the constitutional changes requested by Canadians and more particularly by Quebecers?

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, I think this supplementary question is very pertinent to the previous one. As I have been saying again and again since 1968 and 1969 and at the Victoria conference, then again in my letters to the premiers in 1975 and 1976, and again in my other letters to them last September and October, we have been constantly proposing constitutional changes, particularly changes designed to protect public liberties and of course linguistic rights. Therefore I do not think any sincere person can describe this situation as a *status quo*. We did make a series of proposals. To answer the question of the hon. member, I would say yes, we have announced them in the Speech from the Throne and we intend to bring before the House before the end of this session other proposals related to constitutional changes, because indeed it seems clear that we cannot expect them from the government of Quebec which has only vague formulas and does not give any clear definition of its sovereignty-association option.

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[*English*]

ENVIRONMENTAL AFFAIRS

RUNWAY AT VANCOUVER AIRPORT—REQUEST GOVERNMENT CANCEL PLANS

Mr. John A. Fraser (Vancouver South): Mr. Speaker, my question is directed to the Minister of State (Environment). Could he tell the House exactly what is going on with respect

to the study of the proposed new runway for the Vancouver airport, bearing in mind that he had no difficulty whatsoever in interfering with all the usual procedures when cancelling the Kitimat proposal? Will he assure the House that he will now step in, in like manner, and cancel this new runway, which has already been studied to death and in respect of which all the evidence is that it is not necessary and is not needed?

Hon. Len Marchand (Minister of State (Environment)): Mr. Speaker, as the hon. member knows, an environmental assessment panel has been appointed to work on this matter and is reviewing the situation. It will be presenting a final report to me some time this fall. By that time I will be in a position to make a recommendation to my colleague, the Minister of Transport, on what should be done.

Mr. Fraser: Mr. Speaker, would the Secretary of State tell the House the facts that he or other members of the cabinet suddenly acquired last week, which made it possible to cancel the Kitimat proposal, which were not available to him months ago before millions of dollars in taxpayers' money had been spent on a study which was interrupted by the government?

Mr. Marchand: Mr. Speaker, certainly the government had a number of facts on hand relating—

An hon. Member: Which facts?

Mr. Marchand: —to the whole question of petroleum and energy supplies for Canada. My colleague, the Minister of Energy, Mines and Resources, has been doing a great job in addressing this question.

Some hon. Members: Hear, hear!

An hon. Member: Can we have the facts?

Mr. Marchand: I will send the hon. member a copy of the information, if he would like that. We waited until we received the interim report from Dr. Thompson. That helped a great deal in making up our minds finally in relation to the west coast oil ports.

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● (1502)

EXTERNAL AFFAIRS

PROPOSAL PRESIDENT AMIN BE BANNED FROM ENTERING CANADA FOR COMMONWEALTH GAMES

Mr. Douglas Roche (Edmonton-Strathcona): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Last week Uganda announced that it would accept the invitation to attend the Commonwealth Games in Edmonton and would be sending a contingent of 75 people, whom we welcome. On May 26, 1977, in answer to a question I posed in the House, the minister said he would investigate my suggestion that President Idi Amin be banned from entering Canada during the Commonwealth Games.

In light of the latest Amnesty International Report for 1977, which specifies that President Amin is responsible for numerous killings during a reign of terror in that country, will the minister now make it perfectly clear that President Amin will be banned from entering Canada during the Commonwealth Games?

Hon. Donald C. Jamieson (Secretary of State for External Affairs): Mr. Speaker, there is another talent President Amin has, which the hon. member should be aware of, and that is maximizing the proposing of hypothetical questions as to whether he is going to visit some place or whether he is not. I can see we are now off on a whole new round of speculation: Is he going to come, or is he not? In those circumstances I do not think I ought to comment, other than what I said last May, on what President Amin may do or what attitude we would take toward him. I have said repeatedly that it serves no useful purpose. If President Amin announces categorically that he is going to come, we will deal with it at that time. I do not see any point in changing the observations I made last May.

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INDUSTRY

CLOSING OF MINE IN STEWART, B.C.—EFFECT ON EMPLOYMENT

Mr. Stuart Leggatt (New Westminster): Mr. Speaker, my question is directed to the Minister of Industry, Trade and Commerce: it concerns the town of Stewart, British Columbia. I realize the hon. Minister of State for Fitness and Amateur Sport has that community in her riding. That community will be experiencing the shutdown of the Granduc mine on June 30, 1978. That will almost eliminate it as a viable community in the area. What proposals has the government made with regard to bringing back that community and giving the residents some assurance that there will be work, there will be employment, and there will not be just bankruptcy and unemployment following June 30?

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, my department is watching the copper situation very closely. The United States is announcing today, or announced yesterday, an inquiry on copper coming into that country. That will affect the copper producing countries which are in competition with Canada and came on the market excessively in the last six months, such as Zaire, Chile, and so on. Because of our long-term sales to the United States, we are negotiating with them so that we will be able to continue exporting to that country, which has been our pattern. With that in mind, the hon. Minister of State for Fitness and Amateur Sport has kept me informed of the situation in respect of the town of Stewart.

Some hon. Members: Oh, oh!

Mr. Horner: Because of the hon. Minister's ability to lobby to me, I am sure my department will do the best it can to assist

the employment situation in Granduc and will help the industry to diversify as much as possible.

Mr. Speaker: I have two notices of privilege, but I have also notice from the Secretary of State (Mr. Roberts) of a point of order, which might usefully be taken first. Also I have notice that three ministers will be tabling documents that perhaps the House will be interested in. I wonder if I might be permitted to call those matters in that order.

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POINTS OF ORDER

MR. BAKER (GRENVILLE-CARLETON)—REQUEST FOR INFORMATION ON EMPLOYMENT TAX CREDIT PROGRAM

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, I rise on a point of order. We have learned from the Minister of Finance (Mr. Chrétien) that he has the information with regard to the employment tax credit program which was passed in the House. Previously he undertook that it would be starting by March 1. If he has information in order to answer the questions of the hon. Leader of the Opposition (Mr. Clark), we would appreciate hearing from him now.

Hon. Jean Chrétien (Minister of Finance): Yes, Mr. Speaker, with the permission of the House. I have checked with the Department of Employment and Immigration. The program will start next week on March 8.

Some hon. Members: Hear, hear!

MR. ROBERTS—CORRECTION OF OFFICIAL REPORT

Hon. John Roberts (Secretary of State): Mr. Speaker, I have two separate corrections or clarifications to make to *Hansard* for February 28. The first one relates to the adjournment debate as reported at page 3330 when I was replying to the question of the hon. member for Ottawa-Vanier (Mr. Gauthier). The English *Hansard* reads as follows:

> Just before Christmas, we stressed the importance given at the federal level to the idea that the provinces will agree to exceptions to these very important rights.

It should read, "to accepting these very important rights". Since it is a complete transformation of the sense, I should like that correction to be made.

Mr. Steven E. Paproski (Edmonton Centre): *Hansard* reported accurately what the hon. Secretary of State (Mr. Roberts) said yesterday.

Mr. Roberts: But I was speaking in French.

Mr. Paproski: I heard the translation.

Mr. Roberts: The French version of *Hansard* reads as follows:

[*Translation*]

> . . . que les provinces accepteront les exceptions à ces droits très importants.
>
> [Mr. Horner.]

[*English*]

My only explanation would be that perhaps I was groping for words in French and repeated twice the word "accepteront", which was reported as "exceptions".

MR. ROBERTS—CLARIFICATION OF CHANGES IN ESTIMATES

Hon. John Roberts (Secretary of State): Mr. Speaker, the second matter refers to the point of order raised by the hon. member for Grenville-Carleton (Mr. Baker) yesterday. Earlier the hon. member for Egmont (Mr. MacDonald) argued that there had been a decrease in funding on the part of the government for arts and culture within the Department of the Secretary of State. Since that was not the case, and since I understood how he arrived at that conclusion, I was seeking to explain the true situation to him.

In my remarks I used the word "error", which I think was wrongly used. Shortly after the blue book went to press, there was a change agreed to by Treasury Board which had the effect of making an increase, in the grants portion to be undertaken under the Festival Canada program, to $1,450,-000. In effect, it was not an error at the time the Blue Book went to press. The blue book did not accurately indicate decisions which were subsequently taken. It would be the intention of the government to make the modification on supplementary estimates. I wanted to be sure the hon. member for Egmont did not misunderstand the government's intention. The use of the word "error" was probably an inaccurate description of what in fact took place.

Mr. David MacDonald (Egmont): Mr. Speaker, I want to respond for a moment to the comments made by the Secretary of State (Mr. Roberts). He leaves the standing committee in a bit of difficulty when it meets, if some of the material being furnished to it by way of reference today will not be complete, in the sense of analysing this with previous expenditures, until we have supplementary estimates, which are many months away. Prior to any consideration by committee, I hope the minister will be able to make available to all hon. members a full explanation so that proper and due consideration can be given to items in the estimates.

Also while I am on my feet, originally I meant to raise a question of privilege concerning the comments of the Minister of Energy, Mines and Resources (Mr. Gillespie). I realize he did not want to cast any aspersions on the motivation or interest of any hon. member, but he referred to the fact that I had been seized suddenly with this problem of agents' fees. Possibly the minister neglected to check the record and refer to the many occasions on which I, as well as many other hon. members, had raised this issue over some months.

Mr. Speaker: Order, please. If I permit the hon. member the floor on a question of privilege on those grounds, presumably I will have to let several ministers have the floor every time an hon. member, in putting a question, says something which might cast any aspersions on ministers. Perhaps that is a

subject of disagreement or a subject of argument, but it does not reach in any way the proportions of a question of privilege.

MR. ANDRE—ASSURANCE OF ACCURATE ESTIMATES

Mr. Harvie Andre (Calgary Centre): Mr. Speaker, my point of order is related to the remarks of the Secretary of State (Mr. Roberts). When clarifying his comments yesterday, he indicated, as a result of approvals or certain procedures within the Treasury Board not having been completed before the blue book went to press, that in fact the blue book of main estimates will not accurately assess the appropriations for that particular department. That explanation does not cover the point of order raised by the hon. member for Grenville-Carleton (Mr. Baker) yesterday, when he expressed concern about the fact that shortly the Blue Book estimates will be referred to appropriate committees. We have been told that the appropriations or estimates of at least one department are inaccurate.

My point of order is: what assurance can the President of the Treasury Board (Mr. Andras) give us that we in fact will be looking at the legitimate estimates of planned expenditures in the government, and not something which may or may not be wrong or inappropriate for one or more departments?

● (1512)

Hon. Robert K. Andras (President of the Treasury Board): Mr. Speaker, the very simple answer is to recognize that at the time of the printing and tabling of the main estimates, the basic expenditure plan of the government was contained therein; but we know there is provision in our procedure for subsequent adjustments to programs, additions, deletions, changes and transfers between votes, a whole series of adjustments necessary for an institution the size of the government. Consequently, the provision for supplementary estimates is there. Of course, there will be some adjustments further down the road.

The figures referred to by the Secretary of State (Mr. Roberts) reflected the decision of the government on a policy basis, at the time the main estimates were sent to print, in advance of tabling, for the obvious reason that a strictly mechanical or administrative time frame is required. So there will be a subsequent adjustment to many programs, and I think that is what the Secretary of State implied.

Mr. Walter Baker (Grenville-Carleton): Mr. Speaker, yesterday when this matter was raised, the hon. gentleman said he would look into it. We have now discovered there is quite a substantial change with respect to one aspect. I was satisfied with that answer yesterday, and I took it that before the reference was made to the standing committees some attempt would be made to clear up in advance the total amount of the estimates with which those standing committees will have to deal.

The following questions are legitimate questions to the minister following upon his undertaking: Has that study been made? To what extent are the estimates, with which we will be dealing today and which we will be sending to the committees, changed? Is the President of Treasury Board (Mr. Andras) in a position to table the document today—to which we would be delighted to consent—and make a statement—which we would like to hear—in order to indicate, after the experience he has just described and before the matter finally goes to committee and leaves the House, what the true state of the estimates might be. I think it is rather important that, in considering the estimates in the committee, we start off from the correct base, not from something that is fluid in terms of the reference from the House to the committee. There is enough criticism of the whole procedure in dealing with the estimates without starting off from a base which is not reliable, and I think the President of Treasury Board would agree with that. Is he prepared to clarify this situation today?

Mr. Andras: There are no known errors in the main estimates as printed and tabled on February 22. Obviously, as I have indicated and as every member of the House knows, between the time of dealing with the main estimates as they were laid before the House of Commons on February 22 and the end of the fiscal year 1978-79, which concludes on March 31, 1979, about 13 months from now, there will be some supplementary estimates. That is the only issue involved here. The blue book is as accurate as human competence can guarantee it and I know of no errors or omissions in it as tabled the other day.

Mr. Baker (Grenville-Carleton): Thank you, Mr. Speaker, that is the assurance I wanted.

Mr. Allan B. McKinnon (Victoria): Mr. Speaker, I am very glad this point of order was brought out because I wondered if the Department of National Defence was alone in having these inaccurate estimates before the House. I have a written answer from the Minister of Supply and Services (Mr. Goyer) which was provided several months ago telling me that the additional cost for long range patrol aircraft would come to some $71 million. The estimates reflect not a dime of that $71 million, and yet he knew about it several months ago. The Krauss-Maffei contract for tanks is another such matter. Our dollar has been devalued in relationship to—

Mr. Speaker: Order, please. Two occasions have presented themselves, one in particular when the President of Treasury Board (Mr. Andras) tabled the estimates on which there was a round of questioning with regard to general matters. In addition, detailed questioning about the estimates of each individual department will take place when the estimates are before the committees. The only reason for accepting the point of order at this time is that it was known today that the minister would move the motion of reference to the standing committees.

Yesterday the Secretary of State (Mr. Roberts) said there was an error in one portion of those estimates, and I felt that before the motions were put today that error should be cleared up. To the extent it can be done, the error has been cleared up; but I would not want any hon. member to presume that this would allow points of order to be raised to question the minister today on the details of every department. That will be

done when the estimates of each department are before the committees.

Before questions of privilege are raised by the hon. member for Nickel Belt (Mr. Rodriguez) and the hon. member for Oshawa-Whitby (Mr. Broadbent), there are three ministers who wish to table documents. I wonder if the House might consent to allowing them to do so now.

Some hon. Members: Agreed.

ROUTINE PROCEEDINGS

[*English*]

ELECTIONS

TABLING OF ORDER IN COUNCIL FOR EIGHT ELECTORAL DISTRICTS

Right Hon. P. E. Trudeau (Prime Minister): Mr. Speaker, under the provisions of Standing Order 41(2), I should like to table, in both official languages, a copy of an order in council requiring that writs of election be issued for eight electoral districts and that the vote be held on Monday, October 16, 1978.

Some hon. Members: Hear, hear!

An hon. Member: That's just before your birthday.

* * *

SUPPLEMENTARY ESTIMATES (B) 1977-78

A message from His Excellency the Governor General transmitting Supplementary Estimates (B) of sums required for the service of Canada for the fiscal year ending March 31, 1978, was presented by Hon. Robert K. Andras (President of the Treasury Board), and read by Mr. Speaker to the House.

* * *

TEXTILE AND CLOTHING BOARD

TABLING OF REPORT ON HANDBAGS

Hon. Jack H. Horner (Minister of Industry, Trade and Commerce): Mr. Speaker, pursuant to Standing Order 41(2), I have the honour to table, in both official languages, a report by the Textile and Clothing Board respecting an inquiry on handbags.

* * *

PRIVILEGE

MR. RODRIGUEZ—ELECTRONIC SURVEILLANCE OF MEMBERS

Mr. John Rodriguez (Nickel Belt): Mr. Speaker, I rise on what I consider to be a very serious matter of privilege. A week ago in this House it was brought to our attention that two of the members of this House had been the objects of electronic surveillance. Subsequent to that disclosure the Solicitor General (Mr. Blais) confirmed in the House that the person responsible for this surveillance had been in the employ of the Royal Canadian Mounted Police. The person responsible for the surveillance also admitted on national television that he had conducted a bugging operation against me at one point in my riding.

This would clearly indicate to me a breach of privilege if for no other reason than the fact that this calls into question the privacy of communication between a member of parliament and his constituents, and as such clearly inhibits the ability of a member of parliament to perform his duties.

I would also like to refer your attention, Mr. Speaker, to the statement of Mr. Speaker on October 17, 1973, when he said in this House that an incident of electronic surveillance against the caucus of the New Democratic Party was, and I quote: "A prima facie case of breach of privilege".

I might add that even more weight must be given to this question of privilege because since that time we have had the assurance of the Prime Minister (Mr. Trudeau) that no member of parliament had been the subject of electronic surveillance by our federal police force since the case of Fred Rose.

Mr. Speaker, it is your role to protect the rights and privileges of members of parliament, and it is to you I turn for redress on this matter. I must ask you in that role to obtain any tapes or other objects resulting from electronic surveillance against myself from whatever level or organization under the Solicitor General which is presently holding that material. I must also ask you in your role as Mr. Speaker to discover why that electronic surveillance operation was undertaken, why I was never informed that the operation had taken place, and why the tapes have not been turned over to me.

Since it has now been seven days since this information became public and I have received neither an apology nor an explanation, I must now, Mr. Speaker, ask you to step into this affair. Notwithstanding the action which I have asked Your Honour to take in this matter, I reserve my right to move a motion of privilege at some future time.

● (1522)

Mr. Rod Blaker (Parliamentary Secretary to Solicitor General): Mr. Speaker, in the absence of the Solicitor General (Mr. Blais) I wonder if Your Honour and the hon. member, who has already indicated he is asking that his motion be reserved in any event, might agree to give the Solicitor General the opportunity to address himself to this question in the next day or two or, at least, the next time he is in the House of Commons.

Mr. Speaker: I have no hesitation in agreeing to allow some time for the response of the Solicitor General (Mr. Blais) to the question put forward today. In any case, I would need some time to assess it in terms of my own responsibilities with regard to the request made. Therefore I am quite happy to see the matter reserved for a day or two until I have had some indication whether the information asked for by the hon. member for Nickel Belt (Mr. Rodriguez) today is forthcoming.

In the interim I see no difficulty at all in reserving to the hon. member the right to carry on the question of privilege of which he gave the Chair notice a week ago, which is the reason I took it as a priority item today in terms of notices of questions of privilege which have been filed with me.

MR. BROADBENT—ALLEGED MISSTATEMENTS OF FACT BY MINISTER OF FINANCE

Mr. Edward Broadbent (Oshawa-Whitby): Mr. Speaker, I rise, as I indicated to you in a letter this morning, on a separate question of privilege. In a speech delivered in Montreal on Monday night the Minister of Finance (Mr. Chretien) devoted his time to making some assertions about the nature of the Canadian economy. Arising from those assertions it seems to me that there is a very serious question of privilege, at least on a prima facie basis, which concerns all members of this House.

I would like to quote three portions of the minister's speech. First, he said that Canada's economic recovery is gaining momentum. Second, at page three of the text of his speech the minister said that "unlike the situation 12 months ago, we are going into the new year from a strong base of real growth". Third, the minister said that the outlook for investment is improving.

I am very concerned about these statements because they were not rhetorical in nature. They were not the kind of statement that politicians of whatever party make from time to time in exaggerated claims about the nature of their virtues or about the nature of the vices of their opponents. They were statements of purported fact, and they were made just two nights ago by the Minister of Finance, the man who holds the most responsible financial position in Canada.

The concern I have about those allegations of fact is that they are not only slightly contradicted in emphasis by other evidence, but they are flatly contradicted by reports which have been produced by another government agency, Statistics Canada. One report appeared on Friday of last week, and another just appeared yesterday. I will not go into both those reports at length. I could do so, and in chapter after chapter and verse after verse they would flatly contradict the alleged factual assertions made by the minister. I will refer to just two such factual contradictions. Yesterday's Statistics Canada report showed that business investment in the last quarter of 1977 declined at an annual rate of 10.8—

Mr. Speaker: Order. Regardless of the merits of the statistics in the argument the hon. member is about to put forward, surely he will agree that in principle what he is doing is entering into argumentation with regard to the statements made by the Minister of Finance (Mr. Chretien). If I were to extend to the hon. member the right to raise this disagreement by way of a question of privilege, I would have to extend to every hon. member every day, under the guise of privilege, the opportunity to take issue, no matter how serious and fundamental, with statements made by ministers or by other members of the House both inside and outside the House. No matter how fundamental that disagreement may be and no matter how well documented or how persuasive the argument may turn out to be, it still remains argument; and I cannot recognize argument as privilege, for to do so would invite the same thing from every member every day.

Mr. Broadbent: Mr. Speaker, I fully respect what you have said, but I wonder if you will permit me perhaps another 60 seconds to try to make a case of privilege because I do not think this is just a matter of argument.

As Your Honour knows, this House has a rule that no minister or member ought deliberately to misinform other members in the House, and if there is any breach of that rule, a bona fide question of privilege can be raised.

The concern I have is that yesterday in the question period the Prime Minister (Mr. Trudeau) indicated that the government was aware of the information contained in the Statistics Canada report, but during the same period of awareness the Minister of Finance was uttering something which was not just a matter of emphasis but a factual contention which was a flat contradiction of what Statistics Canada was saying was going on in the economy.

If Your Honour rules in my favour, my prima facie question of privilege would be that we as members of this House cannot continue to do our jobs properly if we are provided systematically with contradictory information from the Minister of Finance and from other government agencies. This is an extremely serious issue, particularly at this time when the problems in the Canadian economy are very real indeed. Perhaps above all else at this time, if we are going to come to grips with the very serious problems facing us, we need honesty.

Hon. Jean Chrétien (Minister of Finance): Mr. Speaker, I think the hon. member is exaggerating somewhat. Statistics Canada published its figures on Tuesday. I did not see them before they were published, so the hon. member cannot accuse me of having seen them. He cannot accuse department heads because the speech I made in Montreal was about policy which I, in concert with my bureaucrats, had developed. There was absolutely nothing misleading in that.

I said that for the fourth quarter of the year I expected to see 4 per cent to 5 per cent real growth. I have said that many times. However, I did not at that time have the facts which were published by Statistics Canada. I had some indication that the figure was to be between 4 per cent and 5 per cent. Unfortunately the figure turned out to be 3.2 per cent, which made the average 4.3 per cent for the last half of the year.

In the present economic circumstances one could claim that 4.3 per cent is weak. I can disagree with the hon. member and say that it is rather strong. Only Japan and the United States outperformed Canada in that part of the year.

We can argue, but I want to assure the hon. member that when I made that speech, I based it on the facts which were available to me and my ministry at that time. When I was the minister responsible for Statistics Canada, statistics would come to me as minister of industry, trade and commerce the night before they were published. At no time did I make those statistics available to other ministers, even at times relative to inflation and unemployment. I kept them to myself, and they were not distributed to other departments. Statistics Canada is completely independent from the government. It publishes its own statistics. We can argue whether growth of 4.3 per cent for the last half of last year is strong enough, but I think it is a good base. I do not think there is any basis for arguing that I deliberately misled the House or the public. I think there is no question of privilege.

Mr. Speaker: We are clearly, in the most classic terms, in the field of argumentation or dispute as to facts. The matter is not in any way related to privilege and therefore cannot go any further.

MR. STEVENS—ALLEGED MISREPRESENTATION BY MINISTER OF FINANCE

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, I rise on a question of privilege. My question of privilege arises from the remarks made by the Minister of Finance (Mr. Chrétien) in defence of what I felt was a proper representation on the part of the hon. member for Oshawa-Whitby (Mr. Broadbent). The minister has misled the House again. The Montreal speech to which reference was made did not refer to the last half of 1977. I refer specifically to the following wording:

> Economic growth in both the third and fourth quarters of 1977 was at or above the long-term potential rate for the economy.

Mr. Douglas (Bruce-Grey): That is the last half of 1977.

Mr. Stevens: The important thing is that the minister referred specifically to the third and fourth quarters. The third quarter did show the growth to which the minister is referring. That is the 5.2 per cent growth which is above the 5 per cent real growth target which is looked upon as our potential. The fourth quarter figures are very clear. They show .8 per cent, which is 3.2 per cent on an annualized basis. This is below the potential.

● (1532)

The fact is that the minister misled both his audience in Montreal and members of the House by saying he was referring to the second half. He was not referring to the second half. He created the impression that the third quarter was above its potential level and that the fourth quarter was above its potential level as far as real growth is concerned. From an economic standpoint there is a very important distinction between what he said today and what he said in Montreal. If the fourth quarter is—

Mr. Speaker: Order please. The hon. member for York-Simcoe (Mr. Stevens) is right back where we were before, which is a direct confrontation on an interpretation to be placed on remarks of the minister made outside the House.

Mr. Stevens: No, here.

Mr. Speaker: Order please. On a procedural basis the extent to which this dispute exists is not any concern of the Chair. It remains a dispute and not in any way a procedural problem.

* * *

NATIONAL CAPITAL REGION

First report of the Special Joint Committee of the Senate and House of Commons on the National Capital Region—Mr. Francis.

* * *

STATISTICS ACT

AMENDMENT TO SECURE RELEASE OF CERTAIN CENSUS RETURNS

Mr. Frank Maine (Wellington) moved for leave to introduce Bill C-422, to amend the Statistics Act (release of pre-1900 census returns).

He said: Mr. Speaker, in response to the concerns of Mrs. Jacqueline Norris, past chairman of the Wellington-Waterloo branch of the Ontario Genealogical Society and other members of similar Canadian genealogical organizations, I wish to introduce a bill entitled an act to amend the Statistics Act, calling for the release of individual returns to a census taken prior to January 1, 1900.

While section 16 of the Canada Statistics Act is addressed to secrecy and prohibits the divulging of census return information, no section of the act is addressed to a mechanism for the eventual release of this census data. There appears to be no overriding reason to prevent public access to this pre-1900 census information.

Motion agreed to, bill read the first time and ordered to be printed.

* * *

COMPENSATION FOR FORMER PRISONERS OF WAR ACT

AMENDMENT TO EXTEND SCOPE OF BENEFITS

Hon. Daniel J. MacDonald (Minister of Veterans Affairs) moved for leave to introduce Bill C-27, to amend the Compensation for Former Prisoners of War Act.

Motion agreed to, bill read the first time and ordered to be printed.

MAIN ESTIMATES 1978-79

REFERENCE OF ITEMS TO STANDING COMMITTEES

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, pursuant to Standing Order 59, I move that the estimates of sums required for the service of Canada for the fiscal year ending March 31, 1979 be referred to the several standing committees of the House as follows. Mr. Speaker, I have a considerable list of committees. Perhaps with the unanimous consent of the House I could dispense with the reading of the details.

Mr. Speaker: With the assurance from the minister that the list is in the usual form of reference of the estimates to the appropriate standing committees, and subject to any points of order that might subsequently be raised upon examination of the list, I take it the minister has leave to have the motion considered to have been spoken by him as contained in the printed document and as will be printed in *Hansard*.

Some hon. Members: Agreed.

Mr. Cafik: I move:

That the Estimates of sums required for the service of Canada for the fiscal year ending March 31, 1979, be referred to the several Standing Committees of the House, as follows:

To the Standing Committee on Agriculture

Agriculture Votes 1, 5, 10, 15, 20, L25, 30, 35, 40, 45, 50, 55, 60 and 65

To the Standing Committee on Broadcasting, Films and Assistance to the Arts

Communications Votes 1, 5, 10 and 15

Secretary of State Votes 1, 5, 10, 15, 20, L25, 30, 35, 40, 45, 50, 55, 60, 65, 70, 75, 80, 85, L90, 95, 100, 105, 110 and L115.

To the Standing Committee on External Affairs and National Defence

External Affairs Votes 1, 5, 10, L15, 20, 25, 30, L35, 40 and 45

National Defence Votes 1, 5, 10 and 15

To the Standing Committee on Finance, Trade and Economic Affairs

Finance Votes 1, 5, 10, 15, 20, 30 and 35

Industry, Trade and Commerce Votes 1, 5, 10, 15, L20, L25, L30, 35, 40, 45, 50, 55, 60 and 65

National Revenue Votes 1, 5 and 10

Privy Council Vote 20

To the Standing Committee on Fisheries and Forestry

Environment Votes 1, 5, 10, 15, 20, 25 and 30

To the Standing Committee on Health, Welfare and Social Affairs

Consumer and Corporate Affairs Votes 1 and 5

National Health and Welfare Votes 1, 5, 10, 15, 20, 25, 30, 35, 40, 45, 50, 55, 60 and 65

Urban Affairs Votes 1, 5, 10, 15, 20, L25, L30, 35, 40 and L45

To the Standing Committee on Indian Affairs and Northern Development

Indian Affairs and Northern Development Votes 1, 5, 10, L15, L20, 25, 30, 35, L40, L45, L50, L55, 60, 65, 70 and L75

To the Standing Committee on Justice and Legal Affairs

Justice Votes 1, 5, 10, 15, 20, 25, 30, 35 and 40

Solicitor General Votes 1, 5, 10, 15, 20 and 25

To the Standing Committee on Labour, Manpower and Immigration

Employment and Immigration Votes 1, 5, 10, 15, 20, 25 and 30

Labour Votes 1, 5 and 10

To the Standing Committee on Management and Members' Services

Parliament Votes 5 and 10

Estimates

To the Standing Committee on Miscellaneous Estimates

Finance Vote 25

Governor General and Lieutenant Governors Vote 1

Parliament Vote 1

Privy Council Votes 1, 5, 15 and 25

Science and Technology Votes 1, 5, 10, 15, 20, 25, 30, 35 and 40

Secretary of State Vote 120

Supply and Services Votes 1, 5, L10, 15, 20 and 25

Treasury Board Votes 1, 5, 10, 15, 20, 25, 30, 35 and 40

To the Standing Committee on National Resources and Public Works

Energy, Mines and Resources Votes 1, 5, 10, 15, 20, L25, 30, 35, 40, 45, 50, 55, L60, L65, L70, L75 and 80

Public Works Votes 1, 5, 10, 15, 20, 25, 30, 35, 40 and 45

To the Standing Committee on Privileges and Elections

Privy Council Vote 10

To the Standing Committee on Regional Development

Regional Economic Expansion Votes 1, 5, 10, L15, L20, 25, 30 and 35

To the Standing Committee on Transport and Communications

Post Office Votes 1 and 5

Transport Votes 1, 5, 10, 15, 20, 25, 30, L35, 40, 45, 50, 55, 60, 65, 70, L75, 80, 85, 90, 95, 100, L105, 110 and 115

To the Standing Committee on Veterans Affairs

Veterans Affairs Votes 1, 5, 10, 15, 20, 25, 30 and 35

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

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SUPPLEMENTARY ESTIMATES (B) 1977-78

REFERENCE TO STANDING COMMITTEE

Hon. Norman A. Cafik (Minister of State (Multiculturalism)): Mr. Speaker, pursuant to Standing Order 59 I move that the Supplementary Estimates (B) 1977-78 tabled this day be referred to the several standing committees of the House as follows. Again, this list has been distributed to House leaders and I presume there would be agreement to dispense with reading the list of committees and references.

Mr. Speaker: Shall the same procedure apply?

Some hon. Members: Agreed.

Mr. Cafik: I move:

That the Supplementary Estimates (B), 1977-78, tabled this day, be referred to the several Standing Committees of the House, as follows:

To the Standing Committee on Agriculture:

Agriculture Votes 1b, 5b, 20b, L21b, 40b, 50b and 60b

To the Standing Committee on Broadcasting, Films and Assistance to the Arts:

Communications Vote 1b

Secretary of State Votes 1b, 15b, 20b, 40b and L62b

To the Standing Committee on External Affairs and National Defence:

External Affairs Votes 1b, 10b, L18b, L19b, 30b, 31b and 45b

National Defence Votes 1b and 10b

To the Standing Committee on Finance, Trade and Economic Affairs:

Order Paper Questions

Finance Votes 15b and 21b

Industry, Trade and Commerce Votes 1b, L36b, L37b, 40b and 51b

National Revenue Votes 1b and 5b

To the Standing Committee on Fisheries and Forestry:

Environment Votes 1b, 5b, 10b, 15b, 20b and 30b

To the Standing Committee on Health, Welfare and Social Affairs:

Consumer and Corporate Affairs Votes 5b and 25b

National Health and Welfare Votes 10b, 25b and 30b

To the Standing Committee on Indian Affairs and Northern Development:

Indian Affairs and Northern Development Votes 5b, 25b, 30b, 35b and L50b

To the Standing Committee on Justice and Legal Affairs:

Justice Vote 32b

Solicitor General Votes 5b and L30b

To the Standing Committee on Labour, Manpower and Immigration:

Labour Vote 1b

Manpower and Immigration Vote 5b

To the Standing Committee on Management and Members Services:

Parliament Vote 5b

To the Standing Committee on Miscellaneous Estimates:

Privy Council Votes 1b and 5b

Science and Technology Votes 5b and 10b

Secretary of State Vote 105b

Supply and Services Votes 5b and L11b

Treasury Board Votes 1b, 20b and L35b

To the Standing Committee on National Resources and Public Works:

Energy, Mines and Resources Votes 5b, 6b, 7b, L25b, 35b and L72b

Public Works Votes 10b, 15b, 20b and 40b

To the Standing Committee on Privileges and Elections:

Privy Council Vote 10b

To the Standing Committee on Regional Development:

Regional Economic Expansion Votes 1b and 5b

To the Standing Committee on Transport and Communications:

Transport Votes 5b, 10b, 15b, 20b, 30b, 40b, 90b, 99b and 100b

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

* * *

[*Translation*]

QUESTIONS ON THE ORDER PAPER

(Questions answered orally are indicated by an asterisk.)

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, the following questions will be answered today: 335, 512, 923, 946, 950, 1,041 to 1,071 inclusive, 1,095, 1,097 to 1,101 inclusive, 1,105, 1,106, 1,119, 1,124, 1,128, 1,145 and 1,273.

[Mr. Cafik.]

[*Text*]

TAX REVIEW BOARD—PERSONNEL OBTAINED FROM PRIVATE EMPLOYMENT AGENCIES

Question No. 335—**Mr. McKenzie:**

1. Has the Tax Review Board obtained (a) part-time (b) full-time employees from private employment agencies in (i) British Columbia (ii) Alberta (iii) Saskatchewan (iv) Manitoba (v) Ontario (vi) Quebec (vii) New Brunswick (viii) Nova Scotia (ix) Prince Edward Island (x) Newfoundland and, if so, in each case, how many?

2. Are such employees paid from supplementary estimates and, if not, from what estimates are they paid?

3. By province, what was the (a) average hourly rate paid to employment agencies (b) average hourly rate paid to employees (c) total amount paid by the Tax Review Board in (i) 1975 (ii) 1976?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): 1. (a) (v) 17 part-time employees in 1974/75. 12 part-time employees in 1975/76. (b) Nil.

2. Part-time employees from agencies are paid from the Main estimates.

3. (a) 1974/75—$5.29 per hour. 1975/76—$6.26 per hour. (b) Information not available since the rates paid to employees are figured by the agencies. (c) (i) Total amount for 1974/75—$15,663.53; (ii) Total amount for 1975/76—$21,037.23.

UIC—NUMBER OF ACCEPTED AND REJECTED CLAIMS MADE AT FREDERICTON, N.B.

Question No. 512—**Mr. Howie:**

For the fiscal year ended March 31, 1977, how many claims for unemployment insurance benefits made at Fredericton, New Brunswick were (a) accepted (b) rejected?

Hon. Bud Cullen (Minister of Employment and Immigration): (a) 10,599; (b) 1,717.

CANADIAN DRUG MANUFACTURERS—ASSAY OF RAW MATERIALS

Question No. 923—**Mr. Herbert:**

1. Does a Canadian drug manufacturer have to assay all imported raw materials according to specifications?

2. Can a drug company import a finished product from a country where regulations do not require manufacturers to do a complete assay on the raw materials?

Hon. Monique Bégin (Minister of National Health and Welfare): 1. Canadian drug manufacturers are required to test in Canada all raw materials (domestic and imported) they use in any drug for identity, potency and purity after they receive the raw materials on their premises.

2. In some instances, raw materials may not be completely tested for identity, potency and purity after receipt on the premises of the foreign manufacturer. However, most countries exporting drugs to Canada have regulatory requirements roughly analogous to those in Canada. In all instances, finished products imported into Canada must be thoroughly tested in this country prior to release for sale.

STUDIES REGARDING POSSIBLE ESTABLISHMENT OF AN UNEMPLOYMENT INSURANCE OFFICE IN NEW BRUNSWICK

Question No. 946—**Mr. Howie:**

Since January 1, 1977, were studies made regarding the possible establishment of an unemployment insurance office in New Brunswick at Oromocto, Minto or an additional location in Fredericton?

Hon. Bud Cullen, (Minister of Employment and Immigration): Yes, as part of a review of the locations of all manpower and unemployment insurance offices in New Brunswick.

POSSIBLE ESTABLISHMENT OF AN EMPLOYMENT OFFICE IN NEW BRUNSWICK

Question No. 950—**Mr. Howie:**

Since January 1, 1977, were studies made regarding the possible establishment of an employment office in New Brunswick at Oromocto, Minto or an additional location in Fredericton?

Hon. Bud Cullen (Minister of Employment and Immigration): Yes, as part of a review of the locations of all manpower and unemployment insurance offices in New Brunswick.

CORPORATIONS OWNED BY THE CROWN

Question No. 1,041—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Industry, Trade and Commerce is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Industry, Trade and Commerce is responsible: Department of Industry, Trade and Commerce—20 Agency Crown Corporations—Schedule "C"—F.A. Act (1): Canadian Patents and Development Limited. Proprietary Crown Corporations—Schedule "D"—F.A. Act (2): Export Development Corporation; Federal Business Development Bank. Other Government Corporations (3): Canadair Limited; The de Havilland Aircraft of Canada Limited; Standards Council of Canada. Mixed Enterprise Corporations (6): Canada Book Design Committee Inc., Canadian Colour and Fashion Trend Service; Consolidated Computer Inc.; Fashion Canada; Footwear and Leather Institute of Canada; POS Pilot Plant Corporation. Subsidiary Corporations and Their Subsidiaries (8): Canadair Flextrac Limited; Canadair GMBL; Canadair Incorporated; Canadair International Ltd.; Canadair Services Limited; Canadian General Atomic Corporation Limited; Canarch Limited; de Havilland Canada Inc.

Question No. 1,042—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of National Revenue is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of National Revenue is responsible: Department of National Revenue—1. Other Government Corporations (1): Radio Engineering Products Limited.

Question No. 1,043—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Receiver General of Canada is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Receiver General of Canada is responsible: Receiver General of Canada—none.

Question No. 1,044—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Supply and Services is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Supply and Services is responsible: Department of Supply and Services—5. Agency Crown Corporations—Schedule "C"—F.A. Act (4); Canadian Arsenals Limited; Canadian Commercial Corporation; Crown Assets Disposal Corporation; Royal Canadian Mint. Other Entities and Associates (1): The Custodian (of Enemy Property).

Question No. 1,045—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Energy, Mines and Resources is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Energy, Mines and Resources is responsible: Department of Energy, Mines and Resources—9. Departmental Crown Corporations—Schedule "B"—F.A. Act (1): Atomic Energy Control Board. Agency Crown Corporations—Schedule "C" F.A. Act (2): Atomic Energy of Canada Limited; Uranium Canada Limited. Proprietary Crown Corporations—Schedule "D"—F.A. Act (3): Eldorado Aviation Limited; Eldorado Nuclear Limited; Petro-Canada. Subsidiary Corporations and their Subsidiaries (1): Petro-Canada Explorations Inc. Associated Corporations (2): Panarctic Oils Ltd.; Syncrude Canada Ltd.

Question No. 1,046—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of the Solicitor General is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of the Solicitor General is responsible: Department of the Solicitor General—1. Other Government Corporations (1): Dungarvon Forestry Project Inc.

Order Paper Questions

Question No. 1,047—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Indian Affairs and Northern Development is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Indian Affairs and Northern Development is responsible: Department of Indian Affairs and Northern Development—9. Agency Crown Corporations—Schedule "C"—F.A. Act (2): The National Battlefields Commission; Northern Canada Power Commission. Mixed Enterprise Corporations (6): Abenaki Motel Ltd.; Canadian Arctic Producers Ltd.; Crane Cove Oyster Farm Ltd.; Mohawk St. Régis Lacrosse Ltd.; Nanisivik Mines Limited; Shong Way Shi Corporation Limited. Subsidiary Corporations and their Subsidiaries (1): Imanco Marketing Limited.

Question No. 1,048—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of National Defence is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of National Defence is responsible: Department of National Defence—1. Agency Crown Corporation—Schedule "C"—F.A. Act (1): Defence Construction (1951) Limited.

Question No. 1,049—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Agriculture is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Agriculture is responsible: Department of Agriculture—8. Departmental Crown Corporations—Schedule "B"—F.A. Act (1): Agricultural Stabilization Board. Agency Crown Corporations—Schedule "C"—F.A. Act (2): Canadian Dairy Commission; Canadian Livestock Feed Board. Proprietary Crown Corporations—Schedule "D"—F.A. Act (1): Farm Credit Corporation. Other Entities and Associates (4): Agricultural Products Board; The Canadian Egg Marketing Agency; The Canadian Turkey Marketing Agency; National Farm Products Marketing Council.

Question No. 1,050—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Communications is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Communications is responsible: Department of Communications—3. Proprietary Crown Corporations—Schedule "D"—F.A. Act (1): Teleglobe Canada. Mixed Enterprise Corporations (1): Telesat Canada. Subsidiary Corporations and their Subsidiaries (1): Teleglobe Canada Limited.

[Mr. Andras.]

Question No. 1,051—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of the Secretary of State is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of the Secretary of State is responsible: Department of the Secretary of State—17. Department Crown Corporations—Schedule "B"—F.A. Act (1): National Museums of Canada. Agency Crown Corporations—Schedule "C"—F.A. Act (2) Canadian Film Development Corporation; Centennial Commission. Proprietary Crown Corporations—Schedule "D"—F.A. Act (1): Canadian Broadcasting Corporation. Other Government Corporations (2): Canada Council; National Arts Centre Corporation. Mixed Enterprise Corporations (1): Association for the Export of Canadian Books. Subsidiary Corporations and Their Subsidiaries (7): Books Canada Incorporated; Books Canada Limited; CJBR Radio Limitée; CJBR Télévision Limitée; Les Entreprises Roléo Inc.; Livres du Canada S.A.; St. Clair River Broadcasting Limited. Associated Corporations (3): Master FM Limited; Télévision St.-François Limitée; Visnews Limited.

Question No. 1,052—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State for Urban Affairs is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State for Urban Affairs is responsible: Ministry of State for Urban Affairs—3. Agency Crown Corporations—Schedule "C"—F.A. Act (1): National Capital Commission. Proprietary Crown Corporations—Schedule "D"—F.A. Act (1): 207 Queen's Quay West Ltd.

Question No. 1,053—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Labour is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Labour is responsible: Department of Labour—none.

Question No. 1,054—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Fisheries is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Fisheries is responsible: Department of Fisheries—none.

Question No. 1,055—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State for the Environment is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State for the Environment is responsible: Ministry of State for the Environment—5. Departmental Crown Corporations—Schedule "B"—F.A. Act (1): Fisheries Prices Support Board. Agency Crown Corporations—Schedule "C"—F.A. Act (1): Canadian Saltfish Corporation. Proprietary Crown Corporations—Schedule "D"—F.A. Act (1): Freshwater Fish Marketing Corporation. Other Entities and Associates (2): The Forest Engineering Research Institute of Canada; International Fisheries Commission Pension Society.

Question No. 1,056—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Veterans Affairs is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Veterans' Affairs is responsible: Department of Veterans' Affairs—5. Departmental Crown Corporations—Schedule "B"—F.A. Act (2); Director of Soldier Settlement; The Director, Veterans' Land Act. Other Entities and Associates (3): The Army Benevolent Fund; Commonwealth War Graves Commission; Last Post Fund.

Question No. 1,057—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Regional Economic Expansion is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Regional Economic Expansion is responsible: Department of Regional Economic Expansion—42. Proprietary Crown Corporations—Schedule "D"—F.A. Act (1): Cape Breton Development Corporation. Mixed Enterprise Corporations (5): La Société Inter-port du Québec; La Société du parc industriel et commercial aéroportuaire de Mirabel; Metropolitan Area Growth Investments Limited; New Brunswick Multiplex Corporation Limited; Newfoundland and Labrador Development Corporation Ltd. Subsidiary Corporations and Their Subsidiaries (7): Cabot Craft Industries Limited; Cape Breton Lamb Limited; Cape Breton Marine Farming Limited; Cape Breton Welsh Black Limited; Daar (Cape Breton) Limited; Mountain View Milling Limited; Whale Cove Summer Village Limited. Associated Corporations (29): A. Northcott Limited; Baxter's Uniform Ship Limited; Blomidon By-Products Limited; Canadian Cushion Craft Limited; Cape Breton Vegetable Company Limited; East Coast Recyclers Limited; Eastern Aviation Contractors Limited; Fort Amherst Sea Foods Limited; Gander Lumber Company Limited; George Sexton Limited; Glass Fibre Plastics Limited; Green Bay Mining Company Limited; Industrial Systems Limited; KOA NFLD Limited; Loreb Steel Fabricators Limited; Mercator Enterprises Limited; Mercator Shipping Limited; M. Hodge & Sons Limited; Notre-Dame Bay Fisheries Limited; Pelcon Limited; P. Janes & Sons Limited; Ralland Forest Products Limited; Rayo Forest Enterprises Limited; Terra Nova Shoes Limited; Undersea Equipment Ltd.; Vinland Export Company Limited; Wallken Enterprises Limited; Watkins Enterprises Limited; Whitten Fish Oils Limited.

Question No. 1,058—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Transport is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Transport is responsible: Department of Transport—102. Agency Crown Corporations—Schedule "C"—F.A. Act (2): Canadian National (West Indies) Steamships Limited; National Harbours Board. Proprietary Crown Corporations—Schedule "D"—F.A. Act (9): Air Canada; Atlantic Pilotage Authority; Canadian National Railways; Great Lakes Pilotage Authority Ltd.; Laurentian Pilotage Authority; Northern Transportation Company Limited; Pacific Pilotage Authority; The Seaway International Bridge Corporation Limited; The St. Lawrence Seaway Authority. Other Government Corporations (12): Belleville Harbour Commission; *The Canadian Wheat Board; Fraser River Harbour Commission; Hamilton Harbour Commissioners; Lakehead Harbour Commission; Nanaimo Harbour Commission; North Fraser Harbour Commission; Oshawa Harbour Commission; Port Alberni Harbour Commission; Toronto Harbour Commissioners; Windsor Harbour Commission; Winnipeg and St. Boniface Harbour Commission. Mixed Enterprise Corporations (2): Canarctic Shipping Pacific; Thousand Islands Bridge Authority. Subsidiary Corporations and their subsidiaries (59): Air Transit Canada; Airlines Maintenance Buildings Limited; Autoport Limited; Canac Consultants Limited; Canac Distribution Limited; The Canada and Gulf Terminal Railway Company; Canadian National Express Company; Canadian National Hotels (Moncton) Ltd.; Canadian National Railway Company; The Canadian National Railways Securities Trust; Canadian National Realties Limited; Canadian National Steamship Pacific; Canadian National Telegraph Company; Canadian National Transfer Company; Canadian National Transportation Limited; The Canadian Northern Quebec Railway Company; Canalog Logistics Limited; Canat Limited; Canaven Limited; Central Vermont Railway Inc.; Chalut Transport (1974) Inc.; Chapman Transport Limited; CN (France) S.A.; CN Tower Limited; CN Tower Restaurants Limited; Cronin Transport Limited; Domestic Two Leasing Corporation; Domestic Three Leasing Corporation; Domestic Four Leasing Corporation; Duluth, Rainy Lake & Winnipeg Railway Company; Duluth, Winnipeg and Pacific Railroad Company; Duluth, Winnipeg and Pacific Railway

Company; Eastern Transport Limited; Empire Freightways Limited; Grand Trunk Corporation; Grand Trunk Land Development Corporation; Grand Trunk—Milwaukee Car Ferry Company; Grand Trunk Radio Communications Inc.; Grand Trunk Western Railroad; The Great North Western Telegraph Company of Canada; Grimshaw Trucking and Distributing Ltd.; Hoar Transport Company Limited; Husband International Transport (Ontario) Limited; Husband Transport Limited; Husband Transport (Quebec) Limited; Midland Superior Express Limited; The Minnesota and Manitoba Railroad Company; The Minnesota and Ontario Bridge Commission; Mount Royal Tunnel and Terminal Company Limited; The Northern Consolidated Holding Pacific; Provincial Tankers Limited; The Quebec and Lake St. John Railway Company; Royal Transportation Limited; Swan River—The Pas Transfer Ltd.; The Toronto—Peterborough Transport Company Limited; Touram Group Services Inc; Venturex Limited; Via Rail Canada Inc.; Yellowknife Transportation Company Limited. Associated Corporations (18): Air Jamaica (1968) Limited; The Belt Railway Company of Chicago; Chicago & Western Indian Railroad Company; Compagnie de Gestion de Matane Inc.; Computer Sciences Canada Limited; The Detroit & Toledo Shore Line Railroad Company; Detroit Terminal Railroad Company; East Yard Development Limited; Eurocanadian Shipholdings Limited; Halterm Limited; Intercast SA; Matac Cargo Limited; Metro Centre Developments Limited; Northern Alberta Railways Company; The Public Markets Limited; The Shawinigan Falls Terminal Railway Company; Société du port ferroviaire de Baie-Comeau-Hauterive; The Toronto Terminals Railway Company.

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* (Direct responsibility of Hon. Otto Lang.)

Question No. 1,059—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of External Affairs is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of External Affairs is responsible: Department of External Affairs—5. Mixed Enterprise Corporations (1): Blue Water Bridge Authority. Other Entities and Associates (4): International Boundary Commission; The International Development Research Centre; International Joint Commission; Roosevelt Campobello International Park Commission.

Question No. 1,060—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Employment and Immigration is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Employment and Immigration is responsible: Department of Employment and Immigration—1. Departmental Crown Corporations—Schedule "B" F.A. Act (1): Canada Employment and Immigration Commission.

[Mr. Andras.]

Question No. 1,061—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Finance is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Finance is responsible: Department of Finance—129. Departmental Crown Corporations—Schedule "B"—F.A. Act (1): Municipal Development and Loan Board. Proprietary Crown Corporations—Schedule "D"—F.A. Act (2): Canada Deposit Insurance Corporation; Federal Mortgage Exchange Corporation. Other Government Corporations (1): Bank of Canada. Mixed Enterprise Corporations (2): Canada Development Corporation; Saint John Harbour Bridge Authority. Subsidiary Corporations and their Subsidiaries (74): Analco Inc.; A/S Dumex (Dumex Ltd.), Copenhagen; A/S Dumex, Norway; Bellaplast GmbH; Bellaplast Nederland B.V.; Bio-Research Limited; Canada Pharmacal Co. Limited; Canada Pharmacal Co. (1975) Limited; The Canada Serum Company Limited; CDC Nederland B.V.; CDC Oil & Gas Limited; Comex Nederland B.V.; Com-Share A.G.; Com Share B.V.; Com Share International B.V.; Com-Share Limited; Com Share Limited (U.K.); Com Share S.A. (Belgium); Computer Sharing of Canada Limited; Connaught Biologics Limited; Connaught Laboratories Limited; Connlab do Brasil Industria e Commercio Limitada; Connlab Holdings Limited; Distribuidora Adanac S.A.; Dumex Australia (Pty.) Limited, Melbourne; Dumex B.V. Haag; Dumex GmbH, Hamburg; Dumex Lakemedel AB, Halsingborg; Dumex Ltd., Accra; Dumex (Pty.) Ltd., Johannesburg; Dumex SPA, Genoa; General Plastics Company Limited; Genplac Limited; Kayson-Mammoth Limited; Komfortplast GmbH; Nippon Polymers Company Limited; Nordic Pharmaceutical Company Limited; Nordic Pharmaceuticals Limited; Octo Laboratory Limited; Omnimedic Inc.; OY Dumex AB, Helsinki; Petrosar Limited; Polcrete Properties Incorporated; Polymer Corporation Canada Limited; Polysar Australia Pty. Limited; Polysar Belgium N.V.; Polysar Cayman Limited; Polysar de Venezuela S.A.; Polysar Deutschland GmbH; Polisar do Brasil Produtos Quimicos Ltda.; Polysar Europa S.A.; Polysar France; Polysar GmbH; Polysar Handelmaatschappij B.V.; Polysar Incorporated; Polysar International S.A.; Polysar Italiana S.p.A, Polysar Latex Inc.; Polysar Limited; Polysar Nederland B.V.; Polysar Plastics Inc.; Polysar Resins, Inc.; Polysar Rubber Services Inc.; Polysar Skandinaviska A.B.; Polysar Technical Service Centre N.V.; Polysar (U.K.) Limited; Polysar United States Inc.; Raylo Chemicals Limited; R&I Molecular Research Ltd.; Spabec Ltée; Société de Latex S.A.; Société Française Polysar; Synthetic Elastomers Development S.A.; Trent Rubber Services Limited. Associated Corporations (49): Advanced Transducers Systems Ltd.; AES Data Ltd.; AIN-KE-JIG Limited; Bellaplast A.G. für Kunstoffverpackungen; Bellaplast Kunstoffverpackungen mbH; Bellaplast Maschinenbau Gmbh; Belleplast Maschinenverkaufs A.G.; Brown, Farris & Jefferson Ltd.; Canadian Shields Exploration Ltd.; Conat Industries

Ltd.; Controlled Environments Ltd.; Coroplast Ltd.; Cross Canada Flights Limited; Cybermedix Limited; Devteck Limited; Envitron Quebec Limited; Envitron Sales Limited; Envitron Solar Limited; Foremost International Industries; A. Freen Ltd.; Frio Oil Ltd.; Gestalt International Limited; Hermes Electronics Limited; Hules Mexicanos S.A.; Hypoint Resources Ltd.; Innocan Investments Ltd.; Inno PoP Beverages Limited; Innotech Aviation Limited; International Systcoms Ltd.; Kapvik Explorations Ltd.; Kisp of Canada; Laurentian Concentrates Limited; Machair Surveys Ltd.; Malabar Silver Mines Ltd.; McPhar Instrument Corporation; Merkara Development Inc.; MMN Holdings Ltd.; Northway Survey Corporation Limited; PoP Shoppes International Inc.; PoP Shoppes of America; PoP Shoppes of Canada; Sentrol Systems Ltd.; Strake Technology Limited; Survair Limited; Texasgulf Inc.; Ventek International Inc.; Ventures West Capital Inc.; Venturetek International Limited; Vulcan Industrial Packaging Limited.

Question No. 1,062—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State for Fitness and Amateur Sport is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State for Fitness and Amateur Sport is responsible: Ministry of State for Fitness and Amateur Sport. The following corporations listed below and under question No. 1067 (Department of National Health and Welfare) are the responsibility of the Minister of State for Fitness and Amateur Sport: Hockey Canada Inc.; Loto Canada Inc.; National Sports and Recreation Centre Inc.; Sports Participation Canada Inc.

Question No. 1,063—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State (Multiculturalism) is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State (Multiculturalism) is responsible: Ministry of State (Multiculturalism)—none.

Question No. 1,064—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Public Works is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Public Works is responsible: Department of Public Works—1. Other Government Corporations (1): Public Works Lands Company Limited.

Question No. 1,065—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State for Science and Technology is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State for Science and Technology is responsible: Ministry of State for Science and Technology—2. Departmental Crown Corporations—Schedule "B"—F.A. Act (2): National Research Council; Science Council of Canada.

Question No. 1,066—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Post Office Department is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Post Office Department is responsible: Post Office Department—none.

Question No. 1,067—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of National Health and Welfare is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of National Health and Welfare is responsible: Department of National Health and Welfare—6. Departmental Crown Corporations—Schedule "B"—F.A. Act (1): Medical Research Council. Agency Crown Corporations—Schedule "C"—F.A. Act (1): *Loto Canada Inc. Other Government Corporations (3): *Hockey Canada Inc.; *National Sports and Recreation Centre Inc.; *Sport Participation Canada Inc. Other Entities and Associates (1): Vanier Institute of the Family. *Responsibility of the Minister of State for Fitness and Amateur Sport (see question No. 1,062).

Question No. 1,068—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Justice is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Justice is responsible: Department of Justice—1. Other Entities and Associates (1): Canadian Law Information Council.

Question No. 1,069—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Treasury Board is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Treasury Board is responsible:

Order Paper Questions

Treasury Board—1. Other Government Corporations (1): Opcan (direct responsibility of Hon. Robert K. Andras).

Question No. 1,070—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Department of Consumer and Corporate Affairs is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Department of Consumer and Corporate Affairs is responsible: Department of Consumer and Corporate Affairs—1. Other Government Corporations (1): Federal Insolvency Trustee Agency.

Question No. 1,071—**Mr. Andre:**

How many corporations are wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State (Small Business) is responsible and what are their names?

Hon. Robert K. Andras (President of the Treasury Board): Corporations wholly or partially, directly or indirectly, owned by the Crown for which the Ministry of State (Small Business) is responsible: Ministry of State (Small Business)—none. The following 2 corporations are the direct responsibility of the Prime Minister: Departmental Crown Corporations—Schedule "B"—F.A. Act (1): Economic Council of Canada. Other Entities and Associates (1): Board of Trustees of the Queen Elizabeth II Canadian Fund to Aid in the Research on the Diseases of Children.

MONEY SPENT IN SEARCH OF OIL POOLS OFF ATLANTIC COAST

Question No. 1,095—**Mr. Howie:**

Of the $35.276 million spent by Petro-Canada, from January 1, 1976 to September 30, 1977, in search of oil pools off the Atlantic Coast, how much was (a) directly spent for off-shore drilling (b) in joint-cost sharing with other exploration companies?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Petro-Canada reports as follows: (a) Of the $35.366 million (revised from $35.276 million as tabled in Question 525 on December 13, 1977) spent by Petro-Canada from January 1, 1976 to September 30, 1977 in search of oil pools off the Atlantic Coast, $29.197 million was directly spent on offshore drilling. (b) $25.775 million.

STUDY ON ECONOMIC FEASIBILITY OF BAY OF FUNDY TIDAL POWER

Question No. 1,097—**Mr. Howie:**

Since January 1, 1977, what amount did the government spend on studying the economic feasibility of Bay of Fundy tidal power?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: January 1, 1977—December 31, 1977; $957,607.83. The scope of the study covered economic, technical and social considerations.

[Mr. Andras.]

DRILLINGS CARRIED OUT OFF ATLANTIC COAST IN SEARCH OF OIL POOLS

Question No. 1,098—**Mr. Howie:**

Since January 1, 1976, how many drillings have been carried out off the Atlantic Coast in search of oil pools?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Petro-Canada reports as follows: 12.

PETRO-CANADA'S FINDINGS IN EXPLORATION FOR OIL OFF ATLANTIC COAST

Question No. 1,099—**Mr. Howie:**

Are the findings of Petro-Canada in its exploration for oil off the Atlantic Coast public and (a) if so, where can such information be obtained (b) if not, are such findings on file with the Department of Energy, Mines and Resources?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Petro-Canada reports as follows: No. (a) Not applicable. (b) Petro-Canada files daily drilling reports and completed reports on wells drilled in frontier areas with both the Department of Energy, Mines and Resources and the Department of Indian Affairs and Northern Development. This information is kept confidential by the Departments for two years.

COST OF DRILLING OFFSHORE WELLS

Question No. 1,100—**Mr. Howie:**

To the knowledge of the government, what is the average cost for carrying out one-test drilling from a drilling platform in search for off-shore oil?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: The cost of a single offshore well depends on a number of variables such as the depth and geographical location of the well, the associated weather conditions, and the depth of the water, as well as such economic factors as the world-wide demand for offshore drilling rigs. In Canada, offshore wells have been drilled at locations in the Beaufort Sea, which has long periods of ice cover; on the Labrador Shelf, which has deep water and the threats of icebergs; and on the Scotian Shelf, Grand Banks and West Coast offshore all of which have less severe summer conditions but which have severe winter storms. Well costs, therefore, vary significantly. However, taking the above factors into account, the following values are representative of the total cost drilling a single 10,000 foot well in the following offshore regions: Beaufort Sea, $35—50 million; Labrador Sea, $9 million; Grand Banks, West Coast Offshore, Scotian Shelf $4 million. By way of comparison, a single 10,000 foot well in Alberta costs $3/4—$1 million. It should be added that a significant portion of the cost for a single well program is the cost of mobilizing and demobilizing the necessary equipment. This cost, which normally amounts to $1 to $1½ million, is included in the above figures.

STUDIES ON SOCIO-ECONOMIC IMPACT ON MARITIME PROVINCES

Question No. 1,101—**Mr. Howie:**

Has the government conducted studies on what the socio-economic impact would be on the Maritime Provinces if Fundy Tidal Power became a reality?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: The study undertaken by the Bay of Fundy Tidal Power Review Board during the period 1975-1977 has included some preliminary assessment of socio-economic impact as part of the Phase 1 program of studies.

BEDFORD INSTITUTE OF OCEANOGRAPHY, HALIFAX, N.S.

Question No. 1,105—**Mr. Howie:**

1. As of December 1, 1977, how many persons were employed by the Bedford Institute of Oceanography in Halifax, Nova Scotia?

2. What is the operating budget for the current fiscal year?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. As of December 1, 1977, 599 employees were employed by the Bedford Institute of Oceanography.

2. The operating budget for the current fiscal year is $27,042,300.

MARINE BIOLOGICAL STATION, ST. ANDREWS, N.B.

Question No. 1,106—**Mr. Howie:**

1. As of December 1, 1977, how many persons were employed by the Marine Biological Station in St. Andrews, New Brunswick?

2. What is the operating budget for the current fiscal year?

Hon. Roméo LeBlanc (Minister of Fisheries and the Environment): 1. As of December 1, 1977, 133 employees were employed by the Marine Biological Station.

2. The operating budget for the current fiscal year is $1,850,000.

NATIONAL DEFENCE EXPENDITURES IN THE CONSTITUENCY OF NICKEL BELT

Question No. 1,119—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of National Defence and those agencies that report to it?

Hon. Barney Danson (Minister of National Defence): Information pertaining to DND expenditures for 1971/72 is not readily available and to provide it would require a great deal of research for which the Department does not have the necessary resources. Data for 1972/73 to 1976/77 for DND and 1970/71 to 1976/77 for DCL is listed below:

DND	($000)
1972/73	$2,398.8
1973/74	2,554.0
1974/75	2,909.8
1975/76	3,313.2

DCL	
1970/71	$14,186
1971/72	52,100
1972/73	70,464
1973/74	58,508
1974/75	88,428
1975/76	19,875
1976/77	41,194

ENERGY, MINES AND RESOURCES EXPENDITURES IN THE CONSTITUENCY OF NICKEL BELT

Question No. 1,124—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Energy, Mines and Resources and those agencies that report to it?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): The Department of Energy, Mines and Resources reports as follows: 1970-71, $58,800; 1971-72, $66,060; 1972-73, $36,950; 1973-74, $27,550; 1974-75, 15,200.00; 1975-76, $125,394.00; 1976-77, $22,231.74; 1977-78, 75,993.50. The amounts listed are not complete figures because the financial information systems in many of EMR's branches are designed to provide a breakdown of expenditures by provinces and territory only.

DEPARTMENT OF JUSTICE EXPENDITURES IN THE CONSTITUENCY OF NICKEL BELT

Question No. 1,128—**Mr. Rodriguez:**

For each fiscal year since 1970, what amount was spent in the Constituency of Nickel Belt by the Department of Justice and those agencies that report to it?

Mr. Roger Young (Parliamentary Secretary to Minister of Justice): In so far as the Department of Justice, the Law Reform Commission, the Tax Review Board and the Canadian Judicial Council are concerned: Nil.

AVERAGE PERCENTAGE OF UNEMPLOYMENT IN MONTREAL IN 1976 AND 1977

Question No. 1,145—**Mr. Herbert:**

What was the average percentage of unemployment in Montreal in (a) 1976 (b) 1977?

Hon. Bud Cullen (Minister of Employment and Immigration): (a) 6.7 per cent; (b) 9.1 per cent.

SOURCE: The Labour Force, December 1976, page 79, and December 1977, page 93. Statistics Canada, Catalogue Number 71-001 Monthly.

Point of Order

HEAVY WATER PLANTS IN GENTILLY

Question No. 1,273—**Mr. Lambert (Bellechasse):**

1. Since the inception of the construction programme of heavy water plants in Gentilly (a) what amount did the government pay for (i) Gentilly I (ii) Gentilly II (b) what are the expenses foreseen for Gentilly III?

2. What is the contribution by Hydro-Quebec to the Government of Quebec for each of its plants?

Hon. Alastair Gillespie (Minister of Energy, Mines and Resources): Atomic Energy of Canada Limited reports as follows:

1. (a) (i) $164.5 million; (ii) $137 million (loan to Hydro-Quebec); (iii) No federal government participation has been approved for Gentilly III.

2. AECL has no information on contributions between the government of Quebec and its utility (Hydro-Quebec).

* * *

[*Translation*]

QUESTION PASSED AS ORDER FOR RETURN

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, if question No. 359 could be made an order for return, this return would be tabled immediately.

[*Text*]

EXTERNAL AID

Question No. 359—**Mr. Caouette (Témiscamingue):**

1. From January 1, 1945 to December 31, 1976 did Canada lend money under programmes of external aid or for any other reason and, if so (a) what was the total amount (b) to which countries (c) on what dates (d) at what rates of interest (e) what period of time?

2. For the same period, what portions of such loans were reimbursed, by which countries and on what dates?

3. Have portions of the loans been remitted or cancelled without reimbursement and, if so (a) in favour of which countries (b) on what dates (c) for what reasons (d) under what authority were the debts cancelled?

Return tabled.

* * *

[*English*]

POINTS OF ORDER

MR. EPP—CORRECTION OF OFFICIAL REPORT

Mr. Jake Epp (Provencher): Mr. Speaker, I rise on a point of order relative to the manner in which questions are being answered. I do not intend to take much of the time of the House but I must take a minute to explain the situation.

In question No. 1,394 the hon. member for Lisgar (Mr. Murta) asked about the disposition and ownership of Thunderbird Lodge located on Wrong Lake in Manitoba. The question was, "Who is the owner of the lodge?", and the answer was given on October 17, 1977, at page 8218 of *Hansard* where the hon. member for Assiniboia (Mr. Goodale), then parliamentary secretary to the President of Privy Council, named Mr. D. W. Gallagher as a director of Thunderbird Lodge.

When Mr. D. W. Gallagher of Winnipeg, Manitoba, was apprised of the answer that appeared in *Hansard* he wrote to the hon. member for Assiniboia. With your indulgence, Mr. Speaker, I should like to set the record straight because this gentleman does not have any way in which he can correct the record. Mr. Gallagher wrote to the hon. member for Assiniboia as follows.

Mr. Speaker: Order please. It is some time since the hon. member for Assiniboia (Mr. Goodale) was the parliamentary secretary responsible in this area. This point would have to have some immediacy that is not readily apparent to the Chair.

Mr. Epp: I appreciate you intervention, Mr. Speaker, and I expected it. It has just recently been brought to my attention by Mr. Gallagher that the correction he made in letter form to the parliamentary secretary has never received a response nor has the *Hansard* record been corrected. It is on that basis that I am trying to correct *Hansard* with your indulgence.

I will read part of the letter which Mr. Gallagher wrote, as follows:

1. I am not a director of Thunderbird Lodge, and have never been a director.

2. I have attended no meetings of the board of directors of Thunderbird Lodge.

3. I have no involvement in Thunderbird Lodge, nor have I had.

● (1542)

That letter was sent on October 31 of last year and to date Mr. Gallagher has not received a clarification nor has the government seen fit to rise in this House and correct the record. I have now done so.

[*Translation*]

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I never did get that letter from Mr. Gallagher, but I shall check with my predecessor and find out what happened exactly.

[*English*]

MR. McKINLEY—DELAY IN ANSWERING QUESTIONS ON ORDER PAPER

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I rise on a point of order. I would like to bring to the attention of the parliamentary secretary responsible for answering questions on the order paper that I have had on the order paper questions Nos. 560 to 673 inclusive since November 14. I was advised by way of an answer to a question that all this information has been fed on to computers within the Department of Public Works, but I see no reason whatsoever for this delay, Mr. Speaker.

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

Some hon. Members: Agreed.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Yvon Pinard (Parliamentary Secretary to President of Privy Council): Mr. Speaker, I ask that all notices of motions for the production of papers be allowed to stand.

Some hon. Members: Agreed.

[*English*]

Mr. Speaker: Shall all notices of motions for the production of documents be allowed to stand?

Some hon. Members: Agreed.

GOVERNMENT ORDERS

[*English*]

BANK ACT

AMENDMENT TO EXTEND OPERATION TO APRIL 1, 1979

The House resumed, from Tuesday, February 28, consideration of the motion of Mr. MacEachen (for the Minister of Finance) that Bill C-16, to amend the Bank Act and the Quebec Savings Banks Act, be read the third time and do pass.

Mr. Sinclair Stevens (York-Simcoe): Mr. Speaker, yesterday evening when I commenced my remarks with respect to Bill C-16 I was pointing out that, if the situation was handled properly, Canada had an attractive opportunity in allowing regulated controlled foreign bank participation in our market place. In Toronto, for example, there are some 40 foreign banks which have already opened offices and which are carrying on a banking operation to the extent that the law now permits. I understand that throughout the country there may be a total of 60 banking concerns carrying on business in Canada which have their head offices in foreign countries. In the Commerce Court there are 26 banks which have an office of some description in that complex. This goes to illustrate the potential that exists. We should, therefore, get on with passing the necessary banking legislation to allow these concerns to become participants in the Canadian banking and financial markets.

As I mentioned yesterday, we have a reciprocal agreement. Our Canadian banks, much to their credit, have been active in many countries around the world for some time. The Bank of Nova Scotia is active in such countries as Argentina, Australia, the Bahamas, Barbados, Belgium, Bermuda, Brazil, the Cayman Islands, the Dominican Republic, Egypt, England, France, Grenada, Haiti, Hong Kong, Indonesia, Ireland, Jamaica, Japan, Malaysia, Lebanon, Mexico, The Netherlands, Norway, Panama, the Philippines, St. Lucia, Puerto Rico, Singapore, Trinidad and Tobago, United States, the Virgin Islands and West Germany. I could continue. The Royal Bank

of Canada is likewise very active in many countries around the world.

In today's money market, the international market is the name of the game. Banks create activity amongst themselves. Unfortunately we have remained sheltered from this international type of banking. There is a tremendous opportunity for cities such as Montreal, Vancouver, Toronto and Winnipeg—as was suggested last night—to become international banking centres. The potential is there. There are foreign banks active now in the Canadian market to the extent the law will permit. I am referring to very large banks. For example, the Deutsche Bank, which aside from the Bank of America in the United States is the largest bank in the world, has an office in Toronto. Incidentally, there is no particular mystery to the operation of these banks. They are all listed in the yellow pages of the Montreal and Toronto phone books.

In considering what should be done respecting Bill C-16, we should remember that we will be postponing yet again the revisions to our Bank Act. This in turn will mean those foreign banks which could contribute something to Canada, under proper regulation, will be denied for perhaps another year active participation in the Canadian market.

Some of those banks I have referred to have been renting and staffing their offices for two and a half to three years. At some point we must accept the fact that their host countries may respond. If we do not find their banking concerns suitable for doing business in Canada, our banking concerns may possibly have their doors shut. That, Mr. Speaker, would be tragic.

As I mentioned yesterday, the assets of Canadian banks amount to $150 billion. These banks are quite capable of joining this international banking community, which is a positive element we have. It is said that we should facilitate the development of sectors within the Canadian economy where there is an advantage, and one of those advantages is in the banking community. We are good bankers. We understand finance. In many ways we could become the Switzerland of North America if we would accept that challenge and lead instead of follow.

What we are witnessing with respect to the revisions of the Bank Act is discouraging. Everybody realized the Bank Act had to be changed by June 30, 1977. That was the tenth anniversary of the last revision.

As my leader pointed out today, on March 5, 1974 the hon. member for Edmonton West (Mr. Lambert) asked the government for the first time what did the government propose doing with respect to the review of the Bank Act. Almost four years later we are still hearing from a third minister of finance that the legislation is being drafted. That is shameful. Why is it still being drafted? We are told by the Minister of Finance (Mr. Chrétien) that there has been agreement in principle. The policy has been established, but unfortunately although it has been sent over to the Department of Justice the draftsmen cannot get on with their job. If that is true, it is a tremendous reflection on the workings of this cabinet. It is counterproductive to have the Department of Justice frustrating the will of

the Minister of Finance if he is sincere in saying that he would like to table this legislation as soon as possible. Our concern should be the effect that this will have on the whole banking community in Canada. It preserves uncertainty, something which should not be preserved. Indeed, it denies Canada that opportunity of thrusting the country more forcefully into the international banking community to which I have referred.

We have heard many discussions concerning the monetary situation and the crisis our dollar is in at the present time. We know too that the government is trying to raise foreign funds to offset some of the drain of reserves which will be reflected tomorrow. I understand that the drain of our reserves in February is something over half a billion dollars. It could be higher. I understand as well, and this is a published figure, that we had a drain of our reserves of $200 million in January.

My suggestion which would alleviate the drain on our reserves would be to allow our banking community to become more internationalized in the way I have outlined. Let this nation become the Switzerland of North America. I can assure the House the real growth figures we have been talking about as our potential would be reality as opposed to the sad display which we witnessed today. The Minister of Finance had to stand up and admit that while he was in Montreal he referred to fourth quarter real growth of something over an annualized 5 per cent. He then had to eat his words when the published figures showed it was a little over 3 per cent. That occurred yesterday, and that is my first point.

● (1552)

The second point I would like to make when considering this extension with regard to the time limitation of the Bank Act is this. Think of the uncertain questions that this is leaving. For example, the white paper suggested that the credit unions should be pulled within our banking system. They suggested that the time had come when reserves which are normally expected from banking operations as far as the Bank of Canada is concerned should also be expected from credit unions. We know that the credit unions are very much opposed to this type of approach. They would like to be left alone. They feel that some type of federal regulation is not welcome, bearing in mind they are largely provincially regulated and governed at the present time.

This is where we get an unfortunate clash between the politics of government and economic reality. On one hand we are told that the government intends to include these credit unions in the new banking legislation. In fact, most will be surprised if the credit unions are not squarely included within the draft bill whenever it is produced. That may clearly be the attitude of the Department of Finance, but the political decision that has been made at the highest level, the level of the Prime Minister (Mr. Trudeau), is that the government does not want this Bank Act to be shown because they do not want to live with the political consequences. In short, they do not want to have the draft legislation before this nation pending an election.

[Mr. Stevens.]

One minister of the cabinet was very candid with a banking friend of mine. He said the government would not show the draft Bank Act legislation because they did not want to take on the caisses populaire of Quebec. They know that what they intend to do with the caisses populaire will be unpopular. It means votes as far as they are concerned. Frankly, they are not going to run that risk. That is what we are living with here. We have sheer political expediency on the part of this government, in spite of the fact the economic realities cry out for more decisive decisions to be made by this cabinet.

Certain members of the government are a little startled at that blunt language. The fact is it is the truth. The economic condition of this country is being put on the back burner as this government gets ready for an election which they anticipate will be some time in May or June. Let there be no fudging of this question. As far as the cabinet level is concerned, this bill was conveniently sent over to the justice department and conveniently left there to give the government an excuse for not showing their colours with regard to the types of things to which I am referring.

Again I wish to touch on this whole question as to why we urgently need a change as far as our approach to the Bank Act revision is concerned. In short, since 1967 there has been a tremendous transition in our banking industry in Canada. I will put a few facts on the record. For example, the banks' share of deposits has actually declined by almost 3 per cent since the last Bank Act revision in 1967. That is relative to all deposit-taking institutions. Credit unions have shown the largest increase, climbing from 9.9 per cent to 12 per cent of the 1975 total.

Generally speaking, as we know, Canadians are considered among the world's highest savers. Total savings on a national accounts basis as a percentage of personal disposable income ranged between a low of 5.5 per cent in 1970 to a high of 10.2 per cent in 1975. A portion of these savings ultimately end up as personal savings deposits in one of the various deposit-taking institutions. In short, there has been a redistribution as far as deposits are concerned as to who owns the savings of this nation.

Let me put it another way. Since the last revision to the Bank Act, the chartered banks' share of this pot has gone down 3 per cent while that of the credit unions has gone up 2½ per cent as far as the over-all share is concerned. We are talking big figures. Total personal savings held by all of these deposit-taking institutions have increased by more than 300 per cent since 1967, to over $75 billion in 1976. Personal savings deposits in the 22 million deposit accounts in the chartered banks accounted for over $30 billion of this total, or about 40 per cent, compared to more than $10 billion in 1967.

The reason I put some of these figures on the record is because sometimes we do not acknowledge the tremendous explosion we have had in our banking system. When the Porter commission last sat and reviewed the financial community in Canada, total assets, certainly domestic bank assets, were approximately $13 billion. Domestic bank assets at the time of our last revision were approximately $25 billion. Today they

are over $100 billion. That is the type of explosion that calls out for a relatively early review of our banking system and, above all, a new Bank Act to give confidence and certainty to the system which is needed in a highly industrialized nation such as Canada.

I referred to the credit union position. I referred to the fact that the government is timorous with regard to showing its hands with respect to the credit union. They obviously feel that the politically expedient thing to do is to bury this whole question and hopefully get through the next election on the understanding that perhaps they will do something subsequent to that election if, heaven forbid, they do get re-elected.

Let me refer to the Economic Council of Canada study and the fact that a committee of another part of this parliament reviewed the white paper that was tabled by this government in August 1976. After all those reviews and all the briefs that have been sent in, the government owes it to the Canadian public to show exactly what is their position with regard to the whole banking community in Canada.

As far as credit unions are concerned, I do not think a good case has been made as to why credit unions have to be put smack bang right into the banking system, as has been suggested. Let me refer to the recommendations of the Economic Council of Canada. For example, they mention that credit unions should be controlled to some degree. They make various other recommendations. My point is that one of the reasons for this unsatisfactory real growth is that the business community feels an overwhelming sense of insecurity. There is a lack of confidence. The government's indecision, its stalling on this Bank Act for political reasons, is contributing to this lack of confidence.

Most members realize that our housing industry is not prospering to the degree we would like. Who in this country feels that our mortgage interest rate structure is acceptable? Surely it is points like that which should be covered within a Bank Act revision in the hope that we can free up more mortgage money and hopefully lower interest rates for those who would like to buy properties in Canada or refinance their existing homes.

As far as that is concerned, let me put a few more figures on the record to show what could be done by a suitable revision to the Bank Act. In 1967 the banks had very little power to go into the mortgage field, but as a result of the removal of the main deterrent to bank mortgage lending in that year we find that the banks have entered that field to a greater extent than most of us would have expected. Incidentally, their gain has been largely at the expense of the life insurance companies. We find that the respective share of the banks and of the life insurance companies has been reversed as far as mortgage holdings are concerned, while that of trust companies has remained relatively stable at about 50 per cent of the market.

● (1602)

Let me put these figures on the record. While the total mortgage market has grown 375 per cent, from $1.7 billion to $8.3 billion, in the past 11 years, bank mortgage lending has grown by 1240 per cent. In short, the activities of the banks in the mortgage field have grown four times as fast as mortgages have grown in Canada generally. This is the indication of the effect that a change in banking legislation can bring about. With suitable changes in this long overdue legislation I suggest we could once again bring about an effect of that kind, not only with regard to foreign international banking but also with regard to our domestic market, which at the present time is "frozen" as far as credit and mortgages are concerned.

Let me touch again on one very important question, the question of the extent to which our banks should be committed to enter new fields of activity. To what extent, for example, should they be able to get into the computer field or into the leasing field? These are issues which ought to be clarified. At the present time there are institutions which might be desirous of developing data processing facilities to a greater extent, but which feel that if the banks are to be given carte blanche to enter the field their efforts would be clobbered and their investment ill-advised. Again, there are examples of leasing firms which are very nervous about expanding because they feel that if the banks were given power to compete with them they would not be able to match the competition. These are uncertainties which can and must be clarified by the tabling of an amended Bank Act.

When I talk about details, perhaps it would be helpful if I were specific. There is sometimes a tendency in this House for members to gloss over the facts. The first suggestion of an amendment to the Bank Act was made on September 6, 1973. At that time, Mr. Turner, then minister of finance, stated that he hoped to introduce legislation in 1974. The hon. member who was the leader of the NDP at that time asked whether it could not be done earlier, say some time in 1973. Is it not almost ludicrous, Mr. Speaker? There was a suggestion being made that an amended bill should be introduced some time in 1973 instead of waiting until 1974. And here we are, now, in 1978, and we are told by the Minister of Finance that legislation is still being drafted over at the justice department.

In the Speech from the Throne on February 27, 1974, amendments to the Bank Act were promised. I notice that the hon. member for Vaudreuil (Mr. Herbert), speaking on the Address in Reply—I am sorry he is not in the House today—stated:

> I am most pleased that this session will see amendments to the Bank Act. The Canadian banking system is substantially non-competitive and is run from Bay Street. This statement will bring vehement denials from our chartered banks but almost 100 per cent agreement from the banks' customers.

It is four years later and I have yet to hear the hon. member for Vaudreuil standing up and addressing the obvious question to the Minister of Finance: Where is the Bank Act amendment about which I spoke so favourably in 1974?

Again, on March 5, 1974, my hon. friend from Edmonton West (Mr. Lambert) put this question to the then minister of finance:

> Will the minister please make a statement shortly on what is being done with regard to a review of the Bank Act? The Bank Act has to come up for renewal . . . and a lot of hard work has to be done.

To the best of my knowledge, my hon. friend never did get an answer. At about the same time, or a little later, I asked whether the time had not come to review the banking industry again, whether there should not be another Porter commission inquiring into banking, the assets of which had grown from $20 billion to $80 billion. I point out that today our banks collectively have $150 billion in assets compared with the $20 billion at the time of the last review of the Bank Act by a commission. Surely it is unforgiveable that the Minister of Finance should still be telling us today that he cannot produce a bill even before the Easter break because it is lingering somewhere in the Department of Justice.

On June 19, 1975, the then minister of finance told the House:

> One would hope we will have a draft bill ready by the middle of next year, allowing for hearings on that bill before the final bill is presented to parliament.

The Acting Speaker (Mr. Turner): Order. I must point out that the time allotted to the hon. member has expired. He may, however, continue unanimous consent. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Stevens: Thank you, Mr. Speaker; I shall not take undue advantage of my extended time. The minister of finance of that time went on to say it would be good parliamentary practice to have an extensive hearing with respect to the Bank Act, which he had promised would be introduced early in 1976. By December 2, 1975, we find the then minister of finance saying:

> We shall be placing before the House before next summer legislation amending the Bank Act as a result of the decennial revision.

On December 3, in reply to a question by myself, the minister seemed to waffle a little. He stated:

> If I may elaborate further on my statement of yesterday, I indicated that we intend to give first reading to the bill next year without proceeding further with it so that there will be full opportunity for the community to study the bill and comment on it.

He then went on to say:

> We shall not proceed with it in the present session.

At least, though, there was an undertaking to give the bill first reading so as to allow discussion to take place.

On May 17, 1976, we find the following statement in the budget of the then minister of finance:

> Finally, to refer to another important part of the financial system, the government's proposals on the decennial revision of the Bank Act will be brought to the House later in the year. This will afford us an occasion for broad consideration of the task of financing the Canadian economy.

● (1612)

We did not see it. What we did see during the recess in August, 1976, was a white paper on banking. It was finally tabled later in that year.

Again we find that on October 14, 1976, my House leader put a question to the present House leader of the government.

The President of Privy Council (Mr. MacEachen) stated at that time:

> Having regard to the reference to the white paper on banking, I have not had an opportunity of discussing that with the Minister of Finance or my colleagues. When I do so, which I hope will be soon, I will communicate the results to the House.

That was the answer in reply to my colleague's question as to whether we were going to have a reference of the white paper to the appropriate committee to allow some discussion of the important matters the then minister of finance had referred to. On February 15, 1977, the then minister of finance broke the news to us when he said:

> —it appears that it will not now be possible to have a fully drafted Bank Act in time for full consideration by parliament before the present Bank Act expires on June 30 next . . .
>
> It would therefore be the intention to introduce a short bill to extend the life of the current Bank Act for a further six months so that parliament may have adequate time to deal with the matter.

As you know, Mr. Speaker, this extension was not for six months but for 12 months. Partly as a result of the draftsmanship of my colleague the hon. member for Edmonton West the original wording was changed. The bill we now have before us states that, "subject to this act, the bank may carry on the business of banking until 31st day of March, 1978, and no longer". In short we have the amendment to the 1977 Bank Act which simply gave another nine months of extended time within which the government would bring something before this House.

There is something that is perhaps being overlooked, Mr. Speaker. Because of that legislation the government today has its back to the wall. If the government does not get the extension it is asking for in Bill C-16, it cannot call the election it presumably wishes. It cannot call the election for the very simple reason that the banks would disintegrate on March 31. Surely no responsible government would ever call an election, dissolving parliament, with the realization that on March 31 the Bank Act would no longer exist; the banks would have no constitution and literally could not carry on further.

The extending legislation to which I have referred is very clear. It states that the banks may carry on until the 31st day of March, 1978—but no longer. There is no provision to cover the event of parliament not being in session. There is no provision whatsoever other than the termination of the banks.

I mention this because it clearly demonstrates the precarious way this government is running the economy of this country. The government is asking us today, on March 1, to pass legislation which, if not passed, would result in the banks disintegrating on March 31. Certainly it is unbelievable when you think of the consequences to the Canadian public if the government ever dared call an election. With the dissolution of parliament there could be no revision of the Bank Act passed. That would mean there would be no Bank Act on April 1 of this year, with the result that we would have no banks. That is an indication of the precarious way this Minister of Finance is directing the finances of this country.

I could go on, Mr. Speaker. On December 13, for example, when this question was raised, the present Minister of Finance stated:

> I will be introducing additional legislation as early as possible when we come back in January so that the committee will be able to start the very difficult work of reviewing the Bank Act again.

That was in December of last year. We were promised by this minister that legislation would be brought before us in January so we could commence as early as possible a review of whatever provisions the government proposed. On that same day I spoke of the need to have an early tabling of the banking legislation to allow us to look at it. At the committee the matter was pressed again, and on January 31 the minister stated:

> I do not know exactly when the drafting will be completed.

That was the drafting of the Bank Act bill. He went on to state:

> It is not something that is under my control. I can guess, but a guess is a guess—mid-March or something like that. I hope earlier but there is nothing that I can do.

That was on January 31. Here we are today when, in response to a question by my leader, the Minister of Finance said it was still out of his control, and he could not even promise that the bill would be tabled by March 22 when we hope to recess for Easter. That is no way to run a country, no way to run a Department of Finance, and certainly no way to play fair with the financial institutions of this country.

If the Bank Act revision has such a low priority with the emperor of this country, the Prime Minister—and I do not fault the Minister of Finance for this—it is time the Canadian public was made aware of that fact. It is time the Canadian public was made aware of the type of political expediency that comes first with the emperor, the Prime Minister, as opposed to the hard economic needs of this nation, such as a properly constituted banking community under a revised Bank Act.

On February 27 we had another comment concerning when the bill might be brought in. In short, every comment by the Minister of Finance or his parliamentary secretary has underlined the fact that, quite frankly, they do not have control of the situation. Charged with the responsibility of running a credible financial situation in Canada, the minister presumably is being overruled by that politically expedient Prime Minister.

I make this reference because unfortunately credit in Canada means so very much compared to what it means in other countries. Our consumer credit in relation to personal incomes may now be the highest in the world. Quite frankly, I would suggest that is a dubious honour. That was an honour that used to be held by United States citizens. In 1960, Canadian consumer credit as a proportion of our disposable income was 15.5 per cent—

Mr. Chrétien: Mr. Speaker, I rise on a point of order. I think there is a rule involved here. We gave permission to the hon. member a few minutes ago to complete his remarks. It is now 15 minutes later and he is just finishing the first phrase. That is a bit long. I do not know if he will conclude in the next minute or two, but I think it would then be fair to give the floor to someone else.

The Acting Speaker (Mr. Turner): Order, please. I must remind the minister that once the House gives a member unanimous consent there is not much we can do about it.

Mr. Peters: Mr. Speaker, I just wanted to point out that once we give the hon. member unanimous consent he has unlimited time.

Mr. Stevens: Thank you, Mr. Speaker. As I indicated when the House was good enough to give me extended time, I will not be unduly long. My only comment to the Minister of Finance regarding the extra time I am taking this afternoon is that the equivalent amount was perhaps used up by the Minister of Energy, Mines and Resources (Mr. Gillespie) last night when he interrupted me so frequently during my initial remarks.

My conclusion is simply that we are not talking in terms of just commercial complications or commercial impact. Consumer credit in this country is extremely high. It is an extremely important thing for the citizens of this country. Perhaps it is a dubious honour, but there is probably more consumer credit held by the average Canadian than the citizens of any other country in the world.

In 1960, Canadian consumer credit as a proportion of our disposable income was 15.5 per cent compared to 16 per cent in the U.S. In 1974 this ratio had soared in Canada to 23.1 per cent compared to 19.4 per cent in the United States. On average, every member of our employed labour force owed more than $2,250 of consumer debt in 1974. That figure has naturally gone up since that time.

● (1622)

Apparently Canadian attitudes with regard to credit have modified since the fifties. It has become more acceptable to separate the pleasure of acquisition from the pain of payment by the use of credit. Our chartered banks have been the leaders in servicing the public in its desire for credit. Approximately 20 years ago the banks held only 15.2 per cent of the personal loans in the country. Currently they hold over 55 per cent of all consumer credit, which in itself has expanded tenfold, from $2.9 billion to almost $30 billion today.

We must look at deposits, mortgages, consumer credit, foreign bank participation and the complication respecting credit unions. Clearly, there are very serious matters which should be dealt with promptly by this government. I urge the government to bring in the Bank Act without further delay. If in fact the government has frustration with the Department of Justice, it is time for it to be dramatized to the Canadian public. That will be the intention of my party in the days ahead.

Mr. R. E. McKinley (Huron-Middlesex): Mr. Speaker, I should like to deal with Bill C-16 before it passes third reading. I should like to make remarks concerning farm

improvement loans, small businessmen's loans and fisheries improvement loans.

Mr. Lumley: Those areas have nothing to do with the Bank Act.

Mr. McKinley: These loans are received from banks. We are dealing with the Bank Act at the present time.

During the past number of years, most banks do not want to admit that this legislation exists. This legislation has been on the books for many years. It was amended last session in order to make the limits of loans higher and to make the definition of the small businessman higher. Amending this legislation did not do anything to make it more usable by farmers, small businessmen or fishermen.

At the time of the amendments to these acts last year, we were informed that negotiations would take place with the banks to establish an equitable interest rate for the granting of these loans. Apparently this has never been done. Farmers, fishermen and small businessmen have been turned down regularly when requesting loans under these acts.

Mr. Abbott: Mr. Speaker, I am sure the hon. member would not wish to speak incorrectly. I realize he is very interested in this area. Negotiations such as he described took place. Regulations were passed to amend the interest rate to a point above prime. The Canadian Bankers' Association has expressed warm support. It will work hard to improve the utilization of this act. Only $80 million was lent last year, but we expect much more to be lent in the months ahead. The same situation will apply in respect to farmers. I just wanted to inform the hon. member of those facts.

Mr. McKinley: I thank the hon. Minister of State (Small Business) (Mr. Abbott) for his intervention. I am pleased to know that some action has been taken. Perhaps it was as a result of the question I posed to the Minister of Finance (Mr. Chrétien) some time ago in order to get him moving on this situation. Until I posed that question, nothing had been done.

I would like to see more done in this direction. Since this legislation is on the books, it must be adhered to by the banks. If it is not adhered to, the legislation might as well be done away with. At this stage in our history it is more important for these loans to be granted by the banks, because farm incomes are down approximately 30 to 40 per cent for the last two years. Approximately three years ago the banks were not too interested in these particular loans because farmers were making enough money and small businessmen were doing fairly well. At that time the banks did not require government backing in order to grant these loans. They suggested that a demand loan would be granted based on collateral.

It is time for the government to provide a policy to the banks which can be followed in order to provide loans that are government backed, up to the percentage called for in the act. I am referring to loans to farmers, fishermen and small businessmen. I realize these people in my area are having difficulty being granted these loans.

[Mr. McKinley.]'

As expressed by the hon. member for York-Simcoe (Mr. Stevens), I am also very disappointed that the original Bank Act is being extended to the early part of 1979 instead of our debating the Bank Act as revised by the government. That would provide us with a chance to go over the act and discover the improvements it requires, as well as taking action in that regard.

The main reason the government does not want to bring in the Bank Act now is because it would contain unpopular provisions regarding the credit unions and the caisses populaires, particularly in Quebec. That is not the manner in which a responsible government should act. The Bank Act should be brought in as quickly as possible in order for hon. members to see what it is, think about it, make necessary changes and make sure arrangements are made to ensure that farmers, fishermen and small businessmen are able to obtain loans under this act.

Mr. Ray Hnatyshyn (Saskatoon-Biggar): Mr. Speaker, I am pleased to have an opportunity to address myself to this particular bill. Before the matter is brought to a vote, I should like to make a few comments.

I am as anxious as all hon. members to have this matter come to a vote, primarily because it is another opportunity to bring to the attention of Canadians the very serious shortcomings of the government of the Minister of Finance (Mr. Chrétien) with respect to economic policy and the economic leadership which is greatly needed at this time. During the period of time that the minister has been in his portfolio, he has faced some of the most crucial economic times in the history of Canada. Certainly they are most crucial from the point of view of the economy of our country since the last great depression.

Approximately four years ago the matter concerning changes to the Bank Act was brought to the attention of the government by such hon. members as the hon. member for Edmonton West (Mr. Lambert). At that time it was pointed out that it was absolutely essential for the government to take steps to commence discussion, consideration and the establishment of proposals, so that by the time the act expired there would be in place provisions to go forward for another ten years. Therefore, it is not a question of whether the government was given adequate notice, nor whether the government had sufficient time to bring forward proposals. In fact, this is the second extension the government is requesting in order to carry on with the provisions of this bill. This is another indication of the lack of ideas on the part of the government regarding Canada's economy and the future we face.

The Bank Act is a very important and crucial instrument in the over-all economic planning of our country. If the chartered banks do not have any idea as to the direction in which our country is going in this particular area, nor as to the policies of the government, then how can they play their full role in the development of a stable, progressive and expansive economy?

● (1632)

I think the fact is that the minister, at the time he held the portfolio, had not really come to grips with the job. Because if he had, he would have wasted no time in ensuring, if he were going to ask for a second extension, that he had specific proposals and a specific date to lay before parliament for the introduction of the proposed Bank Act containing, as it should, the changes which this government plans to bring in. I am the last one to suggest that this action might have any bearing on the electoral prospects this year, but it seems to me that this matter transcends mere electoral prospects and that it is a duty which this government owes to the country. The minister should stand in his place at the conclusion of this debate, as he is entitled to do, and make a firm statement with respect to the timing of the introduction of the proposed legislation, so that Canadians involved in banking or in areas related to banking will be able to prepare themselves for this legislation and be given assistance and counsel in areas where they may be affected.

I simply wanted to make this brief intervention now because this legislation concerns people right across the country. People feel that the government has no sense of direction; it seems to be floundering, as has been demonstrated by the lack of confidence in our dollar in the international monetary market. It seems to be manifested in the way in which our economy is managed. The prospects seem to be very bleak. I do not say this out of a sense of pride or any glee. I say it with sorrow, because a country like Canada, which has so much to offer and so much potential, deserves leadership which this government is neither able nor capable of providing.

Mr. Gordon Ritchie (Dauphin): Mr. Speaker, I rise to speak in this third reading debate of this minor bill which has so little in it, merely a 12 months' hoist to the Bank Act which should have been presented to the House a long time ago.

In view of the fact that Canadians have always taken an interest in the banking system and that it was decided that it was in the best interests of the country to have a ten year review of the Bank Act, it is with a good deal of reservation that Canadians are looking at this bill and at the failure of the government to introduce a new Bank Act. Until this is done, the financial community is hamstrung and the economic well-being of this country is hampered. Not only are the very large banks uncertain but so are small credit unions which have considerable reservations with respect to this legislation.

I know from the letters I have been receiving that small credit unions, their managers and supporters, are following this debate with interest. A suspicion has arisen amongst credit union people that somehow the legislation is being stalled at the insistence of senior bank officers in order to hamper the growth of our credit unions and caisses populaires. Perhaps these suspicions are not altogether well founded. Certainly these institutions have greatly contributed to the economic life of this country over the years, particularly in rural communities. They view this delay with considerable alarm. They wonder if the government is deliberately stalling the revision of the Bank Act because they have legislation in store for credit unions which would not meet with acceptance from them. Certainly the public has a right to know before the election is called, and the government should not foist on them legislation with which they cannot live. The Minister of Finance (Mr. Chrétien) should come clean with the House of Commons and with the public and give us an outline of the new Bank Act which, he says, is being drafted and which he cannot get back from the Department of Justice.

There is no doubt that we should have a new Bank Act and everyone knows that changes to it are needed, but what they will be it is difficult to know. Will they be so unpleasant that the voters will not like them? Of course, the Prime Minister (Mr. Trudeau) has said that the government is a party of the radical centre. Just what does that mean? How radical is it? He said also, "We are a party of the radical middle". I have never heard of any people in the middle of the political spectrum being called radicals. Indeed, they do not do very much, and that is what this bill is all about. I think this short bill is merely a prescription to go on doing nothing.

Surely now is the time when the new Bank Act is necessary to give us a vision of the way ahead. The government even put out a glossy pamphlet a few months ago called, "The Way Ahead"; but in view of the delay of the Bank Act perhaps it should be called "The Way Behind".

It is a long time since the economy of this country has been more uncertain and there has been such a pessimistic outlook. In yesterday's issue of the *Globe and Mail* there was a survey by the Bank of Montreal which had polled 2,261 businesses which showed a generally uniform gloomy outlook. They thought there would be a continuing rise in consumer prices. It is interesting to note that some 60 per cent of the surveyed respondents felt that the devaluation of the Canadian dollar hurt their competitive position, while only 40 per cent believed that it had improved it. This shows mixed feelings about the devaluation of the dollar among those who should know best. Most thought that there would be no change in capital spending, and a large majority suggested that the federal government should cut back on spending. Certainly the necessity for the federal government to borrow $200 million in our circumstances demonstrates the underlying weakness of our position in the world economy.

The Minister of Finance even suggested that he would go to the New York market in order to raise the foreign borrowing to support the dollar which he had announced last week. Certainly it is difficult to agree with the minister that the dollar is floating, at least cleanly, when we have committed such a large amount of our reserves to the so-called orderly flow. The other day the Minister of Finance said in Montreal that the recovery is gaining momentum. He said that in the third and fourth quarters of last year the long term growth rate has increased, but according to Statistics Canada, our activity was off markedly in the fourth quarter.

It is stated in the Toronto *Star* today that in 1977 the growth rate dropped to 2.6 per cent. Certainly this compares

unfavourably with the increase of 4.9 per cent in 1976 and 1.1 per cent in 1975.

The government has just brought down its spending estimates. The President of Treasury Board (Mr. Andras) was elated at the fact that over-all government expenditures were restricted to an increase of some 9.8 per cent. In fact, he forgot to say that even if they could be restricted to that extent, the taxation rates are not keeping up with the inflation rates, so that we can expect greater and greater deficits. With the deficit of some $9 billion this year, and upward of $10 billion or $12 billion forecast for next year, surely it cannot be said that this government is running a tight financial ship.

● (1642)

There has been a great deal of mismanagement in this government over the past ten years. In a speech to a mining association a senior tax consultant suggested that the Canadian mining industry faces two decades of low returns because of federal and provincial changes in tax laws some years ago. The federal government has not moved to improve the situation. Our financial institutions are in a state of flux. For instance, Sun Life decided, for various reasons, that it should move out of the province of Quebec. I cannot say I agree or disagree with the motives of Sun Life, but I believe it has the right to move to a location which suits its method of doing business. After all, it would be difficult to comply with the regulations the government of Quebec feels are necessary and still do business with the rest of the country.

According to a story in today's Montreal *Star*, American banking institutions and brokers have threatened to flood the market with millions of dollars in Quebec bonds if the Quebec government does not tone down its nationalist initiatives. This might be one of the reasons Mr. Levesque did not introduce nationalist measures in his inaugural address to the National Assembly.

Westerners are interested in the Bank Act. Canadian banking institutions tend to be concentrated in Montreal and Toronto. The workings of these banking institutions have caused a decrease in activity in western Canada. One individual involved with architectural work told me he had to go to Toronto every two weeks to get money to carry out building plans. In assessing new banking rules and new legislation it is important to take into account that whatever may be the future of this country, whether it be a so-called sovereignty-association, a confederation, or whatever, the regions will have to shoulder more of the burden of carrying out their own functions. We in western Canada are anxious that there be more banking facilities in the west and that the people who live in the west have more control over them.

The minister has been lax in not bringing forward revisions to the Bank Act. I suspect he is hoping to hold that off until after the next election. However, that would mean we would have to go a few more months without knowing the financial guidelines for the next few years.

[Mr. Ritchie.]

The Acting Speaker (Mr. Turner): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Turner): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Turner): All those in favour of the motion will please say yea.

Some hon. Members: Yea.

The Acting Speaker (Mr. Turner): All those opposed will please say nay.

Some hon. Members: Nay.

The Acting Speaker (Mr. Turner): In my opinion the yeas have it.

And more than five members having risen:

The Acting Speaker (Mr. Turner): Call in the members.

The House divided on the motion (Mr. MacEachen) which was agreed to on the following division:

(*Division No. 26*)

YEAS

Messrs.

Abbott
Allmand
Anderson
Andras
(Port Arthur)
Andres
(Lincoln)
Appolloni (Mrs.)
Basford
Béchard
Blais
Blaker
Blouin
Boulanger
Breau
Buchanan
Bussières
Caccia
Cafik
Campagnolo (Mrs.)
Campbell (Miss)
(South Western Nova)
Campbell
(LaSalle-Émard-Côte
Saint-Paul)
Caron
Chrétien
Clermont
Comtois
Condon
Corbin
Côté
Cyr
Danson
Daudlin
Dawson
De Bané
Demers
Dionne
(Northumberland-
Miramichi)
Douglas
(Bruce-Grey)
Duclos
Dupras
Duquet
Ethier
Faulkner
Fleming
Foster
Francis
Gauthier
(Ottawa-Vanier)
Gendron
Gillespie
Goyer
Gray
Guay
(St. Boniface)
Guay
(Lévis)
Guilbault
Haidasz
Harquail
Herbert
Holt (Mrs.)
Hopkins
Horner
Jamieson
Joyal
Lalonde
Lamontagne
Landers
Lang
Langlois
Laniel
Lapointe
Leblanc
(Laurier)
LeBlanc
(Westmorland-Kent)
Lee
Lefebvre
Lessard
Loiselle
(Saint-Henri)
Lumley
MacDonald
(Cardigan)
MacFarlane
MacGuigan
Maine
Marceau
Marchand
McIsaac
McRae
Milne
Munro
(Hamilton East)
Nicholson (Miss)
Parent
Pearsall
Pelletier
Penner
Pinard

Messrs.

Portelance	Rompkey	Stollery
Poulin	Roy (Laval)	Trudeau
Prud'homme	Sauvé (Mrs.)	Turner
Railton	Savard	Wood
Reid	Sharp	Yanakis
Roberts	Smith (Saint-Jean)	Young—108.
Robinson		

NAYS

Messrs.

Alkenbrack	Firth	Munro (Esquimalt-Saanich)
Andre (Calgary Centre)	Gauthier (Roberval)	Murta
Baker (Grenville-Carleton)	Grafftey	Neil
Baldwin	Halliday	Nielsen
Beaudoin	Hnatyshyn	Nystrom
Benjamin	Hogan	Orlikow
Blackburn	Huntington	Paproski
Brisco	Hurlburt	Patterson
Broadbent	Jarvis	Peters
Cadieu	Jones	Pigott (Mrs.)
Caouette (Témiscamingue)	Knowles (Winnipeg North Centre)	Ritchie
Clark (Rocky Mountain)	Knowles (Norfolk-Haldimand)	Roche
Clarke (Vancouver Quadra)	Korchinski	Rodriguez
Cossitt	Lambert (Bellechasse)	Rynard
Crouse	Laprise	Saltsman
Darling	La Salle	Schellenberger
Dick	Lawrence	Schumacher
Diefenbaker	Leggatt	Skoreyko
Dionne (Kamouraska)	MacDonald (Egmont)	Smith (Churchill)
Douglas (Nanaimo-Cowichan-The Islands)	Marshall	Stevens
Ellis	Masniuk	Stewart (Marquette)
Elzinga	McKenzie	Symes
Epp	McKinley	Towers
	McKinnon	Wagner
		Wenman
		Whiteway
		Whittaker
		Wise
		Woolliams—76.

● (1722)

Mr. Speaker: I therefore declare the motion carried.

Bill read the third time and passed.

* * *

BUSINESS OF THE HOUSE

Mr. Baker (Grenville-Carleton): On a point or order, Mr. Speaker, there have been discussions with respect to the bill standing in the name of the Minister of Veterans Affairs (Mr. MacDonald) to amend the Compensation for Former Prisoners of War Act. This is a bill which has the support of all parties in the House. Would the acting government House leader be prepared to undertake to go ahead with this bill on Friday, the next government day? We would undertake in turn to deal with the measure in all three stages. The hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), the hon. member for Winnipeg North Centre (Mr. Knowles) and others have been pressing for this bill for a long time and we are prepared to give it three readings—

Some hon. Members: Now!

Mr. Baker (Grenville-Carleton): Members on the government benches say "Now!". I presume the minister is ready to proceed. In that case we too are ready to proceed.

Mr. Cafik: I am not sure I have completely understood the hon. member. Am I correct in understanding that between now and six o'clock members will be prepared to pass this bill in all its stages? If so, I am prepared to call the bill now.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): Provided there could be some voluntary division of the time available so that a few words might be said by spokesmen for each of the parties, we would be prepared to do it now.

[*Translation*]

Mr. Lambert (Bellechasse): Mr. Speaker, that proposal sounds very sensible to me. We sometimes waste time but, in this instance we want to save time. As for our party, we agree with proceeding the way the hon. member for Winnipeg North Centre (Mr. Knowles) suggested, provided of course the time is well divided.

[*English*]

Mr. Speaker: The House seems disposed to let the measure go through all stages between now and six o'clock provided there is some division of the time available to allow a representative of each party to make some contribution. If the bill is ready, perhaps it could be called as the next order of government business. Of course, the bill was introduced for first reading earlier this day so it would require unanimous consent at each stage before going further. In particular, it would require unanimous consent to change the motion so as to refer the bill to the committee of the whole House.

Is there unanimous consent to proceed with the bill at this time?

Some hon. Members: Agreed.

Mr. Speaker: The motion, then, will be presented accordingly by unanimous consent.

* * *

COMPENSATION FOR FORMER PRISONERS OF WAR ACT

AMENDMENT TO EXTEND SCOPE OF BENEFITS

Hon. Daniel J. MacDonald (Minister of Veterans Affairs) moved that Bill C-27, to amend the Compensation for Former Prisoners of War Act, be read the second time.

He said: Mr. Speaker, I am very pleased to speak today on a bill designed to improve the lot of members of the armed forces who were prisoners of war during the first world war and others who were later evaders in enemy or enemy occupied territory. The House will agree that Canada owes a debt of gratitude to the men and women who answered the call of their country and served so gallantly for the preservation of our freedom.

Some hon. Members: Hear, hear!

Mr. MacDonald (Cardigan): Canada's legislation for pension benefits and other services for our veteran population ranks among the best in the world.

It gives me a great deal of personal satisfaction to speak on a bill to amend the Compensation for Former Prisoners of War Act. The bill will affect compensation paid to about 200 veterans who were prisoners of war during the first world war and about 100 "evaders"—persons who were in enemy or enemy-occupied territory and evaded capture. These evaders were, in general, members of the RCAF who were shot down during the second world war and avoided capture after reaching the ground. Also affected by the bill are a number of veterans who had become prisoners of war and who escaped from their captors.

This measure, the provisions of which are retroactive to April 1, 1976, will amend the Compensation for Former Prisoners of War Act to provide compensation for former prisoners of war of the first world war and evaders and escapees under the same basic terms and conditions as for second world war prisoners of war of another power. Under the present legislation, Mr. Speaker, only the time actually spent as a prisoner of war may be counted toward computation of POW compensation. Some prisoners escaped and were recaptured, as I said before; others managed to evade capture and eventually reached allied lines or were able to return to the United Kingdom.

● (1732)

It is estimated, however, that there may be as many as 75 cases where an escapee's rate of compensation would be increased if the time between escape and recapture, or escape and eventual reporting to his own or allied force, could be counted as prisoner of war time. There are now about 200 surviving members of the armed forces who evaded capture by the enemy, and it is estimated half of this number evaded the enemy for three months or more.

Members will recall that in 1971 the Pension Act was amended to provide special benefits to the equivalent of a minimum 50 per cent pension to former prisoners of war of the Japanese because of the long-term after effects they suffered as a result of their imprisonment.

Four years later the Compensation for Former Prisoners of War Act was passed. This act provides benefits on a sliding scale to former prisoners of war of other powers during the second world war and other later conflicts. It also upgraded the benefits for those who were POWs of the Japanese.

There can be no doubt that conditions in German prisoner of war camps 60 years ago were very primitive indeed—conditions and experiences that do not relate to any other civilized kind of incarceration. This group of about 200 first world war prisoners of war, whose average age is about 82, probably suffered from malnutrition and deprivation to an extent at least equivalent to their second world war counterparts.

I am sure, Mr. Speaker, that the measures proposed in this bill will be welcomed by every member of the House as further evidence of Canada's awareness of the special contribution made by our veterans to our country.

Some hon. Members: Hear, hear!

Mr. MacDonald (Cardigan): Mr. Speaker, I would also like to pay special tribute to all those who have been involved in the studies which led to this bill: the veterans' organizations, the members of the Standing Committee on Veterans Affairs, other members of this House and officials of the Canadian Pension Commission.

Mr. Jack Marshall (Humber-St. George's-St. Barbe): Mr. Speaker, today, as a result of the introduction of these amendments to the Compensation for Former Prisoners of War Act, we are taking another small step in achieving the recognition due and commitment to another small segment of our veterans population. In this case we are recognizing, albeit it some 60 years late, the effects of incarceration on first world war prisoners, as well as escapees and evaders during the second world war, because of the suffering and dangers to which they were exposed. As a result of avoiding capture they experienced effects in some cases equal to the danger to their lives, which they offered Canada at the call of our government, a call to their patriotism as the youth of our country.

While I feel it is my duty, and I do so without reservation, to commend the minister for listening to the plea of veterans organizations, the veterans themselves who were caught in this situation, and most members of the House of Commons who made a plea to bring in this bill which will overcome another part of the faith that we want to restore in the veterans of Canada as to what Canada's commitment is to them. I hope that even with the introduction of this bill, which will correct another glaring inequity in the veterans charter, hon. members will remember we should not feel too smug about what we have accomplished, if indeed it is an accomplishment. Perhaps it should be better described as giving ourselves relief from guilt complex; it is a relief to our conscience because we waited so long to recognize that incarceration in POW camps in the first world war also had serious effects on the lives of those who served and denied them the advantage of opportunity back in that great country of Canada at the same level as those who returned unharmed.

I welcome the fact, too, that those within the department of the minister have had the compassion to make the effective date of compensation retroactive to the original date of bill C-292, April 1976, which is only fair and decent. In some cases this will amount to some financial relief to those veterans who, on a small pension, are faced with the effects of a strangling inflation which is so difficult to cope with these days.

In the case of veterans who fall in the 10 per cent to 20 per cent category, this amendment should mean that they will receive, because of the retroactivity, between $1,300 and $2,600. Perhaps this will take away some of the sting of bitterness which they feel towards politicians as a whole, and as they wonder why all of a sudden we can find the insignifi-

cant sum of some $200,000 to $350,000 to provide a bit of extra comfort for the few who are left, probably by this time numbering below 200.

The first world war veteran is of the average age of some 83 years. According to statistics I gathered, in 1976 there were some 12,404 first world war veterans receiving disability pension. In 1977 this dropped by 1,500 because many of them passed away. This means we are losing some 15 per cent of our first world war veterans each year.

Based on these figures it is natural to assume that the known 200 prisoners of war probably number now somewhere around 150. It is tragic that the 50 or so who have passed away could not have been afforded a little bit of the financial comfort they might have enjoyed had it not been for our procrastination.

One of the small advantages that will result from this bill is that it will bring some of the first world war widows up to the 48 per cent category which will provide them with a widow's pension. Even though there will be few, this is one small advantage of this bill.

This brings up another point and gives us the opportunity of referring to the recommendation of the Standing Committee on Veterans Affairs, a recommendation that was accepted unanimously as a result of the Hermann Report which brought about the Compensation for Former Prisoners of War Act. Let me quote that recommendation:

> That because the difference in widows benefits for those whose husbands were pensioned above and below 48 per cent is too extreme, the widows of those pensioned below 48 per cent should be awarded a pension that is the same percentage of the widows pension as the assessment of her deceased husband's disability, including any additional compensation awarded as a result of this study.

This means that compensation of 10 per cent, 15 per cent or 20 per cent, depending on the period of incarceration, would be added to the amount of pension payable under the Pension Act on account of pensionable disability, to a maximum total of 100 per cent; and that escapees and evaders should also be considered, which they now are.

We really could have commended the minister and his government to a far greater extent, at a time when they could use a little praise, if they had accepted the very important and vital recommendation to amend the Pension Act to award widows' pensions to those who at present cannot qualify because of the fact that their veteran husbands died when in receipt of a disability pension of less than 48 per cent. It is stated in the recommendation, and I think it is worthwhile putting on the record:

> Your Committee also recommends to the House that consideration be given to amending the Pension Act to provide that a widow's pension be awarded on a sliding scale as follows:
>
> When at the time of death of the prisoner he was, or would have been, in receipt of a pension assessed at 47 per cent or less, that pension be paid to the widow in double proportion to the assessed degree of the pensioner's disability as it relates to the basic pension granted to widows.

I had hoped that the minister, who agrees with this recommendation, would include this in the bill. At the present time a full widow's pension is paid when the pensioner's death was attributable to, or was incurred during, wartime military service, or, in the case of peacetime forces, if it arose out of, or was directly connected with, service, or when the pensioner's disability was assessed at 48 per cent or more at the time of death. Because 100 per cent of the widow's pension is payable when the disability pension was paid at a 50 per cent rate, the effect of this would be that a double proportion would be payable if the disability was assessed at a lesser rate. For example, if the veteran who died was receiving 40 per cent, his widow would receive double that, or 80 per cent. The minister agreed with this. It is unfortunate that he could not convince cabinet.

● (1742)

The inequity with regard to the widows of veterans who died receiving less than 48 per cent condemns anything which is right in society. Either those responsible are not aware of this absolute discrimination, or they do not care. It is a condemnation of any agency commissioned by parliament, whether it is responsible for studying equality or the status of women, human rights and civil liberties, or any other government agency responsible for the welfare of Canadians.

How in the name of all that is humane and decent can the following be rationalized? A married disability pensioner is entitled to $372.93, at the rate of 48 per cent. Upon his death his widow is deemed to need and receives $447.53. If that veteran was receiving $37.28 less, or 1 per cent less, she is deemed to need $335.65. When he dies, and unless his death is attributable to war service, his widow receives nothing. Thus, she is relegated to the mercy of the welfare system in the province where she lives.

This is particularly unfair in the case of World War I veterans. In a great number of cases, their widows spent most of their years caring for their husbands. It is just not right. Also it is difficult to reconcile this when compared to the fact that the wife of a veteran recipient of war veterans allowance is protected after her husband's death. She receives the married rate of $502 per month for a year, and then reverts to the single rate of $300 per month.

I hope the minister can convince cabinet that something must be done. World War I veterans are now 83 years of age, and World War II veterans range between the ages of 60 and 63. After the bill is passed, World War I veterans who were prisoners of war will have to apply. The facts should be pointed out to them in a note, in order for them to take advantage of anything which exists under the act.

In 1973 it was agreed that the basic rate of pension would be equated to the five lowest categories in the public service. We agreed that it should be done on a wage indexing basis, yet it was done on a cost of living indexing basis. That caused veterans to fall behind. This creates concern among veterans and I hope the minister will give it serious consideration.

At the present time a veteran who is receiving a 90 per cent disability pension and is also entitled to the 20 per cent rate increase would lose 10 per cent because his rate would exceed 100 per cent. Something should be included in the act to allow him to receive the full benefit of the 20 per cent.

There are many items which should be dealt with when the estimates appear before the Standing Committee on Veterans Affairs. I hope the suggestions I have outlined will be taken into consideration. My party appreciates the compassion of the Minister of Veterans Affairs, as well as his department. The department is continuing to study the cases of veterans and their war service. Even though we perhaps feel embarrassed, have a good Pension Act and a good veterans' charter, we should not rest. Agreement was reached to put this bill through all stages today. That is indicative of how the House of Commons feels toward the veterans of our country.

Veterans made this country great. That is a fact which seems to be forgotten too often. We must remember the dedication, the service and the sacrifice made by the youth of 1914-17, 1939-45, and at the time of the Korean War. I hope this bill will be put through, and that World War I veterans, escapees and evaders will receive the benefits they are entitled to as quickly as possible.

Some hon. Members: Hear, hear!

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my colleagues and I very warmly welcome the introduction of Bill C-27. We have indicated our approval by pointing out that we are prepared for the bill to be put through all remaining stages this afternoon. If perchance we have not reached that point by six o'clock, I hope Your Honour will not see the clock until all necessary deliberations with respect to this bill have been completed.

Some hon. Members: Hear, hear!

Some hon. Members: Agreed.

Mr. Knowles (Winnipeg North Centre): As has been pointed out on quite a few occasions, the number of prisoners of war veterans of World War I who are still with us is not very great. Probably they amount to about 200. That means they are scattered all over Canada.

The day after it reached the media that this legislation would be brought in, one of these veterans, who was a prisoner of war in World War I, came to Parliament Hill. He saw me in the rotunda. I believe he went to see the hon. member for Humber-St. George's-St. Barbe (Mr. Marshall), as well as the hon. Minister of Veterans Affairs (Mr. MacDonald). This gentleman happens to be just at the average age which has been mentioned, 82. When I looked at him, I realized he looked as young as I do. He said that of course the extra dollars would be useful to him, and that he was glad to know the money would be forthcoming. But what meant the most to him was the recognition which was being accorded, even though it was more than 60 years after the time he was a prisoner of war in German prison camps during World War I.

I have received two letters from other parts of the country since it became clear that this legislation would be put through. In both cases the same message appeared: they are glad to get the money, but what really helps is the recognition which is now being accorded. Therefore, we are happy to give our support to this bill and to see to it that it is passed this afternoon.

I hope I can be forgiven for saying that this bill should not have been necessary at all. These provisions should have been contained in Bill C-92 which was brought before the House in March and April of 1976. As the hon. member for Humber-St. George's-St. Barbe pointed out, the recommendations of the Hermann Commission and the recommendations of the Standing Committee on Veterans Affairs referred to all Canadian veterans who had been prisoners of war, and not just those who had been prisoners of war during World War II. But when the government brought in the bill, it was narrowed.

● (1752)

Also, the escapers and the evaders were mentioned in the Hermann report and also in the report of the Standing Committee on Veterans Affairs, so they should have been dealt with then. It is unfortunate that some who might have gained by this legislation had they been included in the original bill have passed on, but at any rate it is good we are doing it now.

Like the hon. member for Humber-St. George's-St. Barbe, I welcome the fact that the same effective date which was in bill C-92 of 1976 is being retained in this legislation, which means that a World War I veteran who was a prisoner of war, whenever he applies, can pick up the compensation that is coming to him retroactive to April 1, 1976.

We are glad that all of the other provisions apply. Some of those provisions could be improved for the whole group, and the hon. member for Humber-St. George's-St. Barbe mentioned one or two of them. There is also the question of whether the rates might be increased, and there are questions that can be raised about some categories still not included.

The hon. member for Parkdale (Mr. Haidasz) the other day had a motion in which he expressed the hope that some of those from allied forces who were prisoners of war in World War I or World War II and who are now in Canada might have been included. There is also the case of a group of priests who were the victims of enemy action in the Atlantic during World War II and found themselves spending the rest of the war in a POW camp in Europe and who ministered greatly and effectively to the enlisted personnel who were in that camp. There are those of the prisoners of war associations in this country who feel that they should be considered as well. Unfortunately, they are not covered in this bill, but there is a motion on the order paper for the reference of the annual report of the Department of Veterans Affairs to our committee, so that when we do get that reference before us, we can discuss those matters as well.

So far as this legislation is concerned, even though it is two years late we welcome it and we are very happy to put it through all stages this afternoon.

The hon. member for Humber-St. George's-St. Barbe pointed out that there are certain facts that should be made known to those who will apply for this compensation. Let it be remembered that if there are such veterans who are receiving the war veterans allowance because their other benefits do not

bring them up to the ceiling set in that act, the way that act reads, what they get as prisoners of war compensation will come off their war veterans allowance. This means that though they may feel it is better to have something that is recognition rather than a form of welfare, we should be taking another look at the means test provisions in the War Veterans Allowance Act.

The other two things I want to say have been said very effectively by my friend and colleague, the hon. member for Humber-St. George's-St. Barbe, but he and I, as well as others, feel that we cannot fail to emphasize these points every time there is an opportunity to do so. The question of the widow in the case where the veteran's pension was less than 48 per cent is not foreign to the whole subject matter that is before us because it was dealt with in the Hermann report and it was part of the recommendation that the Standing Committee on Veterans Affairs made to the House. The hon. member for Humber-St. George's-St. Barbe has read portions of that recommendation.

I still feel, as do many people in this country, that it is unthinkable that a woman who was married to a veteran on a 48 per cent pension can get the full widow's pension if her husband dies, but another woman married to a veteran on a 47 per cent pension gets nothing after the veteran dies. Surely the idea of at least a pro rata pension, which is what our recommendation called for, must be considered. We shall deal with this issue when we get to committee on the annual report of the department and we shall deal with it when we have the estimates before the committee, for this issue simply cannot be forgotten. As I say, that is part of the whole matter that was raised in the Hermann report.

The other issue raised by my friend from Newfoundland is still with us very strongly, namely, that the understanding of 1973 has, in our view, not been carried forward in that the basic rate of the war disability pension has not been retained at the level of the average take home pay of the five categories in the public service which were designated that year. This too we can deal with when we are in committee on the various items that have been referred to the Standing Committee on Veterans Affairs.

I can say to you, sir, and to the minister and the government, that these issues cannot be side-tracked. There are still other matters that relate to veterans. Once we have dealt with World War I prisoners of war, there are two other main issues, the ones we are talking about this afternoon, namely the position of the widow whose veteran husband's pension was below 48 per cent, and the basic rate of the war disability pension itself. There is no doubt in my friend's mind or mine where the minister's heart is with respect to this. We are satisfied that he is with us and we sympathize with him because of the trouble he has with his tight-fisted colleagues in the cabinet. I hope he looks upon our keeping at him on these issues as being a case of supporting him in what must be done for the veterans of this country.

So, Mr. Speaker, there are these items of unfinished business. We shall keep at them. But so far as Bill C-27 is concerned, we welcome it and we are prepared to see it passed through all stages this afternoon.

Mr. Deputy Speaker: Order, please. Before recognizing the hon. member for Richmond (Mr. Beaudoin) is it agreed that, because of the disposition of the House to proceed through all stages of the bill this afternoon, I do not see the clock until we have adopted the bill?

Some hon. Members: Agreed.

[*Translation*]

Mr. Léonel Beaudoin (Richmond): Mr. Speaker, first I want to congratulate the Minister of Veterans Affairs (Mr. MacDonald) for this bill designed to improve the lot of members of the Armed Forces who were prisoners of war during the first world war and others who were later evaders in enemy or enemy occupied territory.

Of course, this bill will affect only about 300 people, which is not very many. However, Mr. Speaker, I hasten to add that we members of the Social Credit Party of Canada warmly welcome the provisions of this bill. There is no doubt that ex-prisoners of war deserve gratitude and respect from people all over the country. In light of the gradual erosion of the real value of the benefits now paid by the federal government to this category of citizens, the passing of this measure will undoubtedly help them. Mr. Speaker, we cannot ignore the needs of veterans who just like us have to face increases in the cost of living and all kinds of expenses. I sincerely think that it is our duty to ensure that this bill which has just been introduced by the Minister of Veterans Affairs is passed this afternoon as quickly as possible.

I am all the more aware that it has become urgent to welcome the representations made by these ex-prisoners of war that they have been very badly treated and that they were victims of atrocities. As stated by the minister in his speech, these few hundreds of prisoners of war of the first world war who are 82 on the average have probably suffered from malnutrition and deprivation as much as if not more than those of the second world war. In fact, do the effects of such imprisonment not stay with you for the rest of your life? These prisoners of war, who for the most part were volunteers, had to leave their home to fight. They accepted to run all sorts of risks and even to die if necessary to defend their country. In any case, the minister proved this afternoon that the government has considered their problem and that they are entitled to be heard and even to get what they have been seeking for a long time.

Before closing, I would like to urge the Minister of Veterans Affairs (Mr. MacDonald) to reconsider his decision of October 26 last, namely that the federal government would not recommend to Parliament that the basic rate of disability pensions be increased for all veterans unable to work.

In June 1973, the House passed a bill which aimed at amending the legislation concerning veterans' pensions. Under this bill, the federal government promised that disability pensions for veterans would achieve parity with the wages earned

by a group of non-specialized workers within the public service of Canada. As you certainly know, Mr. Speaker, a 7.2 per cent increase was granted on January 1 in view of the consumer price index increase. In spite of this, the basic rate is still $240 less than the average yearly wages of the non-specialized employee group of the public service of Canada after deduction of all income tax.

In my humble opinion, it would be an exaggeration to suggest that the present Canadian legislation for veterans is the best in the world if we consider that in the United States, the compensation rate for 100 percent disability was $707 a month, or $8,484 a year, on January 1, 1977, which virtually means that an American veteran with 100 per cent disability received $1,805 more a year than a Canadian veteran. This shows that the American legislation gives a basic compensation guarantee of 25 per cent more than the disability pension granted to Canadian veterans.

Mr. Speaker, all I want is for those people to live happy lives. I have asked the minister to consider also the category of veterans of the second world war who must also pay more for what they buy in view of current inflation.

I hope in closing that the Minister of Veterans Affairs will examine this matter and introduce a bill as soon as possible to help the veterans, like he has done this afternoon.

● (1802)

[*English*]

Mr. Leonard C. Jones (Moncton): Mr. Speaker, this is a good day upon which to put this bill through. I believe it is St. David's day. I have no hesitation whatsoever in supporting this bill which has been introduced by the Minister of Veterans Affairs (Mr. MacDonald). We see today that when good men of goodwill want to work together, they can work together for the good of those who are in need. An example which all of us can follow is being set. I commend the minister and hon. members in all parties who are co-operating in getting this bill through all stages. I trust that the minister will receive the necessary support from the cabinet for even further amendments to veterans legislation in the very near future.

That is all I have to say. I have not had equal time, just sufficient time.

Hon. Stanley Haidasz (Parkdale): Mr. Speaker, I welcome this opportunity to make a few remarks about these amendments to the Compensation for Former Prisoners of War Act. I congratulate and commend the Minister of Veterans Affairs (Mr. MacDonald) for bringing in these amendments which provide benefits for veterans and escapees of World War I as well as those of World War II. I thank all hon. members for their support of my motion in this House on February 10 asking the minister to consider in the future that this bill apply to all Canadian citizens who were prisoners of war or escapees in World War I and World War II.

I think today when human rights acts are being proclaimed we should do everything we can to extend fair and equal treatment to all Canadian citizens. If possible, I urge the minister in the very near future to bring in additional amendments to include all Canadian citizens who were prisoners of war or escapees in World War I and World War II.

Mr. Deputy Speaker: Is the House ready for the question?

Some hon. Members: Question.

Motion agreed to, bill read the second time, considered in committee, reported, read the third time and passed.

Mr. Deputy Speaker: It being after six o'clock this House stands adjourned until tomorrow at 2 p.m.

At 6.08 p.m. the House adjourned, without question put, pursuant to Standing Order.

END OF VOLUME III